

## MEDIA RELEASE

### **Axiata and XL Axiata Sign Conditional Share Purchase Agreement to acquire 66.03% of Link Net's Shares**

*Proposed Acquisition reinforces Axiata's strategic move into the underpenetrated fixed  
broadband segment and fuels its expansion plans in Indonesia*

**Jakarta, 27 January 2022** – Axiata Group Berhad (“**Axiata**”) and PT XL Axiata Tbk (“**XL Axiata**”)¹, today announced the signing of a conditional share purchase agreement (“**SPA**”) to jointly acquire an aggregate 66.03% equity interest in PT Link Net Tbk (“**Link Net**”) from Asia Link Dewa Pte. Ltd. (“**ALD**”) and PT First Media Tbk (“**FM**”). The purchase consideration has been agreed at IDR4,800 per ordinary share in Link Net (“**Link Net Share**”) or approximately Indonesian Rupiah (“**IDR**”) 8.72 trillion (equivalent to approximately RM2.55 billion<sup>2,3</sup>) (the “**Proposed Acquisition**”). This translates to a value of about IDR13.21 trillion (equivalent to approximately RM3.86 billion<sup>2,3</sup>) for 100.00% equity interest in Link Net.

Under the terms of the SPA, Axiata Investments (Indonesia) Sdn Bhd (“**All**”), an indirect wholly-owned subsidiary of Axiata, and XL Axiata shall acquire 46.03% and 20.00% respectively from the combined equity interest of 66.03% in Link Net held by ALD and FM<sup>4</sup>. All will then be obligated to undertake a mandatory tender offer to acquire the remaining 33.97% Link Net Shares<sup>5</sup> pursuant to regulatory requirements in Indonesia (“**Proposed MTO**”).

The Proposed Acquisition and Proposed MTO (“**Proposals**”) are expected to be completed in the third quarter of 2022 and will be subjected to customary completion conditions, including regulatory and shareholder approvals. The Proposals will be funded via a combination of internally generated funds and/or bank borrowings, the proportions of which will be determined at a later date.

Link Net commenced its commercial operations in 2000 and has since grown to be among the leading providers of high-speed broadband and cable TV in Indonesia, reaching 2.8 million homes across 23 cities with a subscriber base of approximately 860,000. Based on

<sup>1</sup> An indirect 61.48% owned subsidiary of Axiata as at 17 January 2022

<sup>2</sup> Computed based on the issued and paid-up Link Net Shares (excluding 111,614,500 treasury shares (“**Link Net Treasury Shares**”)) of 2,751,580,984 as at 17 January 2022

<sup>3</sup> The exchange rate of IDR100.00 : RM0.0292, being the middle rate prevailing at 5.00 p.m. on 26 January 2022 as published by Bank Negara Malaysia, has been applied

<sup>4</sup> Axiata's total effective equity interest in Link Net held via All and XL Axiata will be 58.33% post completion of the Proposed Acquisition

<sup>5</sup> Assuming the Link Net Treasury Shares are not resold

independent market research<sup>6</sup>, Indonesia is one of the most attractive fixed broadband markets globally, significantly underpenetrated at 13.4% in terms of household penetration. It is also one of the fastest growing broadband markets in the world with fixed connections poised for significant expansion at a compound annual growth rate of approximately 14.4%. Furthermore, household penetration is expected to increase to 27.5% by 2026, driven by a growing addressable market, escalating data use and the robust growth in Indonesia's disposable income per capita.

The Proposed Acquisition is expected to create significant synergies for Link Net and XL Axiata through their combined positions in wireless communication services, sharing of backbone and transmission networks and extensive relationships with customers in Indonesia. Coupled with XL Axiata's enterprise offerings including mobile connections, Link Net will be well-positioned to capitalise on the growing enterprise market.

Additionally, Axiata will benefit from Link Net's strong cash flow profile and consistent dividend payouts, as well as entrench its position as one of the leading digital players in the region, with increased exposure to high average revenue per user customers and the higher potential and faster growing fixed broadband market.

In terms of the reported financials for the financial period ended ("**FPE**") 30 September 2021 compared to FPE 30 September 2020, Link Net's revenue rose 9.8% to IDR 3,242 billion (equivalent to RM947 million) while EBITDA grew by 14.4% to IDR1,872 billion (equivalent to RM547 million) and PATAMI dropped by 1.7% to IDR687 billion (equivalent to RM201 million). With a staff strength of 882 permanent employees as of 30 September 2021, Link Net has secured numerous industry accolades in 2020 which includes the Indonesia Customer Experience Award for Fixed Internet Broadband & Pay-TV, the Indonesia Content Marketing Awards, Service Quality Award, Indonesia WOW Brand Award and The Best Contact Centre Indonesia Award.

### **Commentaries**

Axiata's President & Group CEO, Dato' Izzaddin Idris said, "In addition to doubling down on a high-growth segment in one of our key markets, our investment into Link Net is aligned with Axiata's aspiration to support digital inclusion as Asian societies and businesses accelerate digitally."

"Both XL Axiata and Link Net are well placed to generate synergies through their combined positions in wireless communication services, extensive relationships with customers in Indonesia and strong strategic alignment. We also recognise the wealth of management and operational experience within Link Net's employee base and welcome them to be a part of this growth journey. By leveraging the strengths of our telco business from XL Axiata and Link Net's broadband and connectivity solutions, we look forward to delivering compelling

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<sup>6</sup> Independent market study report on Indonesia's telecommunications market by Analysys Mason Pte. Limited

customer-focused converged solutions for the home and enterprise segments as Indonesia continues to advance its digital economy,” he added.

XL Axiata’s President Director & CEO, Dian Siswarini said, “As digital demand accelerates, XL Axiata is gearing up to realise our vision to become the leading converged operator in Indonesia. The synergies that will be unlocked through collaborations with Link Net make this an attractive proposition given the opportunity to combine strengths in mobile connectivity, fixed broadband and content.”

“Moving forward, our customers who are increasingly embracing digital lifestyles to live, learn, work and play, can look forward to seamlessly converged solutions that will equip them for competitiveness and growth in this new normal.”

#### **About Axiata**

As one of the leading telecommunications groups in Asia in pursuit of its vision to be The Next Generation Digital Champion by 2024, 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 42,227 owned and managed towers. Presently among the top 10 independent tower companies globally, edotco 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.

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#### **About XL Axiata**

PT XL Axiata Tbk (XL Axiata) is one of the leading mobile telecommunications companies in Indonesia. XL Axiata focuses on providing convergence services to provide convenience for people's life activities and encourage the development of Indonesia's digital economy. Starting its commercial operations on 8 October 1996, XL Axiata currently provides a variety of services for retail and corporate subscribers supported by a wide and quality network throughout Indonesia. Since 2015, XL Axiata has implemented a quality 4G LTE network on a national scale, then continued with 5G network development in the third quarter of 2021. XL Axiata is part of the Axiata Group together with Celcom (Malaysia), Dialog (Sri Lanka), Robi (Bangladesh), Smart (Cambodia), Ncell (Nepal) and edotco (Malaysia).

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**About Link Net**

Link Net is among the leading providers of high-speed broadband and cable TV in Indonesia, which is one of the most underpenetrated and fastest growing broadband markets in the world. Supported by approximately 17,000 kilometres of fibre optic backbone, Link Net provides its networks and services to both its residential and enterprise customers. Through its extensive network, Link Net provides high-speed internet access and richly differentiated TV content to its customers. Link Net targets the large and fast-growing affluent segment, which is typically characterised with low and stable churn. As at end of September 2021, Link Net has a total of approximately 860,000 subscribers with its network reaching approximately 2.83 million homes across 23 cities in Indonesia.