

Axiata, Telenor complete Celcom-Digi merger

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- NSTP file pic

KUALA LUMPUR: Axiata Group Bhd, Telenor Asia Pte Ltd and Digi.com Bhd (Digi) have completed the merger of the telecommunications operations of Celcom Axiata Bhd and Digi.

Axiata said in a filing with Bursa Malaysia today that it and Telenor would hold equal ownership in Celcom Digi at 33.1 per cent each.

On completion, Axiata received newly issued Digi shares representing 33.1 per cent and cash of RM2.5 billion funded by Digi and to be assumed by the merged entity (Celcom Digi).

Digi also issued shares to Telenor to reach equal ownership following Telenor's payment of RM300 million to Axiata.

"In driving the consolidation process, the parties move purposefully to form a world-class Malaysian digital telco that will contribute significantly towards the growth of the country's digital ecosystem and economy.

"Celcom Digi will be the largest local listed technology company on Bursa Malaysia," it said.

In a joint statement, Axiata and Telenor (the parties) said on a pro forma basis for the financial year 2021, Celcom Digi would serve an estimated 20 million customers, with revenues of RM13 billion and earnings before interest, taxes, depreciation and amortisation (EBITDA) of around RM5.8 billion.

"Celcom Digi remains committed to the previously announced synergy target of RM8 billion," the statement said.

The parties said through a combination of scale, competencies, financial strengths, and experiences in serving the diverse needs of Malaysian consumers, Celcom Digi would present a solid proposition to propel the nation's transition towards a digitally enabled high-income society.



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"On behalf of the board of Axiata, I congratulate the Celcom Digi team on this new beginning. It is the culmination of months of meticulous integration work to create Malaysia's digital champion.

"Moving forward, I am confident that Celcom Digi is well placed to serve Malaysian consumers and enterprises seeking to step up on digital competitiveness in the current era," said Axiata chairman Tan Sri Shahril Ridza Ridzuan.

Meanwhile, executive vice-president and head of Asia, Telenor, Jørgen C Arentz Rostrup, said the company was committed to being an active owner, bringing technology know-how, experience across international markets and global partnerships with industry giants to Celcom Digi.

"The launch of Celcom Digi represents a major milestone in Malaysia's digitalisation journey, aligned with Telenor's ambition to build leading operators that serve customers with relevant, attractive, and convenient products and services," he said.

The parties said as part of its nation-building efforts, Celcom Digi would also invest up to RM250 million over five years to build a world-class innovation centre in Kuala Lumpur.

"The aim is to catalyse the Fourth Industrial Revolution (4IR) digital transformation and strengthen the local ecosystem through the adoption of the Internet of Things (IoT), artificial intelligence (AI), cloud computing and 5G.

"Bridging the digital divide in rural areas to spur greater socio-economic participation will be a priority," they said.

In addition to Axiata and Telenor, Malaysian institutional investors such as the Employees Provident Fund, Permodalan Nasional Bhd and the Retirement Fund (Incorporated) are among the new company's shareholders. -- BERNAMA