

AXIATA GROUP BERHAD (“AXIATA” OR “COMPANY”)

PROPOSED LISTING OF ROBI AXIATA LIMITED (“ROBI”), A 68.69%-OWNED SUBSIDIARY OF AXIATA, ON THE DHAKA STOCK EXCHANGE LIMITED AND THE CHITTAGONG STOCK EXCHANGE LIMITED IN BANGLADESH

Unless otherwise stated, the exchange rate used in this Announcement for illustrative purposes is Bangladesh Taka (“BDT”) 100: RM4.8729, derived from exchange rate based on Central Bank of Bangladesh and Bank Negara Malaysia middle rate as of 14 February 2020, being the latest practicable date prior to the date of this Announcement.

1. INTRODUCTION

On behalf of the Board of Directors of Axiata (“**Board**”), CIMB Investment Bank Berhad (“**CIMB**”) is pleased to announce that Axiata proposes to list its 68.69%-owned subsidiary, Robi, on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh. Robi is a mobile telecommunication service provider in Bangladesh providing voice, data and other internet-based innovative digital services. Robi also provides international roaming services through international roaming agreement with various operators of different countries across the world. Robi is the second largest mobile network operator in Bangladesh by subscribers with 49.0 million subscribers as of end of December 2019.

Robi will undertake the following:

- (i) proposed offering of 387,742,400 new ordinary shares of BDT 10 each in Robi at an offer price of BDT 10 per Robi share to the public retail and institutional investors in Bangladesh;
- (ii) proposed offering of 136,050,934 new ordinary shares of BDT 10 each in Robi at an offer price of BDT 10 per Robi share to the eligible director and employees of Robi under the Employee Share Purchase Plan (“**ESPP**”) in conjunction with the Proposed Listing (as defined herein);

(collectively, (i) and (ii) are referred to as the “**Proposed Initial Public Offering (IPO)**”); and
- (iii) proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Robi on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh (“**Proposed Listing**”)

(collectively, the Proposed IPO and Proposed Listing are referred to as the “**Proposals**”).

Further details on the Proposals are set out in Section 2 below.

2. DETAILS OF THE PROPOSED IPO AND PROPOSED LISTING

Robi proposes to undertake an offering of a total of 523,793,334 new ordinary shares of BDT 10 each in Robi (“**Robi Shares**”), representing 10.0% of the enlarged issued and paid-up share capital of Robi, comprising the following:

- (i) an offering by Robi of 387,742,400 new Robi Shares at an offer price of BDT 10 per Robi share amounting to BDT 3,877,424,000, representing 7.4% of the enlarged issued and paid-up share capital of Robi, to the public retail and institutional investors in Bangladesh (“**Public Shares**”) (“**Proposed Public Offer**”); and
- (ii) an offering by Robi of 136,050,934 new Robi Shares at an offer price of BDT 10 per Robi share amounting to BDT 1,360,509,340, representing 2.6% of the enlarged issued and paid-up share capital of Robi, to the eligible director and employees of Robi under the ESPP (“**ESPP Shares**”) (“**Proposed ESPP**”) in conjunction with the Proposed Listing.

The following table sets out the shareholding of the existing shareholders of Robi prior to undertaking the Proposals:

Shareholders	No. of shares	%
Axiata ⁽¹⁾	3,238,305,000	68.69%
Bharti International (Singapore) Pte. Limited (“ Bharti ”)	1,178,535,001	25.00%
NTT Docomo, Inc. and its affiliated companies ⁽²⁾	297,300,000	6.31%
Total	4,714,140,001	100.00%

Notes:

(1) *Axiata holds direct shareholding of 900 shares in Robi and indirect shareholding of 3,238,304,100 shares in Robi via its wholly-owned subsidiary, Axiata Investments (Labuan) Limited.*

(2) *The affiliated companies of NTT Docomo, Inc. are namely Neasden Assets Limited, Ephraim Assets Limited, Calamint Investments Limited and Thurso Investments Limited.*

In conjunction with the Proposed IPO, Robi proposes to seek the listing of and quotation for its entire enlarged issued share capital of BDT 52,379,333,350 comprising 5,237,933,335 Robi Shares on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh.

The Proposals, should it materialise, will constitute a deemed disposal by Axiata arising from the dilution of 6.87% of its equity interest in Robi. Axiata will continue to be the controlling shareholder of Robi post-completion of the Proposals.

3. BACKGROUND INFORMATION

3.1 Information on Robi

Robi was incorporated in Bangladesh under the Bangladesh Companies Act, 1994 as a public company limited by shares on 22 October 1995 under the name of TM International (Bangladesh) Limited. On 28 May 2009, the name of the company was changed to Axiata (Bangladesh) Limited and subsequently on 19 August 2010, the company assumed its present name, Robi Axiata Limited. On 16 November 2016, Robi merged with Airtel Bangladesh Limited (“**Robi-Airtel Merger**”).

As at the date of this Announcement, the authorised share capital of Robi is BDT 60,000,000,000 comprising 6,000,000,000 Robi shares whilst the issued, subscribed and paid-up share capital of Robi is BDT 47,141,400,010 comprising 4,714,140,001 Robi shares.

Robi is principally involved in the provision of a mobile telecommunication service in Bangladesh providing voice, data and other internet based innovative digital services through telecommunication network coverage across the country using 10 Mobile Switching Centre (MSC) sites, 9 Base Station Controller (BSC) sites and approximately 11,500 Base Transceiver Station (BTS) sites.

Axiata, through its wholly-owned subsidiary, Axiata Investments (Labuan) Limited, holds 68.69% equity interest in Robi. The other shareholders of Robi namely Bharti and NTT Docomo Inc, holds 25.0% and 6.31% equity interest in Robi, respectively. To date, the cost of investment of Axiata in Robi since its incorporation is RM 1,318.0 million.

3.2 Financial information of Robi

	FYE 31 December (Audited)			FYE 31 December (Audited)		
	2017	2018	2019	2017	2018	2019
	BDT mil	BDT mil	BDT mil	RM mil ⁽²⁾	RM mil ⁽²⁾	RM mil ⁽²⁾
Revenue	68,256	67,982	74,812	3,638	3,270	3,673
Profit before taxation ("PBT")	(2,572)	2,680	3,789	(137)	129	186
Profit after taxation ("PAT")	(105)	2,147	169	(6)	103	8
Total borrowings	29,934	29,526	21,409	1,470	1,462	1,032
Shareholders' equity / Net assets	58,671	60,592	59,589	2,881	2,999	2,872
Gearing (times) ⁽¹⁾	0.51	0.49	0.36	0.51	0.49	0.36

Notes:

(1) Gearing is calculated by dividing the total borrowings (excluding finance lease liabilities) over net assets.

(2) Based on the following exchange rates:

	BDT:RM exchange rates		
	2017	2018	2019
Average FY rate used for revenue, PBT and PAT	0.0533	0.0481	0.0491
Closing rate at 31 December used for total borrowings and net assets	0.0491	0.0495	0.0482

4. PROPOSED UTILISATION OF PROCEEDS

The proceeds of BDT 3,877.4 million (equivalent to RM 188.9 million) and BDT 1,360.5 million (equivalent to RM 66.3 million) raised from the Proposed Public Offer and Proposed ESPP respectively, will accrue entirely to Robi and is proposed to be utilised in the manner as set out below:

Particulars	Amount	
	BDT mil	RM mil
Network expansion	5,157.7	251.3
Estimated IPO expenses	80.2	3.9
Total	5,237.9	255.2

There are no proceeds that accrue to Axiata arising from the Proposals, as the Proposals do not involve an offer for sale of Robi Shares by Axiata.

5. RATIONALE FOR AND BENEFITS OF THE PROPOSALS

The rationale for and benefits of the Proposals are as follows:

For the Axiata Group as a whole

- (i) to accelerate growth in Bangladesh in anticipation of revenue generating opportunities in the areas of Internet-of-Things (IoT), Home and Enterprise; and
- (ii) to enable Axiata to raise growth capital and unlock, crystallise and add significant value to its investment in Robi Group in the long term and further enhance credibility to and value for shareholders, investors, partners and customers.

For Robi Group

- (i) the proceeds raised by Robi from the Proposed Listing will be used to fund capital expenditure;
- (ii) to increase Robi Group's visibility as one of the leading mobile telecommunication service company in Bangladesh;
- (iii) to further enhance Robi Group's profile through the Proposed Listing and subsequently widen the reach to market its services and grow its market position;
- (iv) to enable Robi Group to directly access the equity and debt capital markets for fund raising and provide Robi Group with the financial flexibility to pursue growth opportunities;
- (v) to establish the liquidity of Robi Shares;
- (vi) to provide an opportunity for the investing public in Bangladesh, including the eligible director and employees of Robi Group to become its shareholders and participate in the future performance of Robi Group by way of direct equity participation;
- (vii) to expand the investor base of Robi through participation of global investing community; and
- (viii) to reward the employees of Robi Group for their contribution through the offering of the ESPP Shares under the Proposed ESPP.

6. RISK FACTORS

The implementation of the Proposals is subject to the approvals set out in Section 8 of this Announcement. In addition, the success of the Proposals is also dependent on market conditions prevailing at the time of implementation. Accordingly, there can be no assurance that the Proposals will be implemented as anticipated.

7. EFFECTS OF THE PROPOSALS

7.1 Share capital and substantial shareholders' shareholdings

The Proposals do not involve any issuance of new Axiata shares, and correspondingly, will not have any effect on the issued share capital and the shareholdings of the substantial shareholders of the Company.

7.2 Net Assets (“NA”), NA per Axiata share and gearing

For illustrative purposes only, the proforma effects of the Proposals based on the consolidated NA, consolidated NA per Axiata share and gearing of the Axiata Group as at 31 December 2018 assuming that the Proposals have been completed as at end of the year are set out in the table below.

	Audited as at 31 December 2018	Proforma after the Proposals
	RM mil	RM mil
Share capital	13,502	13,502
Retained earnings	5,643	5,593
Reserves	(1,668)	(1,674)
Shareholders’ equity / NA	17,477	17,421
Total borrowings	19,130	19,130
Gearing (times) ⁽¹⁾	1.09	1.10
Number of shares in issues (mil)	9,071	9,071
NA per share (RM)	1.93	1.92

Note:

(1) Gearing is calculated by dividing the total borrowings (excluding finance lease liabilities) over NA.

7.3 Earnings and Earnings per Share (“EPS”)

The Proposals are not expected to have a material effect on Axiata's consolidated earnings and EPS for the financial year ending 31 December 2020. Assuming the Proposals had been effected at the beginning of the financial year ended 31 December 2018, the EPS of Axiata is expected to maintain at approximately (56.0) sen as a result of the Proposals.

	PATAMI ⁽¹⁾	EPS ⁽²⁾
	RM mil	sen
Profit after taxation and minority interests (“PATAMI”) and EPS	(5,035)	(55.6)
Less:		
Contribution from Robi as a result of the Proposals	(7)	(0.1)
Estimated expenses for the Proposals	(4)	-
Proforma PATAMI and EPS for the FYE 31 December 2018	(5,046)	(55.7)

Notes:

(1) Impact of 6.87% dilution to Group's PATAMI with status of investment remains as subsidiary at Axiata Group.

(2) Calculated using the weighted average number of Axiata shares in issues as at 31 December 2018 of 9,058,640.

The Proposals are expected to be completed in the fourth quarter of 2020.

8. APPROVALS REQUIRED

The Proposals are subject to the following:

- (i) Axiata has to obtain its shareholders' approval at an extraordinary general meeting ("EGM") to be convened for the listing of its 68.69%-owned subsidiary, Robi, on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh;
- (ii) Robi has to obtain the approvals of the Bangladesh Securities and Exchange Commission (BSEC) and the Bangladesh Telecommunication Regulatory Commission (BTRC) for the Proposals;
- (iii) Robi has to obtain the approvals of the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited for the Proposed Listing; and
- (iv) any other approvals, consents or permissions that may be required from any relevant regulatory authority or third party.

9. INTER-CONDITIONALITY OF THE PROPOSALS

The implementation of the Proposed Listing is conditional upon the completion of the Proposed IPO. The Proposals are not conditional upon any other corporate exercise/scheme of Axiata.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

None of the directors and major shareholders of Axiata as well as persons connected to them has any interest, direct and/or indirect, in the Proposals.

11. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals including but not limited to the rationale and benefits as well as the effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposals pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 1.46%.

13. ADVISERS

CIMB has been appointed as the Adviser to the Company to advise on Malaysian regulatory requirements for the Proposals.

IDLC Investments Limited has been appointed by Robi as the issue manager for the Proposals.

14. APPLICATION TO THE AUTHORITIES

Barring any unforeseen circumstances, the Board expects the submission of the application to the relevant authorities in relation to the Proposals to be made by Robi within two (2) weeks from the date of this Announcement.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed by the fourth quarter of 2020.

This announcement is dated 21 February 2020.

1. EXISTING SUBSIDIARY OF ROBI

The details and principal activities of the subsidiary of Robi are as follows:

<u>Name</u>	<u>Date and country of incorporation</u>	<u>Issued share capital</u>	<u>Effective equity interest</u>	<u>Principal activities</u>
Red Dot Digital Limited	5 November 2019, Bangladesh	RM (unless otherwise stated) 48,787 (BDT 1 million)	% 100	Development of software technology for mobile, IoT and FinTech services, facilitate data centre, incubation centre and R&D, etc.