



**PRESS RELEASE**  
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## **Celcom-Digi merger receives MCMC clearance**

*Decision paves the way for parties to advance to next phase of regulatory and shareholder approvals*

**Kuala Lumpur, 29 June 2022** – The Board of Directors of Axiata Group Berhad (“**Axiata**”) and Digi.Com Berhad (“**Digi**”) announced in filings to Bursa Malaysia today that the parties have received a Notice of No Objection (“**Notice**”) from the Malaysian Communications and Multimedia Commission (“**MCMC**”) to proceed with the proposed merger of Celcom’s and Digi’s telco operations (“**MergeCo**”).

The merger application for Celcom and Digi was submitted to MCMC in July 2021. The issuance of the Notice follows a substantive assessment of the proposed merger application, and due consideration of Axiata’s and Digi’s (“**the parties**”) response to MCMC’s Statement of Issues (“**SOI**”) released earlier in April 2022. The Notice signifies that MCMC does not object the proposed merger and that the parties to advance to the next phase of the proposed transaction.

### ***MergeCo well-poised to accelerate the nation’s digital aspirations and spur new growth opportunities for all***

Axiata and Digi are positive on the prospects of the proposed merger having passed a significant milestone in the ongoing approval process. Upon completion of the transaction, the parties look forward to realising the potential of the proposed merged company, which is expected to culminate in a stronger capacity to drive digitalisation in society broadly, for consumers, businesses, the partner ecosystem and for the development of local talent.

MergeCo will provide better network quality and coverage as it will be primed to invest in network expansion to support growing demand for data and digitalisation. In addition, as societies and businesses increasingly turn to digitalisation for productivity and efficiency gains, MergeCo will be well-placed to drive 5G solutions, catalyse new growth opportunities for large enterprises and SMEs, and attract and partner global digital giants in support of JENDELA and MyDigital aspirations. MergeCo will also leverage on combined economies of scale to deliver benefits to customers through strengthened core distribution, improved network operations, and efficiencies realised from operational activities.

In further unlocking the nation’s digital potential, MergeCo has proposed to invest up to RM250 million over five years to build a world-class Innovation Center in Kuala Lumpur to keep Malaysia at the forefront of the global digital evolution. The Innovation Center will be pivotal in advancing extensive research and development leveraging 5G, AI and IOT technology. In addition to catalysing and nurturing a knowledge-based workforce in line with Malaysia’s digital aspirations, local digital startups will be also able to leverage the platform to leapfrog their technology and innovation capabilities.

To address the preliminary issues identified by the MCMC, the parties have offered a set of undertakings to ensure that consumers in Malaysia will continue to benefit from effective competition in the telecommunications sector. The undertakings include:

- Divestment of 70 MHz of MergeCo’s spectrum across 1800 MHz, 2100 MHz, and 2600 MHz, the first band to be returned to the MCMC within 24 months after completion of the merger, and the second and third bands to be returned within 36 months after completion of the merger;



- Establishing a separate independent business unit for MVNO wholesale business under MergeCo within six months after completion of the merger and ensuring continuity of access to wholesale services for MVNOs at terms no worse off than existing agreements;
- Divestment of Celcom’s “Yoodo” brand within the stipulated time after completion of the merger as committed to MCMC, which currently offers fully digital and customisable retail mobile plans to subscribers;
- Enabling non-exclusive distributors in the Sabah, Sarawak, Kelantan, Pahang and Terengganu regions by the end of Year 3 after completion of the merger; and
- Positioning the existing Celcom and Digi brands as products under a single MergeCo corporate brand by the end of Year 2 after completion of the merger.

The parties have assured that they will place the highest priority on minimising any potential service quality impact to customers, while delivering these undertakings.

Tan Sri Shahril Ridza Ridzuan, the Chairman of Axiata said, “We thank the MCMC for their approval and guidance to reach this significant milestone. We reiterate our commitment to ensure that the proposed merger delivers benefits to the nation as a whole. It is aimed at combining the best of Celcom and Digi so that our customers and community have good options in accessing solutions to participate more equitably in this digital era.”

“Delivering improved network and connectivity for our customers is clearly an imperative. As two companies with a strong track record in contributing towards nation-building, we are also excited about the digital inclusion and growth opportunities that MergeCo and the proposed Innovation Centre will catalyse. We look forward to playing an active role in encouraging national competitiveness through the provision of world-class connectivity and research platforms whilst also supporting the nation’s entrepreneurs and digital talents in the race to confidently position Malaysia for growth in the digital economy.”

“Today brings us a step closer to creating a strong Malaysian company with the combined scale, experience, network, and innovation leadership to drive Malaysia’s digital growth in the coming years. Together, Celcom and Digi will bring better innovations to meet our customers’ growing digital needs and for all participating in the digital economy to capture new growth opportunities in a fast-changing world. We will now focus on completing the remaining necessary steps to conclude this transaction and work on delivering a seamless integration programme to bring the vision and value of the merged entity to reality for the benefit of many,” said Haakon Bruaset Kjoel, Chair of the Board of Directors of Digi.Com Bhd.

“We have reached a positive milestone in the Malaysian merger process with this regulatory clearance. We are excited to move towards realising the full potential of bringing these two companies together, establishing a commercially stronger and more resilient digital service provider. With the proposed structural moves in Thailand and Malaysia, Telenor has a clear ambition to create future-fit companies that can better support ambitious national digital aspirations and bring new, advanced services to consumers across the region,” said Jørgen Arentz Rostrup, Executive Vice President and Head of Telenor Asia.



The parties believe that the strategic and financial rationale of the proposed transaction represents a compelling value-creation opportunity for all stakeholders. The parties remain confident that MergeCo will realise the full value of the estimated synergies, and that the combined entities will establish a stronger, more resilient digital converged services provider well-positioned to respond to shifting market conditions and to drive Malaysia's digital ambitions forward.

The completion of the proposed transaction will now be subject to the approval of the Securities Commission, Bursa Malaysia, by both Axiata and Digi shareholders, and other customary terms and conditions. The parties estimate to complete the proposed merger within the second half of 2022 as announced previously. At completion, Axiata and Telenor will hold equal ownership of 33.1 percent each in the new merged company, which will be named Celcom Digi Berhad and will continue to be listed on Bursa Malaysia.

Further details of the undertakings are available on MCMC's website at [www.mcmc.gov.my](http://www.mcmc.gov.my).

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#### **About Axiata**

In pursuit of its vision to be The Next Generation Digital Champion by 2024, 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 'Celcom' in Malaysia, 'XL' and 'Link Net' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal. Axiata's regional digital business verticals comprise "Boost" a fintech play, 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](http://www.axiata.com).

#### **About Digi**

Digi is a mobile connectivity and internet services provider enabling 10.3 million Malaysians on our advanced 4G+ network. We have an ambition to provide relevant, personalised, and engaging digital products and services that will fully enable our customer's digital lifestyles. Listed on Bursa Malaysia, Digi is part of global telecommunications provider Telenor Group, and is a leader in driving responsible business practices. For more information, visit [www.digi.com.my](http://www.digi.com.my).

For more media queries, please contact:

#### **Axiata Group Berhad**

Anuja Ravendran  
+6012 238 0581, [anuja@axiata.com](mailto:anuja@axiata.com)

#### **Digi Telecommunications Sdn Bhd**

Chew Hwee Yen  
+6012 395 3398, [hychew@digi.com.my](mailto:hychew@digi.com.my)