

DIGI.COM BERHAD

*EXTRAORDINARY GENERAL MEETING
for the proposed Celcom Digi merger*

18 November 2022



- 1 | *Proposed Merger***
Presenters: CEO & CFO of Digi.Com Berhad
- 2 | *Transaction Overview***
Presenter: CIMB Investment Bank Berhad
- 3 | *Independent Valuation of Celcom***
Presenter: KPMG Corporate Advisory Sdn Bhd
- 4 | *Independent Adviser Assessment***
Presenter: AmlInvestment Bank Berhad
- 5 | *Q&A Session***





1. Proposed Merger

- Background
- Information on Celcom and Digi
- Rationale
- Prospects
- Summary of MCMC Undertakings
- Leadership Teams





Background

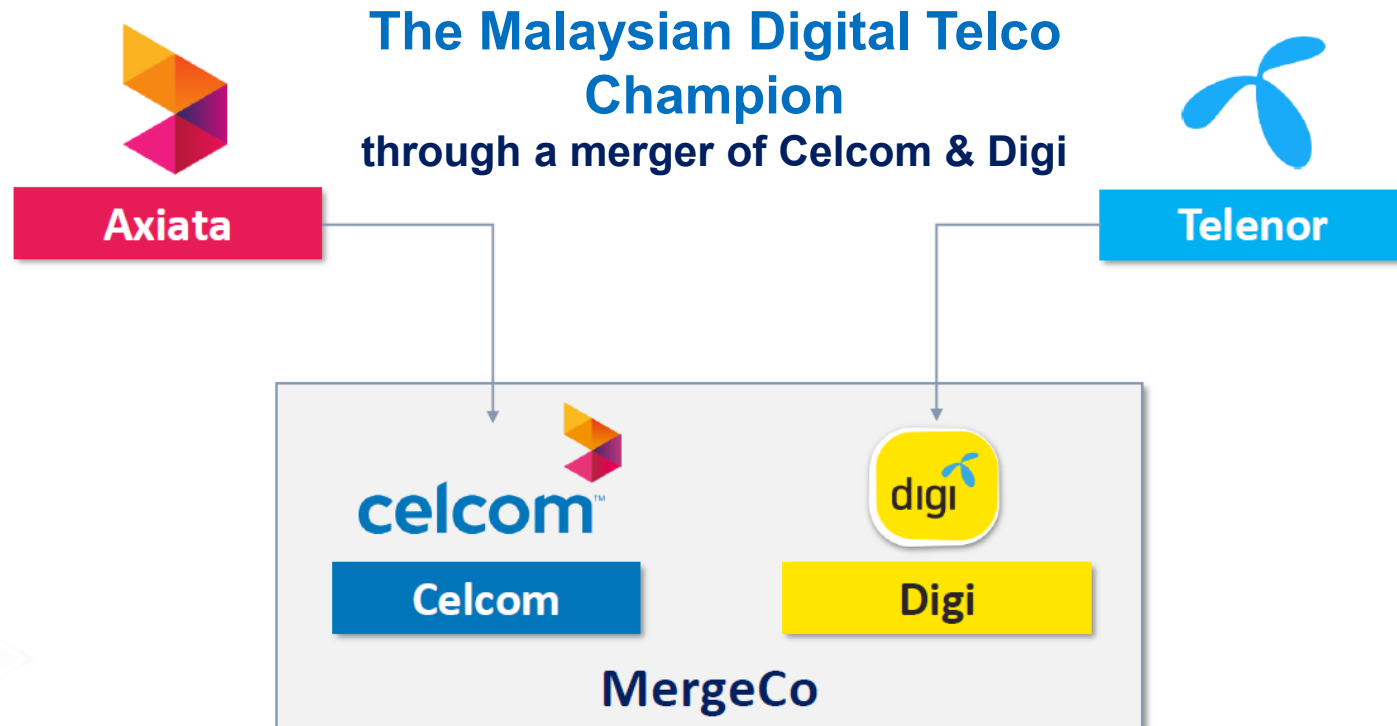
Proposed Merger of Malaysia Telco operations of two PLCs on the Main Market of Bursa Securities

1. 8 April 2021

- Digi was informed that Telenor and Axiata were in discussions to merge the Telco operations of Digi and Celcom

2. 21 June 2021

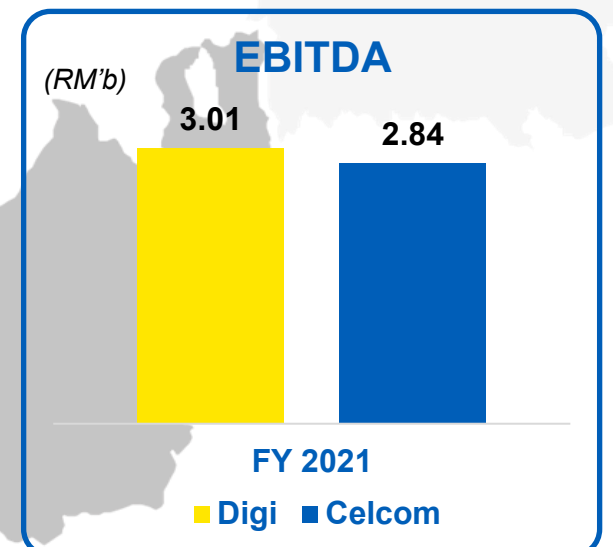
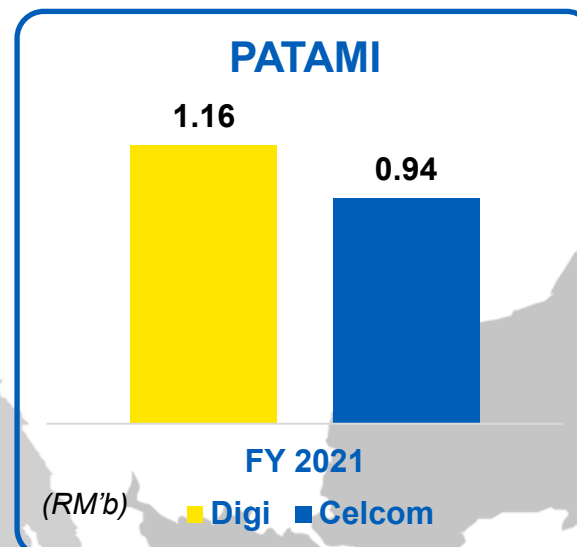
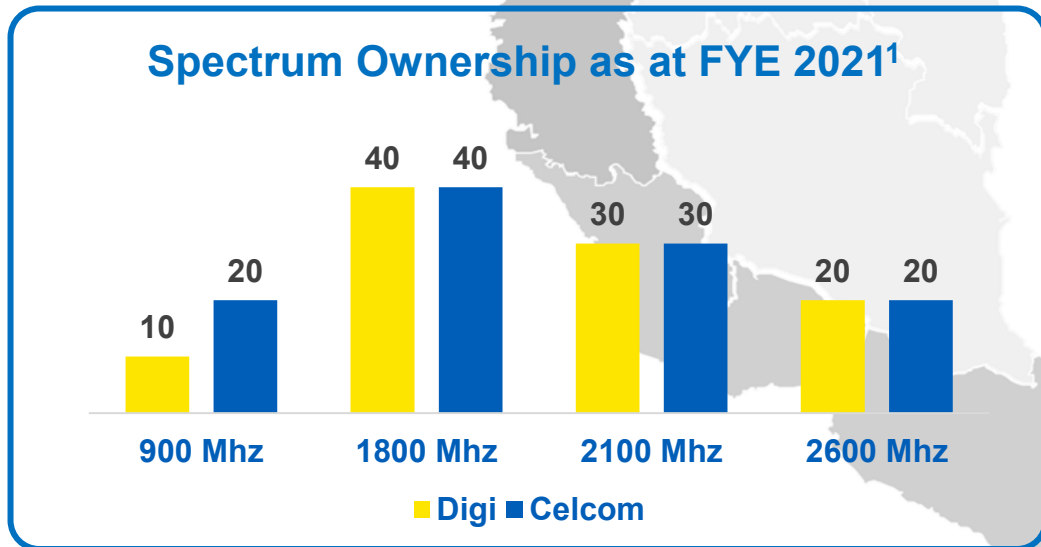
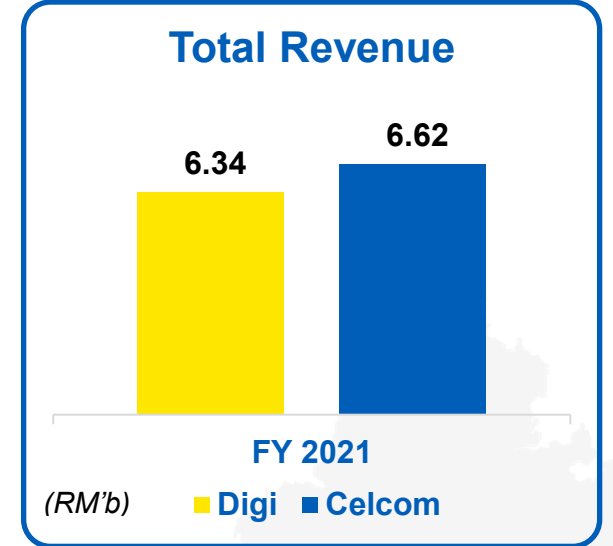
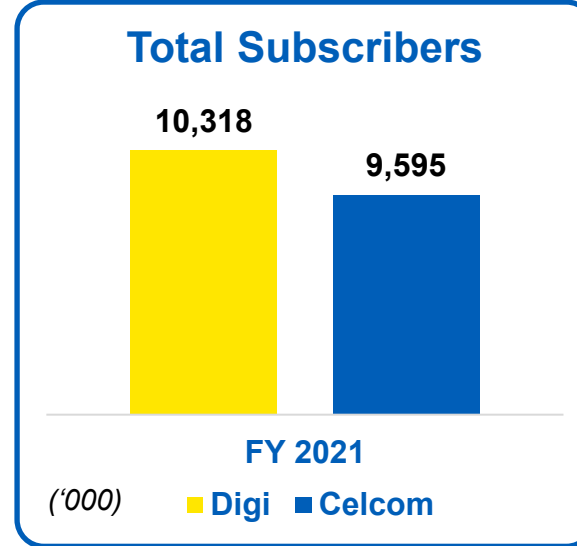
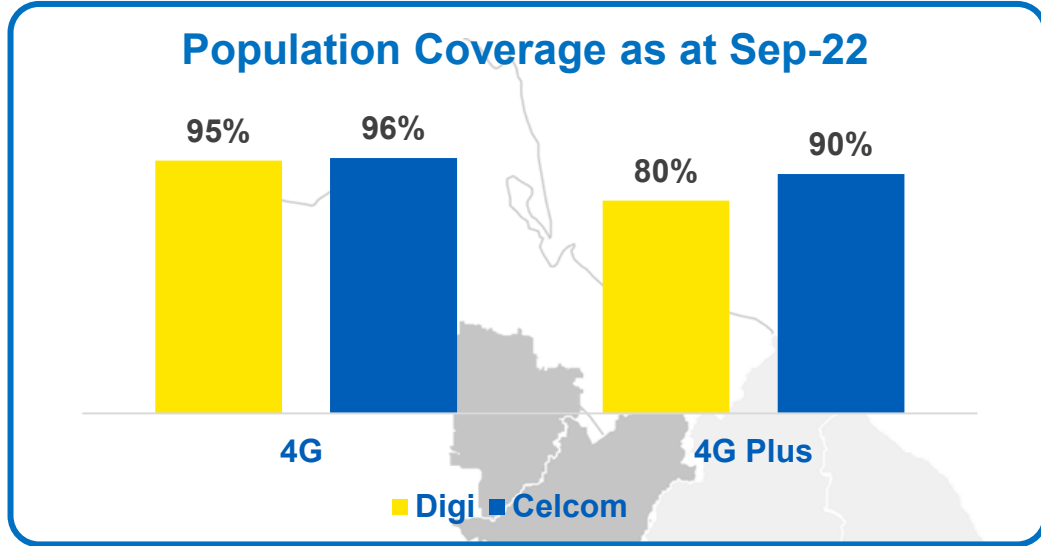
- Digi entered into SPA with Axiata for the Proposed Merger with Celcom
- Telenor, Telenor Asia and Axiata entered into MTA that set out amongst others, the Shares Equalisation Arrangement which will result in Telenor Asia and Axiata having an equal shareholding of 33.10% each in the MergeCo





Equal Strength in Network and Financial Performances

Delivering highest quality network to Malaysian customers and businesses



Notes:

(1) Includes spectrum to be handed back as part of the Undertaking to MCMC



Rationale of the Proposals

Benefits of the Proposed Merger

Resilience from combined scale, competencies and experiences

- ✓ More resilient in managing rapidly escalating data usage year-on-year

Commercially stronger

- ✓ A strategic move to address industry challenges
- ✓ Better serve growing demand from customers and empower businesses, enterprises

Stronger capability to drive digitalisation, innovation & sustainable growth through competent and diverse workforce

- ✓ Greater scale to invest
- ✓ Greater human capital pool and a robust platform

Strengthen resilience of shareholder return & attract investors

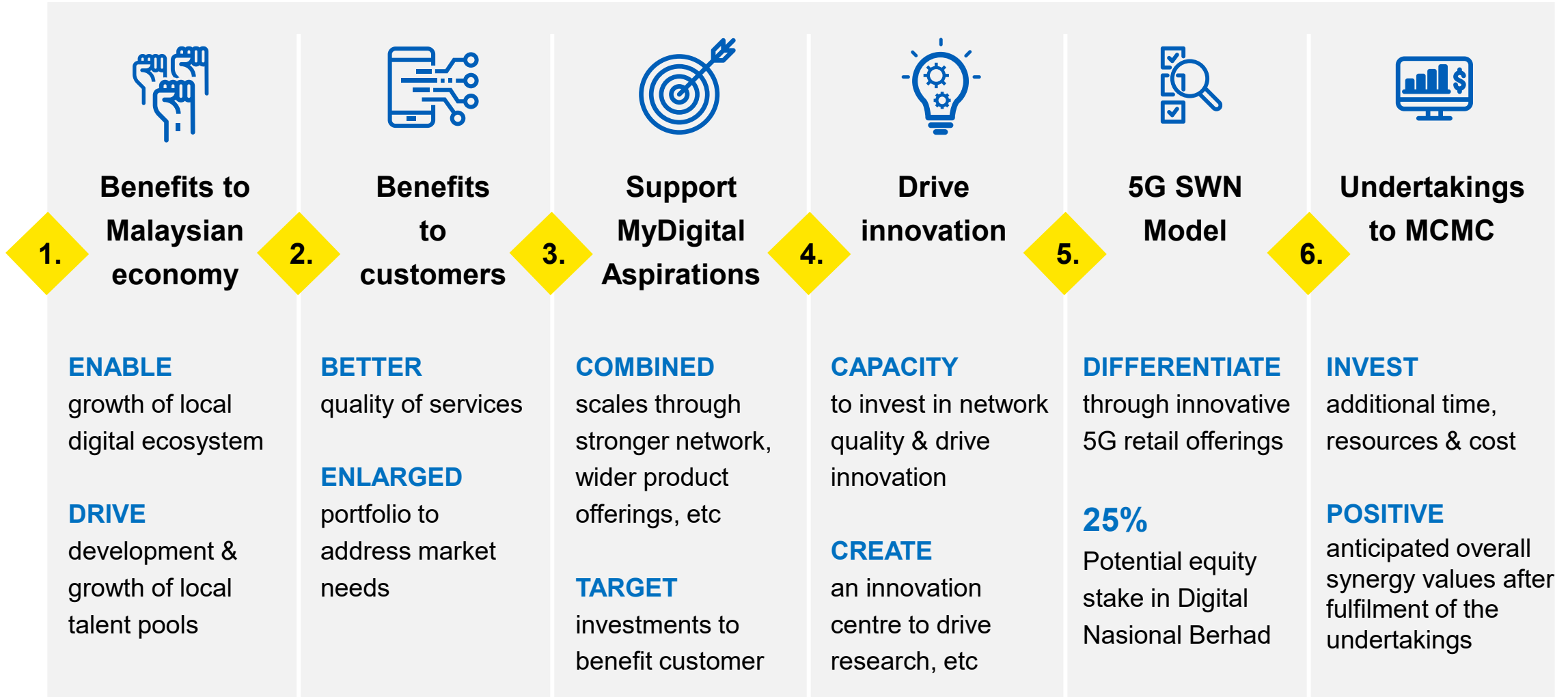
- ✓ Expected to be value accretive
- ✓ Strengthen resilience of shareholders returns

Substantial synergies

- ✓ Combined economies of scale
- ✓ Access to global and regional know-how support
- ✓ Increased funding capability



Future Prospects and Business Strategies



Focused on delivering across segments – Consumer, Home, Enterprise ICT, IOT and M2M



Summary of the Undertakings to MCMC


		Deadline from Closing
1	Spectrum Spectrum divestment in phases <ul style="list-style-type: none">• 2x10 2100 MHz, 2x20 2600 MHz, 2x5 1800 MHz	1 band within 2 years 2 bands within 3 years
2	MVNO <ul style="list-style-type: none">• Ensure continuity of access to MVNO services• Establish independent MVNO wholesale business	Maintained for 3 years Within 6 months
3	Yoodo Business <ul style="list-style-type: none">• Divestment of Yoodo• If no buyer after 18 months, cease Yoodo operations	Within 18 months Within 3 months
4	Exclusivity arrangement <ul style="list-style-type: none">• Remove exclusivity of distributors for certain regions• No exclusive distributorships in these areas	Within 3 years Maintained for 3 years
5	Single Brand <ul style="list-style-type: none">• Position Digi and Celcom prepaid and product brands under a single corporate brand	Within 2 years



3
Board Committees



48-73
Range of director age



30%
Women representation



Tan Sri Dr. Halim Shafie
Chair, Non-Independent Non-Executive Director



Jørgen Christian Arentz Rostrup
Deputy Chair, Non-Independent Non-Executive Director



Dr. Shridhir Sariputta Hansa Wijayasuriya
Non-Independent Non-Executive Director



Haakon Bruaset Kjoel
Non-Independent Non-Executive Director



Thayaparan S Sangarapillai
Non-Independent Non-Executive Director



Rita Skjaervik
Non-Independent Non-Executive Director



Tan Sri Abdul Farid Alias
Independent Non-Executive Director



Vimala V.R. Menon
Independent Non-Executive Director



Datuk Iain John Lo
Independent Non-Executive Director

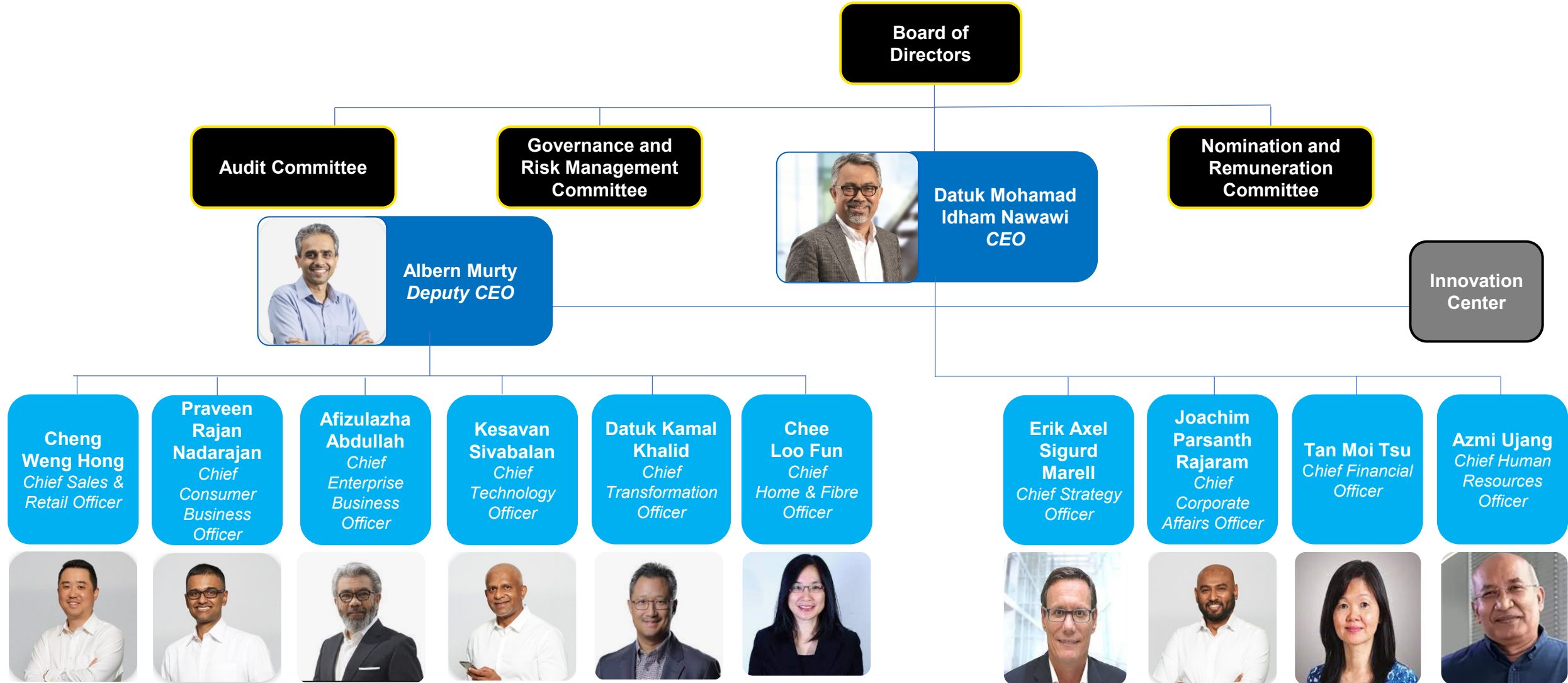


Khatijah Begom Shah Mohamed
Independent Non-Executive Director



Management team of MergeCo

Management team to mainly comprise current key senior management of Celcom and Digi, to be headed by Datuk Idham Nawawi (CEO) and Albern Murty (Deputy CEO)



2. Transaction Overview

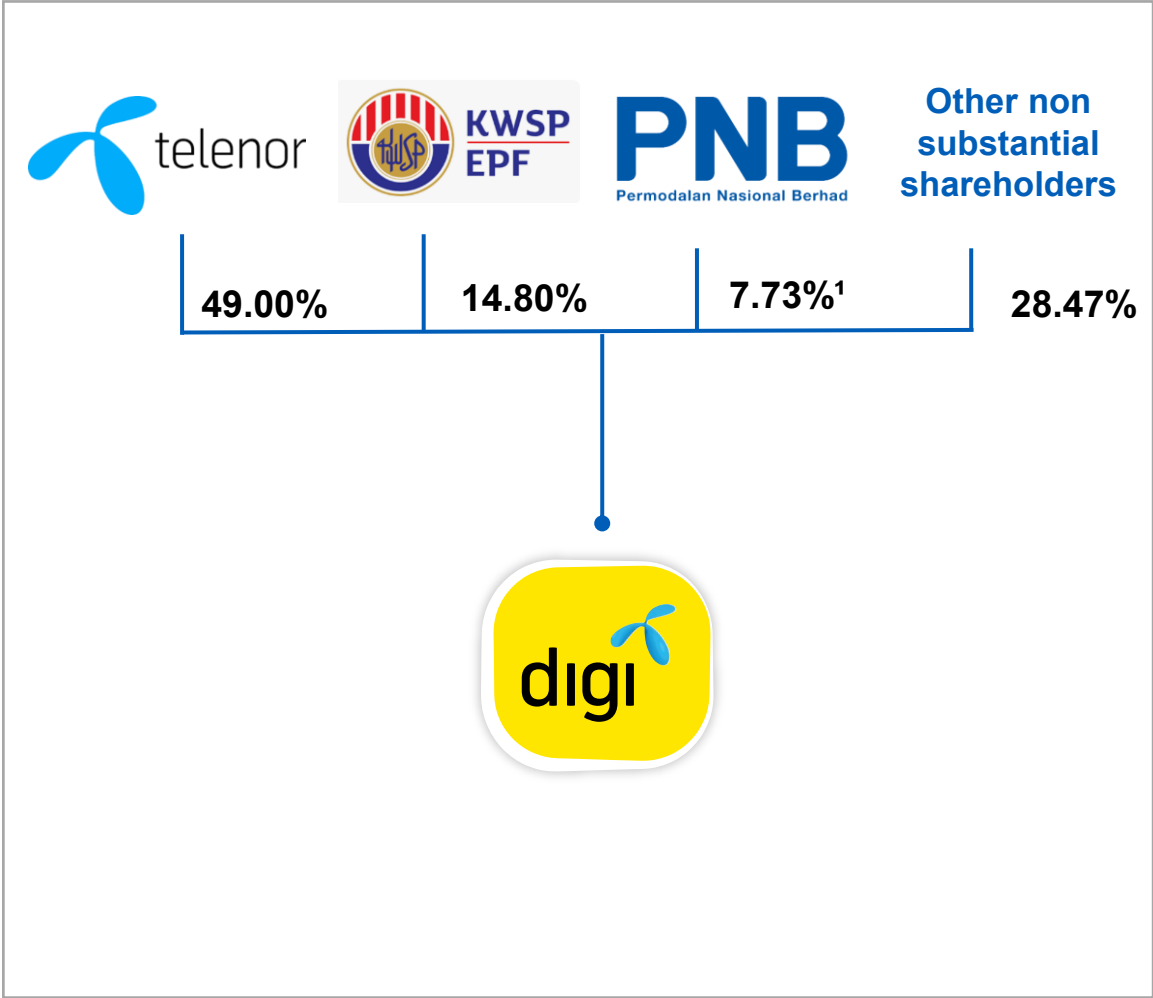
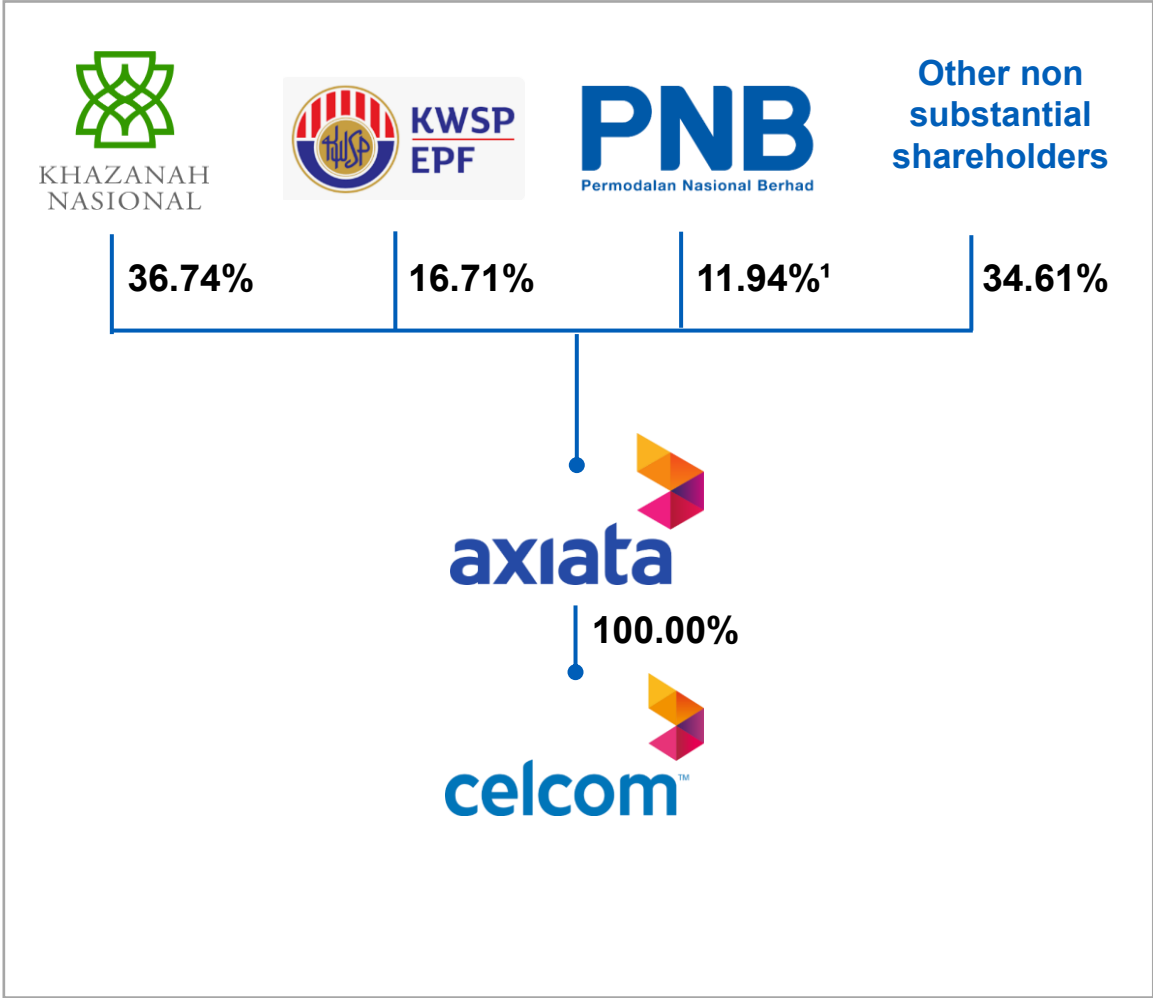
- Background
- Transaction Scheme
- Proforma Group Structure
- Summary of Payment Considerations
- Proposed Exemption
- Valuation Consideration
- Digi's Share Price Development
- Proforma Financials
- Key Milestones and Indicative Timeline





Background

Corporate structure of both operating units pre-merger

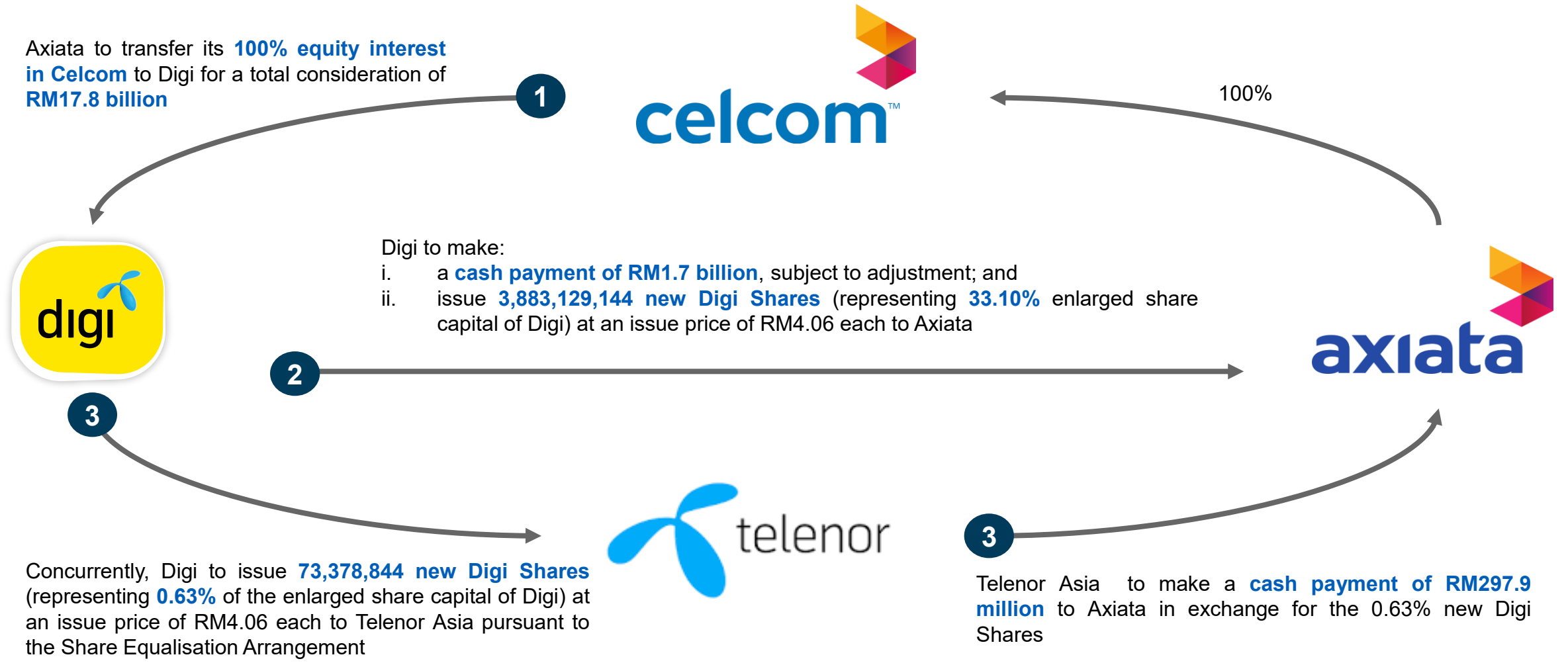


¹ Shareholdings held by Amanah Saham Bumiputera (ASB) only



Transaction Scheme

Axiata to transfer its 100% equity interest in Celcom to Digi for a total consideration of RM17.8 billion to be satisfied via cash and new Digi shares

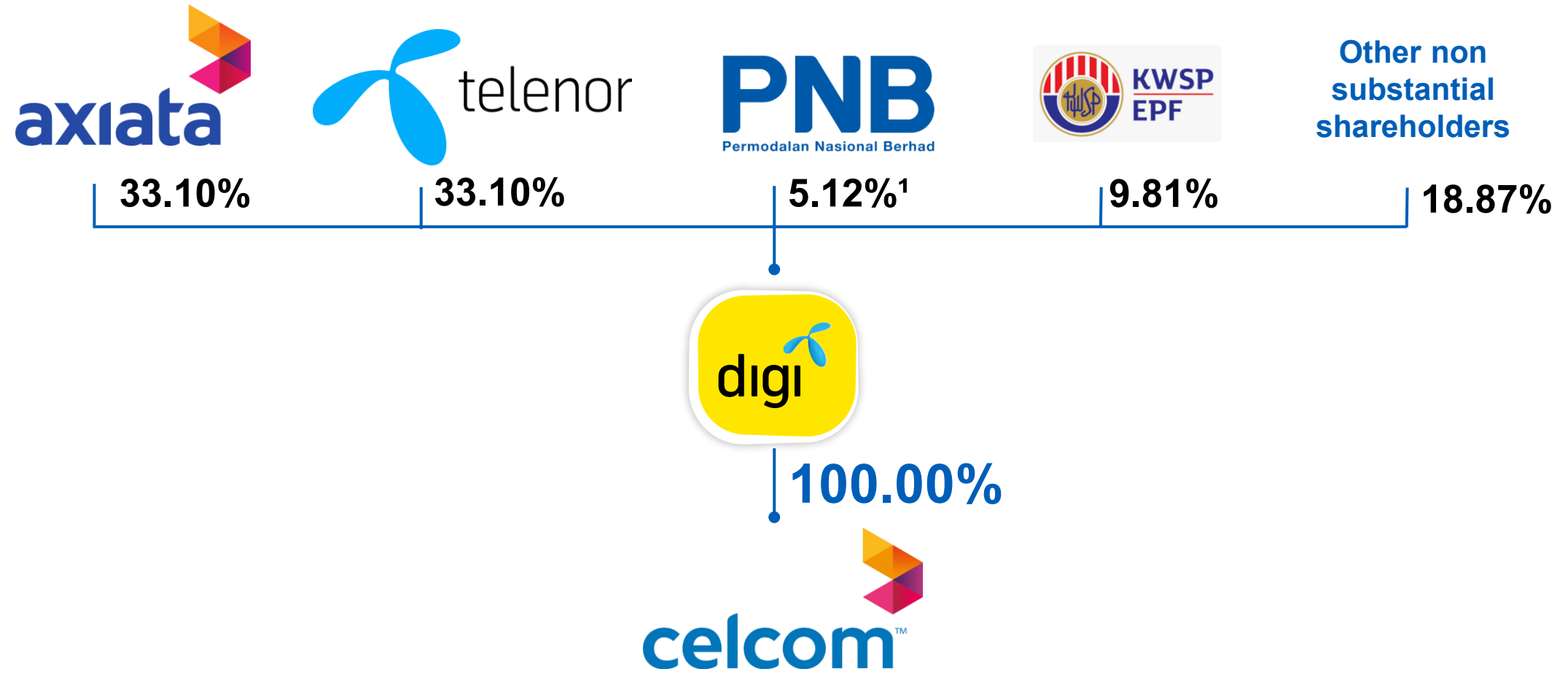


The Proposed Merger is deemed a related party transaction by virtue of the Shares Equalisation Arrangement.



Proforma Shareholders' Shareholding in Digi

- Telenor Asia and Axiata will each hold 33.10% shareholding in Digi upon completion of the Proposed Merger



Note:

(1) Shareholdings held by Amanah Saham Bumiputera (ASB) only



Summary of Payment Considerations

No	Mode of Considerations	% Enlarged Shareholding	Amount	Recipient	Remarks
1.	Issuance of New Digi Shares at RM4.06 each				
	(a) 3,883,129,144 new Digi Shares	33.10%	RM15,766 mil	Axiata	Subject to 6-month moratorium
	(b) 73,378,844 new Digi Shares	0.63%	RM298 mil	Telenor Asia	Pursuant to Shares Equalisation Arrangement whereby Telenor Asia shall make a cash payment of RM298 million to Axiata
	Sub-total	33.73%	RM16,063 mil		
2.	Cash Consideration	-	RM1,693 mil	Axiata	Subject to adjustments pursuant to changes in net debt and net working capital amounts of Celcom and Digi from 31 December 2020 to Closing
	Total		RM17,756 mil		

Terms for New Digi Shares:

- The new Digi Shares shall, upon issuance and allotment, be of the same class and rank equally with the existing Digi Shares
- The new Digi Shares will be listed on the Main Market of Bursa Securities upon the completion of the Proposed Merger

Funding:

- **Cash Consideration including the adjustments** - to be funded by a combination of borrowings and internally-generated funds



Proposed Exemption

Post-merger, Axiata and the Axiata PACs will trigger a Mandatory Offer. Exemption will be sought, conditional upon shareholders and SC approvals being obtained.

- Upon completion of the Proposed Merger, Telenor Asia, Telenor and Axiata will enter into a shareholders' agreement and pursuant thereto, will be deemed as persons acting in concert ("**PACs**") pursuant to the Capital Markets and Services Act 2007 ("**CMSA**")
- Pursuant to the Rules on Take-overs, Mergers and Compulsory Acquisitions ("**Rules**"), Axiata and PACs will seek an exemption from undertaking a mandatory offer to acquire the remaining Digi Shares not already owned by them, in view that:
 - Upon completion of the Proposed Merger, the shareholdings of Axiata in Digi will increase from nil to 33.1%.; and
 - Axiata together with its PAC, including Telenor Asia and its holding companies, will collectively hold 66.2% in the MergeCo.

As it is not the intention of Axiata and its PACs to undertake the Mandatory Offer, Axiata intends to seek the SC's approval for the Proposed Exemption upon obtaining the approval from the non-interested shareholders of Digi.



Valuation Consideration – Implied Multiples

- The total consideration of RM17.8 billion (pursuant to the SPA) translates into the following implied multiples based on the latest audited financial statements for the FYE 31 December 2020 prior to the signing of the SPA.

<u>FYE 31 December 2020 (RM million)</u>	Celcom	Digi
Enterprise Value (“ EV ”)	24,497.7	36,715.7
Net Debt and other adjustments	6,741.5	5,149.2
Equity value (“ EQV ”)	17,756.2	31,566.5
Free Cash Flow (“ FCF ”)	1,605.8	2,359.8
Profit after tax attributable to the owners of the company (“ PATAMI ”)	677.4	1,221.0
Earnings before interest, tax, depreciation and amortisation (“ EBITDA ”)	2,579.9	3,080.0

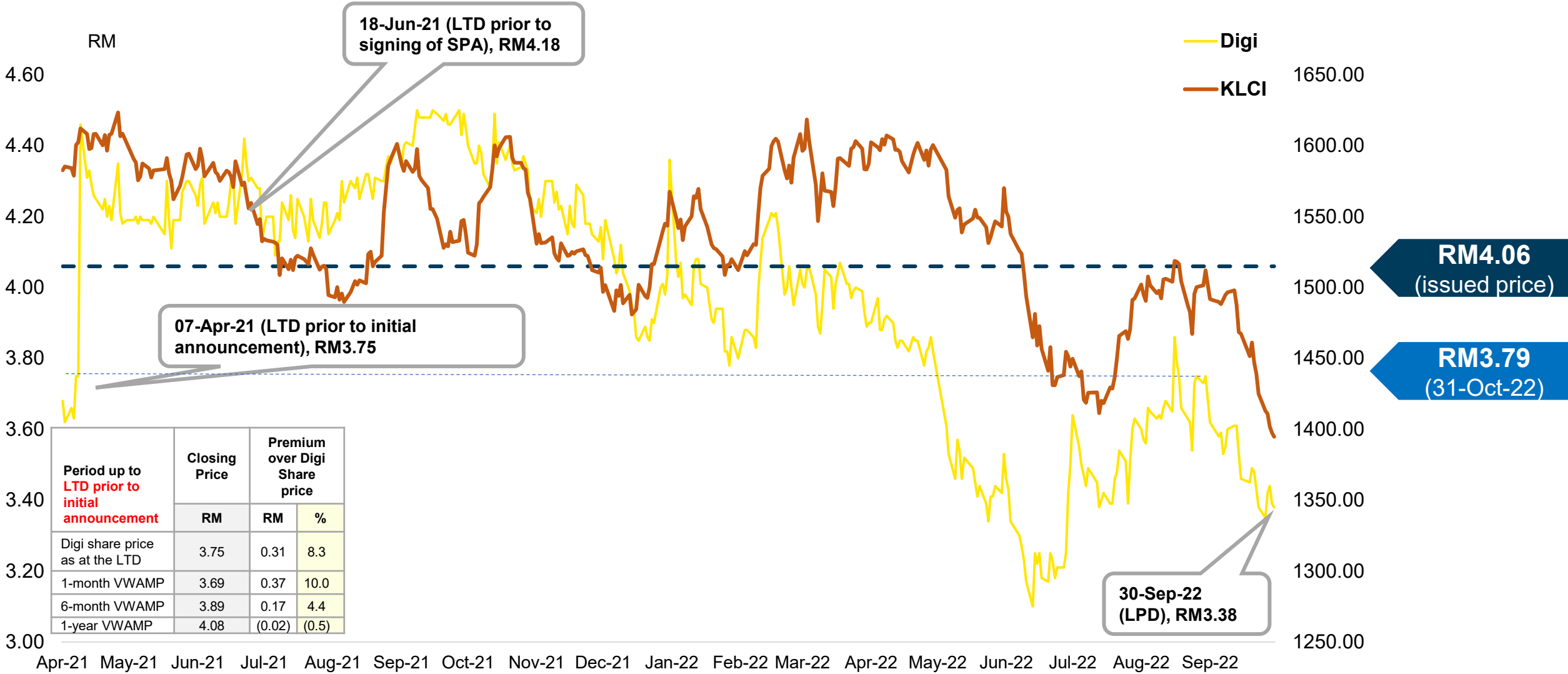
Implied multiple (times)

Price-to-earnings	26.2	25.9
Enterprise value / free cash flow	15.3	15.6
Enterprise value / EBITDA	9.5	11.9



Digi's Share Price Development

The Consideration Shares will be issued at RM4.06 per new Digi Share

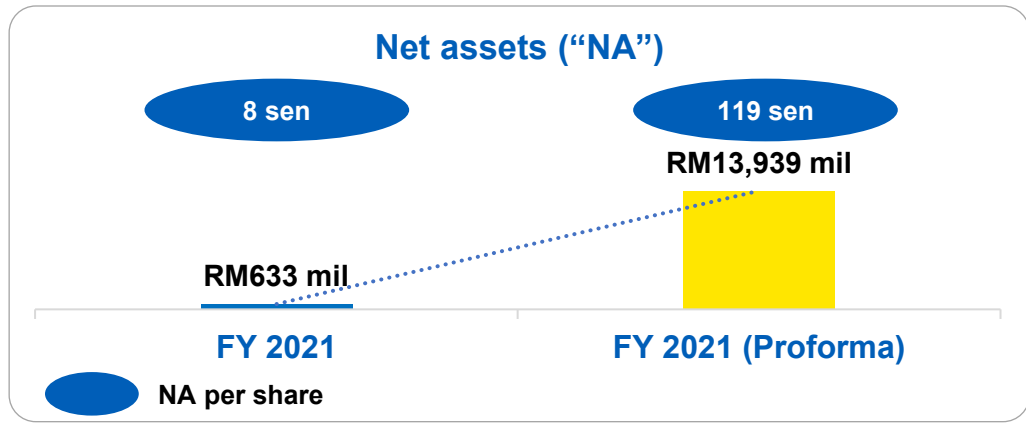
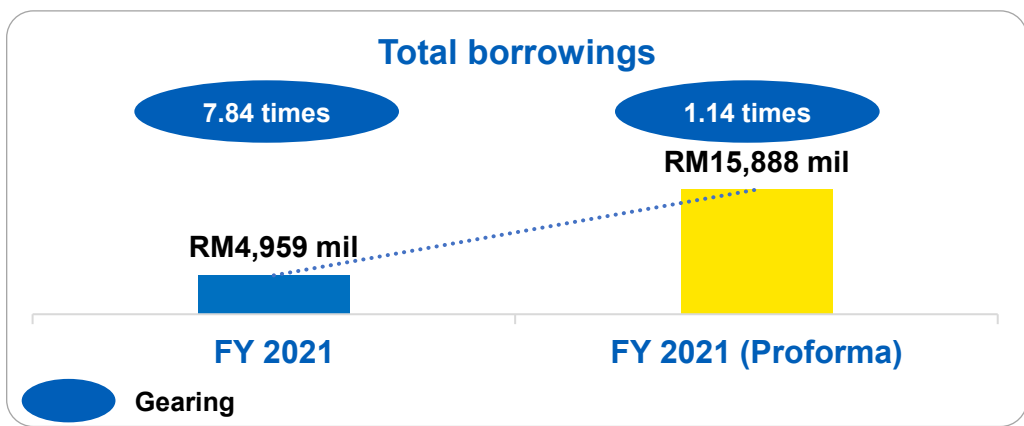
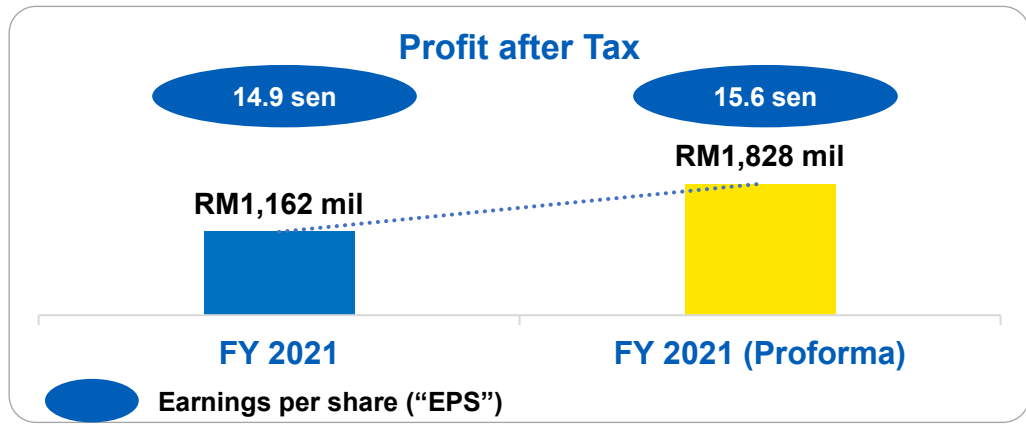


Note: LTD refers to last trading date, LPD refers to latest practicable date prior to the printing of this Circular



Proforma Financials of Digi

- Proforma Financials of Digi based on the latest available audited financial information of Digi and Celcom for the financial year ended 31 December 2021



- The Proforma Financials did not take into account the additional costs for:
 - merger integration activities; and
 - fulfilling the undertaking to MCMC.
- Notwithstanding the above, the anticipated overall synergy remains positive.
- Proposed Merger is expected to contribute favourably to earnings and EPS over the medium to long term.



Key Milestones and Indicative Timeline

Key regulatory approvals for the Proposed Merger

Completed

Remaining Key Milestones



28 June 2022

- The notice of no objection
- Authorisation for the Proposed Merger via Authorisation No.1 of 2022

15 September 2022

- Approval for the Proposed Merger under Section 214(1) of the CMSA
- Approval for Bumiputera equity requirement for public listed companies

27 October 2022

Approval for the listing of and quotation for new Digi shares to be issued pursuant to the Proposed Merger on the Main Market of Bursa Securities

18 November 2022

Approvals to be sought from Digi and Axiata shareholders at the EGM

Next Key Milestones

By 30 November 2022

SC's approval for Proposed Exemption (expected to be the final CP for the SPA)

30 November 2022

Proposed completion of the Proposed Merger

1 December 2022

Listing of the Consideration Shares



3. INDEPENDENT VALUATION OF CELCOM





**INDICATIVE VALUATION OF A 100%
EQUITY INTEREST IN CELCOM AXIATA
BERHAD IN RELATION TO THE
PROPOSED MERGER OF CELCOM AND
DIGI**

Indicative Valuation of a 100% Equity Interest in Celcom

Subject of Valuation

- **Indicative Valuation of a 100% equity interest in Celcom**, inclusive of Celcom's subsidiaries, investment in associate company (Sacofa Sdn Bhd) and joint venture company (Tune Talk Sdn Bhd) for purpose of the Proposed Merger of Celcom and Digi.

Date of Valuation and Subsequent Key Events after Valuation Date

- **The Valuation Date is 7 April 2021**, being the last trading day prior to the announcement of the Proposed Merger.
- Prior to issuance of our valuation letter dated 25 October 2022 as included in the Circular to Shareholders dated 28 October 2022, **we have considered the key events after the Valuation Date up to 25 October 2022**, as follows:
 - (i) Financial statements of Celcom group for FYE 31 December 2021 and the 6-month period ended 30 June 2022.
 - (ii) Latest market pricing parameters of Digi and other listed telcos in Malaysia updated to 30 September 2022.
 - (iii) Tune Talk Litigation, Undertaking to MCMC, Celcom's acquisitions of 2 companies involved in IT solutions and shared services companies, Celcom's proposed subscription of shares in Digital Nasional Berhad (set out in Appendix X page 571 to 575 of Digi's Circular to Shareholders).

Indicative Valuation of a 100% Equity Interest in Celcom (Cont'd)

Basis of Valuation and Valuation Methodology

- The Proposed Merger represents the merger of two equal strong telcos namely Celcom and Digi coming together to create synergies for the combined business. The Proposed Merger will not result in either party gaining control over the merged entity.
- Accordingly, **the valuation of Celcom for the purpose of the Proposed Merger is assessed based on the merger of equals principle** where the valuation of Celcom's shares is considered relative to the market pricing parameters of Digi's shares, on a standalone pre-merger basis excluding potential synergies arising from the Proposed Merger. In addition, we have also considered the market pricing parameters of other listed telcos in Malaysia for reasonableness check. No control premium is considered in the valuation.
- We adopted the **Market Approach method of valuation, where we applied the Enterprise Value-to-Free Cash Flow multiple ("EV/FCF") method and Price-to-Earnings ratio ("PER") method.**

Conclusion of Value



- We opine the indicative value of a 100% equity interest in Celcom as at the Valuation Date of 7 April 2021 in the range of **RM16,032 million to RM18,473 million.**
- We have considered key events subsequent to Valuation Date from 7 April 2021 up to 25 October 2022 (date of valuation letter), our opinion on the range of values of a 100% equity interest in Celcom remains unchanged.



4. INDEPENDENT ADVISER ASSESSMENT



DIGI.COM BERHAD

-  Proposed Merger of Celcom Axiata Berhad and Digi.Com Berhad; and
 -  Proposed Exemption for Axiata Group Berhad and its persons acting in concert from the obligation to undertake a mandatory take-over offer
- (collectively, referred to as the “Proposals”)

EGM

Sensitivity: Open

Independent Adviser



AmInvestment Bank

Overview of the Proposals

The Proposed Merger involves Digi acquiring 100% of the equity interest in Celcom from Axiata for a total consideration of **RM17.76 billion** which shall be satisfied by:-



Digi issuing concurrently:-

- 33.10% of Digi shares to Axiata valued at **c.RM15.8 billion**; and
- 0.63% of Digi shares to Telenor Asia (as nominee of Axiata) subject to the payment of **c.RM298 million** by Telenor Asia to Axiata (“**Shares Equalisation Arrangement**”).



Digi making cash payment:-

- **c.RM1.7 billion** to Axiata, which is subject to adjustment under the terms of the SPA.

- With this, Telenor Asia and Axiata will each hold an **equal shareholding of 33.1%** in MergeCo upon completion of the Proposed Merger.
- Pursuant to the Shares Equalisation Arrangement, the Proposed Merger is deemed a related party transaction.
- In view that the shareholdings of Axiata in Digi will increase **from nil to 33.1%** upon completion of the merger, Axiata and its persons acting in concert (including Telenor Asia and its holding companies) will be obliged to **undertake the Mandatory Offer** to the Digi shareholders to acquire the remaining Digi shares not already owned by them.
- As it is not the intention of Axiata and its persons acting in concert to undertake the Mandatory Offer, the Proposed Exemption has been included as part of the Proposals.

The Proposed Merger is conditional upon the Proposed Exemption.

Rationale of the Proposals

Proposed Merger

- ✓ Provides an opportunity for Digi to merge with Celcom who has proven track record of more than 30 years and emerge as one of the leading telco services providers in Malaysia.
- ✓ All telcos in the market are facing intense competition and margins compression, with extensive investment requirements to support the escalating growth in high-speed data demands nationwide.

Earnings prospects of a stand-alone operator are expected to be further challenged with the set up of the single wholesale network model for 5G network, whereby operator's value proposition on network advantage will gradually decline and will be at parity across all telcos in the market.




Hence, the merger is expected to provide an opportunity to strengthen Digi's resilience to mitigate the above challenges anchored on the strength of MergeCo's combined scale with stronger financial position and funding capability, as well as the anticipated synergies.

Proposed Exemption

- ✓ As it is not the intention of Axiata and its persons acting in concert to undertake the mandatory take-over offer, the Proposed Exemption is required as part of the Proposals.

Premised on the above, we are of the view that the rationale of the Proposals is justifiable.

Evaluation of the Total Consideration

-  KPMG has been appointed by Digi as the Independent Valuer to assess the value of the 100% equity interest in Celcom of **RM17,756.2 million** for the purpose of the Proposed Merger (“**Total Consideration**”).
-  KPMG has adopted market approach as its primary valuation methodology based on standalone “as is” pre-merger basis by applying EV/FCF multiple and P/E multiple as at 7 April 2021 (i.e., the date prior to the Digi’s announcement of the merger) based on the price multiple benchmarks of the comparable telco companies.
-  Based on the key bases and assumption as highlighted by KPMG, KPMG has ascribed a valuation range of RM16,032 million to RM18,473 million for the 100% equity interest in Celcom.

We are of the view that the valuation approach, basis and parameters adopted by KPMG for the purpose of Celcom Group’s valuation are appropriate based on the following:-

- The telco industry is expected to experience uncertainties following the national vision to develop and manage 5G infrastructure under a single 5G network infrastructure owner and operator (DNB). Hence, Income Approach (e.g., DCF method) may not be appropriate as no meaningful financial projections can be simulated as there are some pertinent factors, including the 5G potential revenue and wholesale cost structure have yet to be finalised.
- Hence, we rely on Market Approach which reflects the market sentiment towards the market prices of comparable telco companies (including Digi) for the valuation of Celcom Group.
- Various multiple metrics of Market Approach have been adopted in forming the valuation range for Celcom Group is acceptable as to provide a comprehensive assessment from cash flow and earnings perspectives.

Evaluation of the Total Consideration (Cont'd)

Set out below the multiple metrics adopted by KPMG based on closing price of the benchmark comparable companies **as at 7 April 2021** to arrive at a value range of **RM16,032 million to RM18,473 million** for the 100% equity interest in Celcom:-

Benchmarks of Celcom Group



Multiple metrics	Multiple range adopted
• EV/FCF multiple	14.1 times to 15.5 times
• P/E multiple	24.0 times to 26.5 times

We have assessed the price multiples of the comparable telco companies based on **1-year VWAMP** for the following periods to reflect the overall performance of the comparable companies without depending on a specific closing price as at the valuation date:-

- ✓ From 8 April 2020 to 7 April 2021 (1-year VWAMP prior to the initial announcement of the Proposed Merger); and
- ✓ From 1 October 2021 to 30 September 2022 (1-year VWAMP prior to the latest practicable date for the Circular).

Based on our assessment, the multiple ranges adopted by KPMG for the purpose of Celcom Group valuation **are justifiable** as they fall within the multiple ranges as assessed by AmInvestment Bank.

Further, we have also considered the subsequent key events after the valuation date up to 25 October 2022 (including Tune Talk Carve-Out and Celcom's investment in DNB). We are of the view that the subsequent key events would not materially impair the valuation of Celcom Group.

Justification for the Issue Price

The implied Issue Price for the Consideration Shares to be issued to Axiata and Telenor Asia (as a nominee of Axiata) pursuant to the Proposed Merger is **RM4.06** per Consideration Share.

We have evaluated Digi's historical share price movements during the 1-year period prior to 7 April 2021 and prior to 30 September 2022 as follows:-

Period up to 7 April 2021 (LTD#)	Digi share price	Premium/ (Discount) over Digi share price	
	RM	RM	%
Digi share price as at 7 April 2021	3.75	0.31	8.3
1-month VWAMP	3.69	0.37	10.0
6-month VWAMP	3.89	0.17	4.4
1-year VWAMP	4.08	(0.02)	(0.5)

Period up to 30 September 2022 (LPD*)	Digi share price	Premium/ (Discount) over Digi share price	
	RM	RM	%
Digi share price as at 30 September 2022	3.38	0.68	20.1
1-month VWAMP	3.48	0.58	16.7
6-month VWAMP	3.50	0.56	16.0
1-year VWAMP	3.78	0.28	7.4

Based on the above, we note that the Issue Price of RM4.06 is generally issued on premium based on Digi 1-year VWAMP for the periods up to 30 September 2022.

For the shareholders' information, the Issue Price also represents a premium of 4.1% based on Digi share price as at 11 November 2022 of RM3.90.

Premised on the above, we are of the view that the Issue Price of RM 4.06 per Consideration Share is justifiable.

LTD# : last full trading day of Digi Shares prior to the Digi Initial Announcement

Digi Initial Announcement : Digi's announcement dated 8 April 2021 in relation to the discussions between Telenor, Telenor Asia, and Axiata to merge the operations of Celcom and Digi

LPD* : latest practicable date

Salient Terms of the Material Agreements

We wish to highlight some of the SPA salient terms for the shareholders' information as set out below:-



Executed SPA for the Proposed Merger

Adjustments to the Cash Consideration

- In view that there is a long lead time for the completion of the Proposals since the signing of the SPA, the net debt and net working capital amounts of Digi and Celcom may change accordingly.
- The “Adjustments to the Cash Consideration” clause serves to protect Digi in the event of any material variations to the financial position of Celcom Group upon completion of the proposed Merger.

Tan Sri Dato' Tajudin Ramli (“TSDTR”) Indemnity

- Axiata shall indemnify the MergeCo Group and pay to them on demand the losses incurred from 2 material litigations of Celcom Group, amounting up to RM7.2 billion each (“**Material Litigation**”).
- The “TSDTR Indemnity” clause serves to protect the MergeCo Group from incurring losses arising from the Material Litigation. Hence, the risk relating to such Material Litigation (if ever crystallised) is reasonably mitigated.

Further, we understand that Telenor Asia, Telenor and Axiata have entered into a Master Transaction Agreement (“**MTA**”) which is to facilitate the Shares Equalisation Arrangement, and they will also enter into a Shareholders Agreement (“**SHA**”) for the purposes of strategic alignment for the merger integration plan post completion of the Proposed Merger.

We have reviewed the salient terms of the SPA, MTA and SHA, and are of the view that the key salient terms for the respective agreements are justifiable.

Effects of the Proposals

Set out below the summary of the pro forma shareholdings and financial effects of the MergeCo Group pursuant to the Proposed Merger:-

- ☞ The issuance of the Consideration Shares for the Proposed Merger will result in a larger base of Digi's issued shares and hence, resulting a dilution to the Non-Interested Shareholders' collective shareholdings in Digi from **51.0% to 33.8%** in MergeCo upon completion of the Proposed Merger.
- ☞ The pro forma effects of the Proposed Merger on the NA per share, gearing and EPS are as set out below:-

	Audited as at 31 December 2021	After the Proposed Merger
NA per share (RM)	0.08	1.19
Gearing (times)	7.84	1.14
EPS (sen)	14.9	15.6

The above pro forma financial effects have not considered the expected synergies from the Proposed Merger nor the costs and expenditures associated with merger integration activities, as well as the effects of the investment in Digital Nasional Berhad. Hence, **may not indicate future performance of the MergeCo Group.**

- ☞ The additional costs and expenditures for merger integration activities and to fulfil the undertakings to MCMC may have a **dilutive effect on the earnings and EPS** of the MergeCo Group **in the immediate years** upon completion of the Proposed Merger. However, the merger is expected to **contribute positively to the MergeCo Group over the medium to longer term** with the gradual realisation of the synergies arising from the merger upon completion of the network and IT infrastructure integration.

Taken as a whole, the effects of the Proposed Merger are acceptable.

Risk Factors

As both Digi Group and Celcom Group are principally involved in the telco industry, the business risk profile of the MergeCo Group as a whole **will not change significantly** upon completion of the merger. However, we wish to highlight some of the risk factors in relation to the Proposed Merger as follows:-

☞ Risk from failure in defending material litigation suits

- There are 2 material litigations involving Celcom Group, which the amount claimed are potentially up to RM7.2 billion plus interest each. Although the claim amounts will be fully indemnified by Axiata, there will be risk that such amounts are not paid in full or in timely manner. Hence, may affect the profitability and financial position of MergeCo Group.

☞ Control of MergeCo Group by major shareholders (i.e., Axiata and Telenor Asia)

- With a combined stake of 66.2% in MergeCo, Axiata and Telenor will be able to jointly exercise significant influence with veto power over matters requiring shareholders' approval by simple majority.

☞ Risk surrounding execution or delayed in performance of undertakings to MCMC

- MCMC's approval for the Proposed Merger was given on the basis of the undertakings, which include spectrum divestment that is operationally complex. Failure by the MergeCo Group to comply with the undertakings to MCMC will result in the MergeCo Group being liable to a reprimand and/or a fine or imprisoned.
- Nevertheless, the risk shall be minimised as we understand the MergeCo Group (with extensive telco experience and knowledge) will continue to engage with MCMC to address any potential issues that may arise to ensure the performance of the undertakings are in order.

Implications Arising from the Voting Outcome



If you **vote in favour** of the Proposed Exemption, it will imply that you have agreed to **waive your rights to a general offer** by Axiata and its persons acting in concert (which shall be undertaken at a price no lower than the highest price paid by Axiata and its persons acting in concert for the Digi shares in the past 6 months preceding the commencement of the offer).



If you **vote against** the Proposed Exemption, **both the Proposed Merger and the Proposed Exemption will not proceed** as the Proposed Merger is conditional upon the Proposed Exemption. As such, any potential benefits therefrom will not be materialised.



Therefore, notwithstanding waiver of rights for the mandatory take-over offer, voting in favour of the Proposed Exemption as well as the Proposed Merger will enable Digi to undertake the Proposals and thereby, enabling Digi Group to realise the benefits of the Proposed Merger.

Conclusion and Recommendation of Independent Adviser

Premised on the above and based on our overall evaluation of the Proposals on a holistic basis, we are of the view that the Proposals are **fair and reasonable** and **not detrimental** to the interests of the Non-Interested Shareholders.

We recommend that you **vote in favour** of the ordinary resolutions pertaining to the Proposals.



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THANK YOU

DIGI.COM BERHAD EGM 2022

18 November 2022





ORDINARY RESOLUTIONS





ORDINARY RESOLUTION 1

Approval by Digi.Com Berhad's shareholders are one of the final steps required:

Ordinary
Resolution
1



Proposed merger of Celcom Axiata Berhad ("Celcom") and Digi.Com Berhad ("Digi" or "Company") ("Proposed Merger")



ORDINARY RESOLUTION 2

Approval by Digi.Com Berhad's shareholders are one of the final steps required:

Ordinary Resolution 2

Proposed exemption under subparagraph 4.08(1)(a) of the rules on take-overs, mergers and compulsory acquisitions ("Rules") for Axiata Group Berhad ("Axiata") and persons acting in concert ("PAC") with it, from the obligation to undertake a mandatory take-over offer to acquire the remaining ordinary shares in Digi not already owned by it and its PACs upon completion of the Proposed Merger ("Proposed Exemption")



Q&A Session

- Digi's Responses to Questions by MSWG
- Digi's Responses to Pre-submitted Questions by Shareholders





QUESTIONS FROM MINORITY SHAREHOLDER WATCH GROUP (MSWG)





Digi's Responses To Minority Shareholder Watch Group (MSWG)

Questions	Answer
1. How much are the estimated potential synergy values from the Proposed Merger?	<ul style="list-style-type: none">• Synergies are anticipated to be realised mainly through consolidation of network and IT infrastructure, enabling greater economies of scale which will create more capability for funding future investments.• Based on the initial estimate of the potential synergy values from the Proposed Merger, as well as of the additional costs for the Merger Integration Activities and to fulfil the Undertaking, we are of the view that, with systematic planning and proper execution of our action plans for the Merger Integration Activities and fulfilment of the Undertaking, the anticipated overall net synergy values after considering such additional costs to fulfil the Undertaking, remain positive and within the indicative synergies estimates as announced by Telenor and Axiata in June 2021.• We will appraise with more details on the synergies values post transaction closing.
2. How much is the indicative total cost required to fulfil the Undertakings to MCMC?	<ul style="list-style-type: none">• The estimated costs and expenditures to fulfil all the Undertakings to MCMC with the exception of Spectrum Divestment are expected to be immaterial.• Notwithstanding the above, the anticipated overall synergy values from the Proposed Merger are expected to remain positive after considering such additional costs from the fulfilment of the MCMC Undertaking.



PRE-SUBMITTED QUESTIONS BY SHAREHOLDERS





Digi's Responses to Pre-submitted Questions by Shareholders

Questions	Answer
1. Shareholders requested for door gifts	<ul style="list-style-type: none">• There will be no distribution of door gifts for this EGM.• Digi has been delivering attractive and sustainable shareholder returns over the past 3 years despite the challenging operating environment.• We have been consistently exceeding our dividend policy by rewarding loyal shareholders with near 100% of dividend payout ratio.• In addition, Digi have been actively supporting societal recovery and offering a wide range of products and services to mass consumers and Malaysian businesses, along with Yellow Heart initiatives which we believe have benefited our esteemed shareholders who are also our customers and Malaysia society at large.



Digi's Responses to Pre-submitted Questions by Shareholders

Questions	Answer
2. What is the board composition upon merger completed?	<ul style="list-style-type: none">• The Board of MergeCo will comprise 10 directors, out of which 4 persons are independent directors.• Out of the 10 Proposed Directors, 3 of them are currently on the Board of Digi i.e. Haakon Bruaset Kjoel, Vimala V.R. Menon and Datuk Iain John Lo.
3. Any job cut or excess of senior management position upon merger completed?	<ul style="list-style-type: none">• There will be no forced layoffs as previously communicated.• MergeCo's senior management structure will be organized as shared in the circular. All employees will continue to have a role in MergeCo.
4. Why is Digi CEO not holding top post upon merger completed?	<ul style="list-style-type: none">• As announced in April 2021 and per the SHA, both Telenor and Axiata agreed to nominate Datuk Idham Nawawi as CEO and Albern Murty as deputy CEO of the merged company.• Albern will be responsible for the effective day-to-day operations of the MergeCo Group's business in accordance with strategic plan, operating and capital expenditure budgets as approved by MergeCo Board.



Digi's Responses to Pre-submitted Questions by Shareholders

Questions	Answer
5. What is the impact on ordinary Digi shareholder upon the successful completion of the merger?	<ul style="list-style-type: none">The issuance of the Consideration Shares for the Proposed Merger will result in a larger base of Digi's issued shares and hence, resulting a dilution to the Non-Interested Shareholders' collective shareholdings in Digi from 51.0% as at 30 Sept 2022 to 33.8% in MergeCo upon completion of the Proposed Merger.
6. Is this merger will be negative or positive to the ordinary Digi shareholder?	<ul style="list-style-type: none">AmInvestment Bank Berhad, being the appointed Independent Adviser for the Non-Interested Directors & Non-Interested Shareholders is of the view that the Proposals are fair and reasonable and not detrimental to the interests of the Non-Interested Shareholders.Please refer to Section 12 of Part B on the Conclusion and Recommendation.
7. Any name change or share price adjustment upon merger completed?	<ul style="list-style-type: none">Under the SPA, Digi has agreed to convene an EGM within three (3) months after completion of the Proposed Merger, for the shareholders to consider a resolution to change the name of Digi from "Digi.Com Berhad" to "Celcom Digi Berhad".



LIVE Q&A Session





THANK YOU

DIGI.COM BERHAD EGM 2022

18 November 2022

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