



Axiata, Telenor and Digi Sign Transaction Agreements for the Proposed Merger of Celcom and Digi

Kuala Lumpur, 21 June 2021 – Axiata Group Berhad (“Axiata”), Telenor Asia Pte Ltd (“Telenor”) and Digi.Com Berhad (“Digi”) (together “Parties”) announced that they have successfully concluded the due-diligence exercise and signed the Transaction Agreements for the proposed merger of Celcom Axiata Berhad (“Celcom”) and Digi (together “MergeCo”).

Following the 8 April 2021 announcement that Axiata and Telenor were in advanced discussions on the proposed merger, the signing today signifies a confirmation of the intent to establish a commercially stronger and more resilient digital converged service provider, and leading Malaysian telecom operator positioned to drive Malaysia’s digital ambitions.

On a pro forma basis¹, MergeCo will serve an estimated 19 million customers with revenue of RM12.4 billion, EBITDA of RM5.7 billion, Profit After Taxation of RM1.9 billion and Free Cash Flow² of RM4.0 billion.

Axiata and Telenor will be equal partners with 33.1 percent ownership stake each in MergeCo, and MergeCo will continue to be listed on Bursa Malaysia Securities Berhad (“Bursa”). Targeted to be among the five largest companies listed on Bursa in terms of market capitalisation, MergeCo is valued at a combined pre-synergy equity value of close to RM50 billion³.

The integration planning phase will include further detailed work on synergies and business plan of MergeCo, and initial estimates indicate potential value accretion through cost and capex synergies of around RM8 billion on a net present value basis.

MergeCo will see the combination of the scale, experience, competencies and financial strength of both global telecom groups with the market knowledge of two well-established local companies. Uniquely positioned to address Malaysia’s increasing digital service adoption and expectations of better connectivity, MergeCo will have the capabilities to leverage on technology advancements and attract global internet-based partnerships to deliver a wider range of innovative solutions to its customers. It will be well-placed to fuel the implementation of digital technologies at a time when 5G, IoT, AI and cloud computing are coming together to accelerate digitalisation across all reaches of society.

MergeCo will also aim to make an investment of up to RM250 million over five years in building a world-class Innovation Center to be established in Kuala Lumpur with the aim to catalyse the 4IR digital transformation, strengthen the local ecosystem and keep Malaysia at the forefront of the

¹ Based on the financial year ended 31 December 2020.

² FCF is defined as EBITDA less Capex paid.

³ After taking into account the issuance of new ordinary shares in Digi.

global digital evolution. In taking advantage of new opportunities in the digital economy, the Innovation Center will conduct extensive research and development, develop 5G use cases, support local digital startups, and provide a platform to nurture the creation of a knowledge-based workforce in line with the MyDIGITAL aspirations.

Dato' Izzaddin Idris, President & Group Chief Executive Officer of Axiata said, "We are charting good progress in the ongoing merger exercise with Telenor and Digi and remain aligned in our intentions to deliver a strong value proposition that will enable our customers to participate more confidently as the nation transitions towards a digital economy. We look forward to delivering better value and choices to benefit society, especially in bridging the divide in rural areas and assisting the Home and Enterprise businesses take advantage of new opportunities in this digitally accelerated environment."

"Assuming a smooth transition, post integration period, we are expecting to see improvement in EBITDA and cashflow margins in the combined entity in step with our ongoing commitment to maximise dividend payout for our shareholders," he added.

"We look forward to partner with Axiata to realize the potential of the proposed merged company. The telecom industry is at the beginning of an exciting digital shift, and new technologies are going to change how we develop and deliver services for both the private and public sector. With this merger we bring together competencies, financial strength and scale to go beyond connectivity and implement technology that further advances our customers digital experience," says Jørgen A. Rostrup, Executive Vice President and Head of Asia in Telenor Group.

As stated in the initial announcement, Axiata and Telenor have agreed to nominate Dato' Izzaddin Idris as Chair, Jørgen C. Arentz Rostrup as Deputy Chair, Idham Nawawi as CEO and Albern Murty as deputy CEO of MergeCo, which will be renamed to Celcom Digi Berhad subject to MergeCo's shareholders' approval.

From the aspect of Malaysia's national interests, Axiata and key Malaysian institutional shareholders are expected to own more than 51 percent of MergeCo at completion. Axiata and Telenor also reiterated their commitment to protect employee welfare with no forced retrenchments. MergeCo is slated to create opportunities for staff to continue to develop across functions, build new competence and be part of future growth of the merged company.

At completion, the merger of Celcom and Digi will result in Axiata receiving newly issued ordinary shares in Digi, representing 33.1 percent of the enlarged issued share capital of Digi, cash consideration of RM2.0 billion of which approximately RM1.7 billion will come from Digi as debt in MergeCo and approximately RM300 million from Telenor as part of an ownership equalisation under the terms of the proposed merger.

Completion of the transaction will be subject to the approval of both Axiata and Digi shareholders, regulatory approvals and other customary terms and conditions. Barring unforeseen circumstances, the Proposed Merger is expected to be completed by the second quarter of 2022.

-End-

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 32,800 towers. Presently the 16th largest independent tower companies globally, it 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.

Press contact:

Anuja Ravendran

Corporate Communications, Axiata Group Berhad

+6012-2380581 | anuja@axiata.com

About Telenor

Telenor Group is a leading telecommunications company across the Nordics and Asia with 187 million customers and annual sales of around USD 14 billion (2020). We are committed to responsible business conduct and driven by the ambition of empowering societies. Connectivity has been Telenor's domain for more than 160 years, and our purpose is to connect our customers to what matters most. Telenor is listed at Oslo Stock Exchange under the ticker TEL. For more information, see www.telenor.com

Press contact:

Tormod Sandstø, Director Media Relations, Telenor Group

+47 90 94 32 15 | Tormod.Sandsto@telenor.com