



XL – Smartfren Merger: Creating a Digital Champion in Indonesia

Investor deck
March 2025

Agenda

01. *XL Axiata Overview*

02. *Corporate Action Plan*

03. *Unlocking Value - XLSmart*

XL Axiata's Achievements in 2024

Delivering profitable growth with strong financials. Successful Structural Transformation and Ongoing process towards a Strategic Merger



Strong Profitability Metrics – revenue grew 6% to IDR 34.4 trillion with EBITDA margin improving to 52.0%, highest level over the past five years, and net profit surging 45% YoY.



Monetization Success – Mobile ARPU surged to IDR 43k YoY, fueled by traffic growth and high-quality subscriber base.



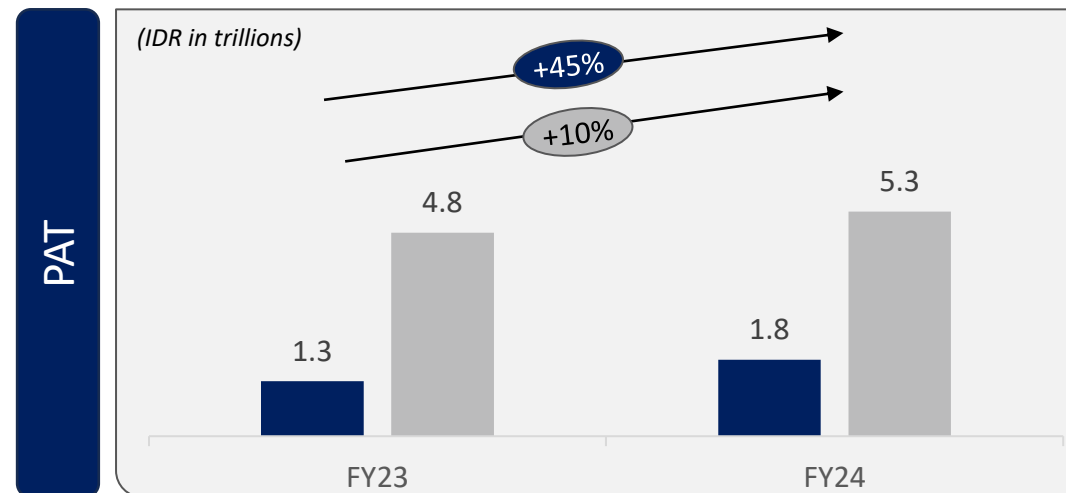
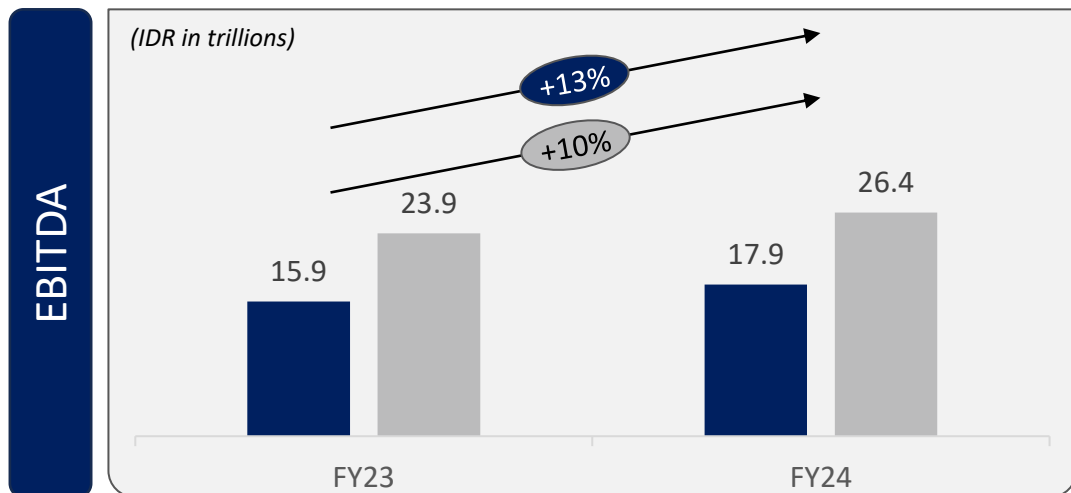
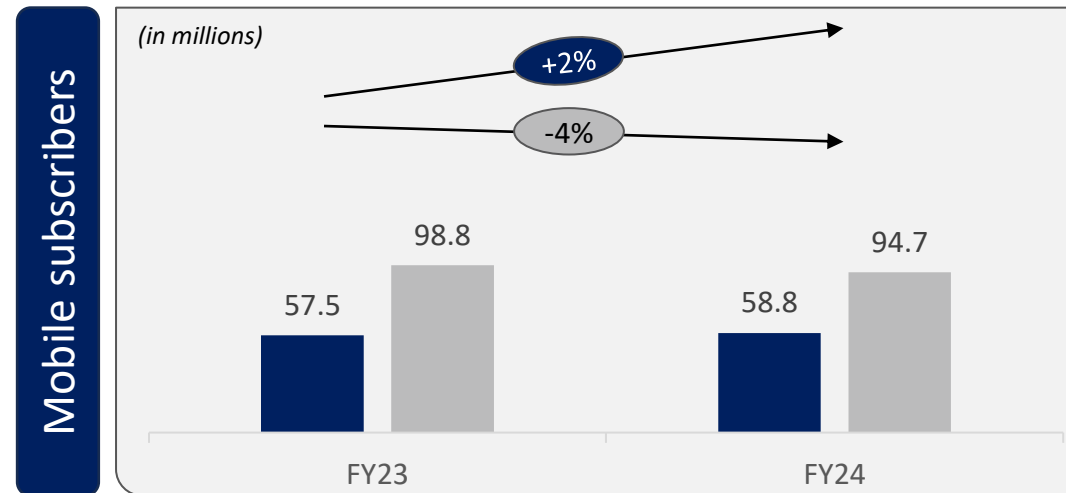
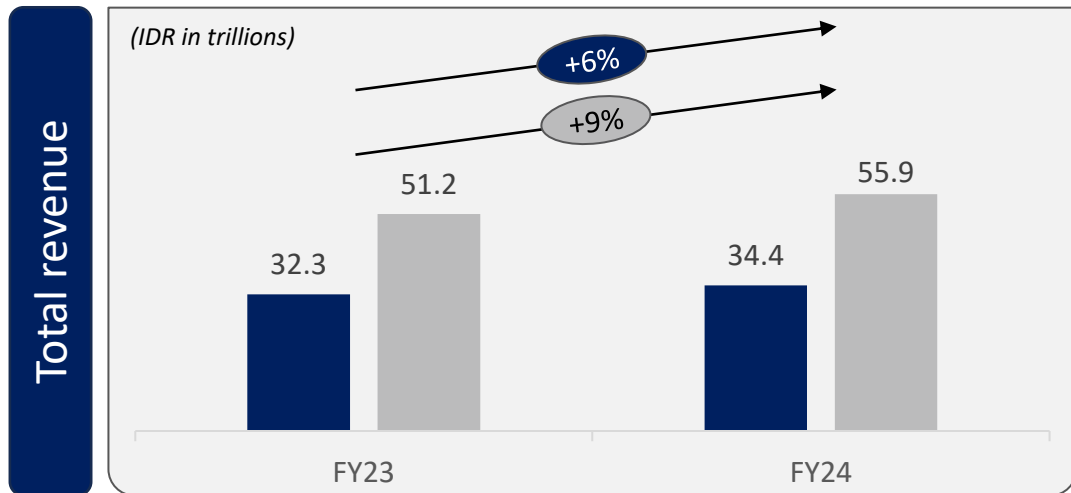
Advancing Convergence Efforts – Fixed broadband subscribers have surpassed the one-million-mark post Structural transformation. Supported by access to six million home passes across 127 cities in Indonesia, establishing a solid foundation for future growth.



Strategic Merger – XL Axiata and Smartfren to unite creating a powerhouse in Indonesian telecom with combined larger subscriber base, enhanced network infrastructure and unlocking significant synergies.



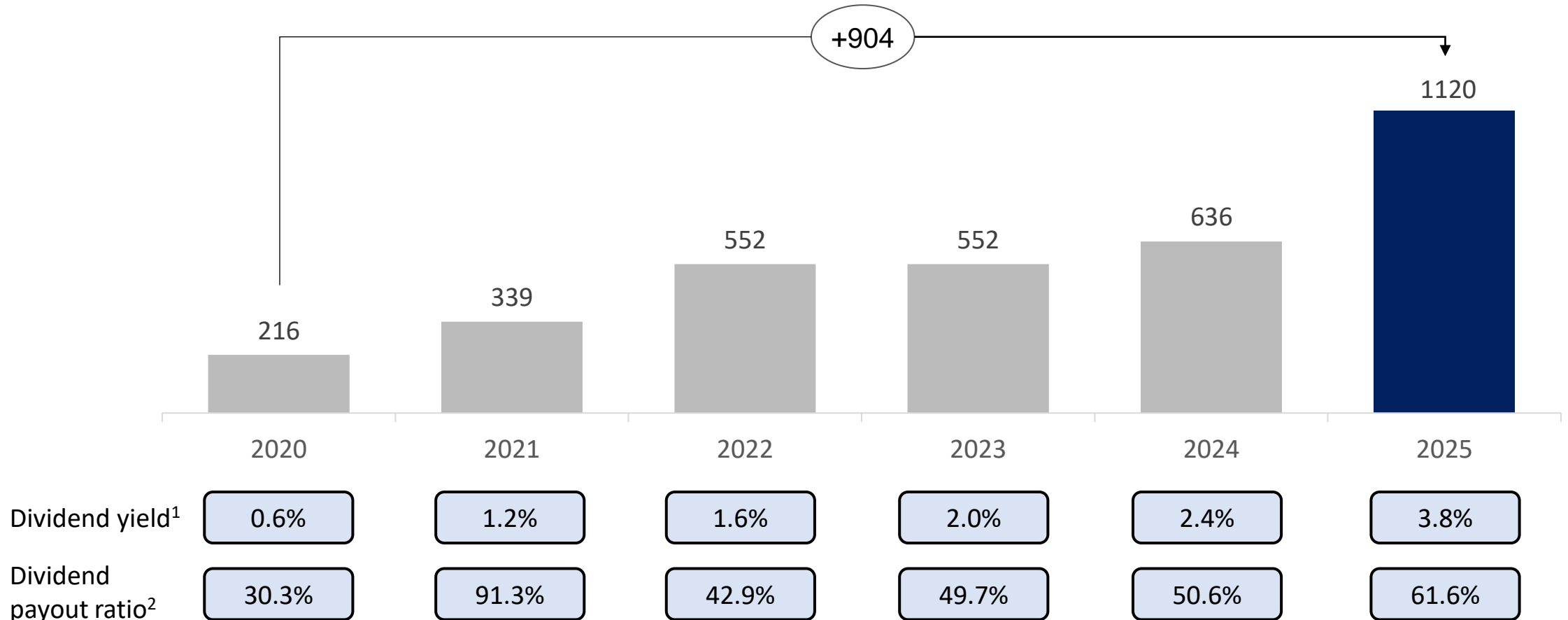
XL Axiata is going into the merger with strong momentum



Higher dividends on the back of a strong FY24 with a robust XL axiata and more profitable platform

Total Dividends: XL Axiata has had strong dividend growth over the last five years

(IDR in billions)



¹ Based off last closing share price for previous calendar year

² Based off Profit After Tax and Minority Interest (PATAMI) for previous calendar year

Dividends to be approved at AGMS in late March

Cash dividend distribution

- XL Axiata is intending to disburse annual dividends in the amount of IDR1,120 billion, or IDR85.7 of dividends per share.
- Dividend payment is dependent on XL Axiata's capital adequacy, financial condition and other matters, taking into account the considerations of XL Axiata's Directors, and according to the applicable laws and regulations
- The dividend disbursement is planned to be conducted at XL Axiata's next annual GMS, which will occur during 1H2025



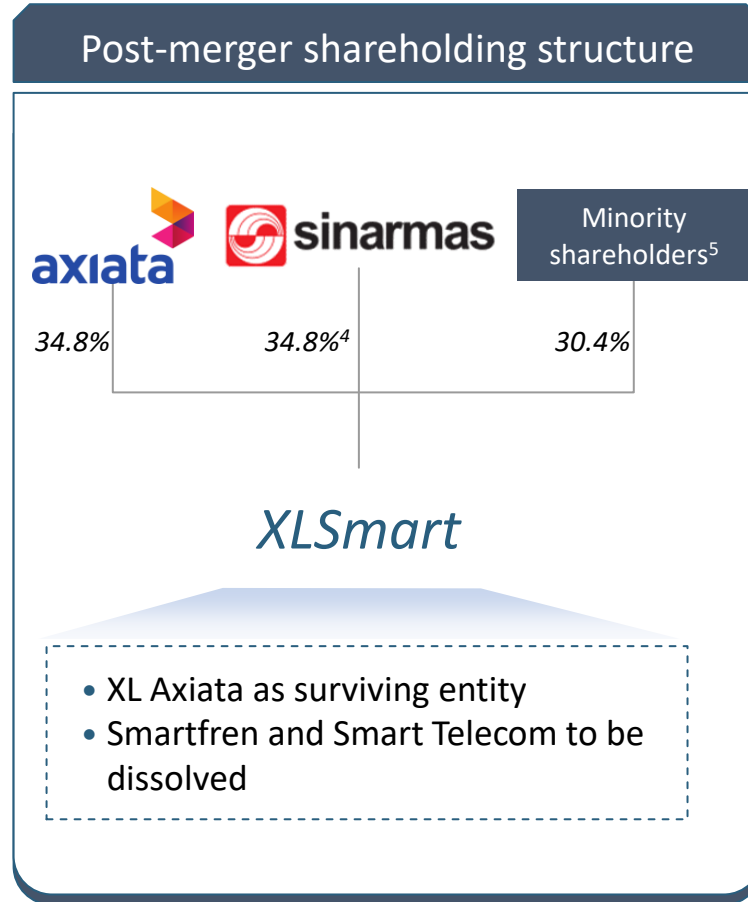
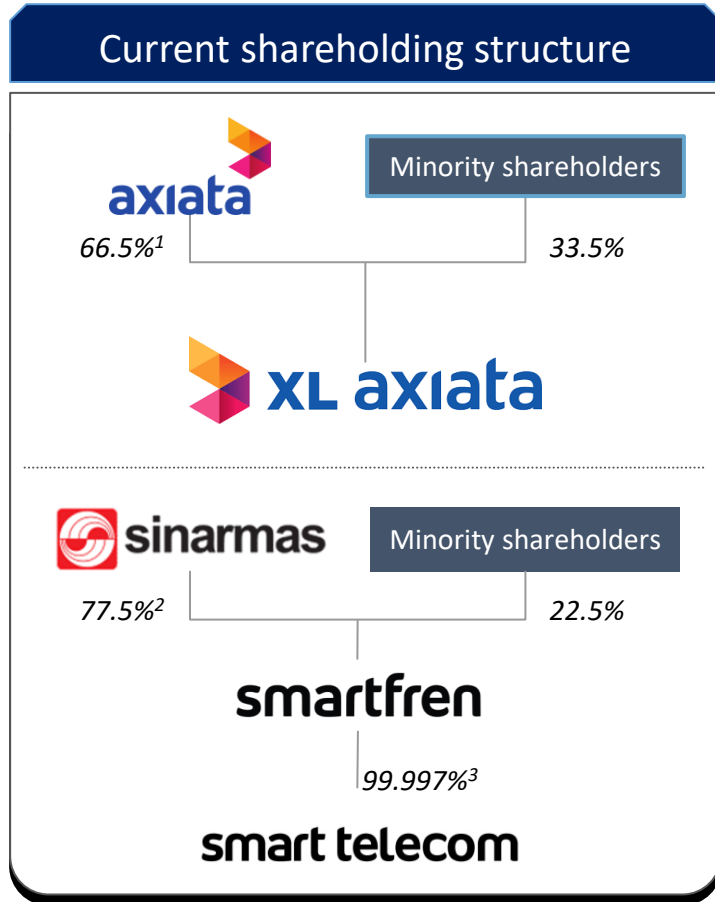
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Transaction overview: Merger of XL Axiata with Smartfren & Smart Telecom, with XL Axiata as the surviving entity

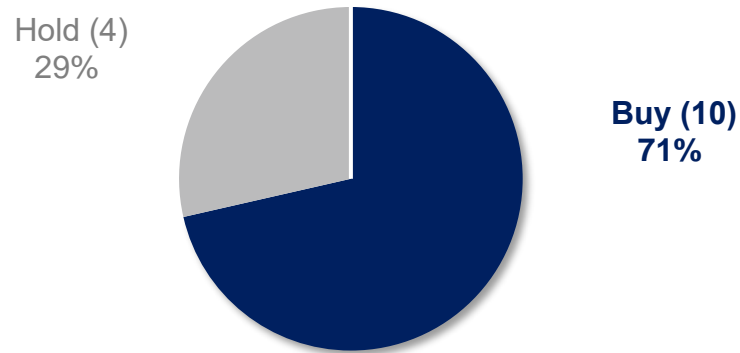


- Merger ratio of 72:28 equity value split between XL Axiata and Smartfren respectively.
- XL Axiata will be the surviving entity and remain listed in IDX while issuing new shares to Smartfren shareholders as per merger ratio.
- As part of merger, Sinar Mas will receive 21.7% stake in XLSmart while Axiata stake will be 47.9%.
- Concurrent to merger, Sinar Mas would acquire an additional 13.1% stake in XLSmart from Axiata at a cash consideration of:
 - USD 400m at completion of the Proposed Merger
 - USD 75m on the first anniversary of the Proposed Merger subject to the satisfaction of certain conditions.
- Axiata and Sinar Mas would each own 34.8% stake in XLSmart and will remain joint controlling shareholders with equal influence over XLSmart's strategic direction.

Numbers excludes treasury shares; Shareholding may not sum to 100% due to rounding; ¹ Axiata Group Berhad owns a 100% stake in Axiata Investments (Labuan) Limited which in turn owns a 100% stake in Axiata Investments (Indonesia) Sdn Bhd; ² Sinar Mas's 77.5% stake is held through four corporate entities, namely PT Bali Media Telekomunikasi (41.2%), PT Global Nusa Data (16.7%), PT Wahana Inti Nusantara (10.2%), PT Gerbangmas Tunggal Sejahtera (9.4%); ³ PT Industri Telekomunikasi Indonesia (Persero) ("PTT INTI") holds a minority stake of 0.003% in Smart Telecom; ⁴ Post merger, Sinar Mas's 34.8% stake in the MergeCo will be held through four corporate entities, namely PT Bali Media Telekomunikasi (24.6%), PT Global Nusa Data (4.7%), PT Wahana Inti Nusantara (2.9%), PT Gerbangmas Tunggal Sejahtera (2.6%); ⁵ Includes stake held by PT INTI

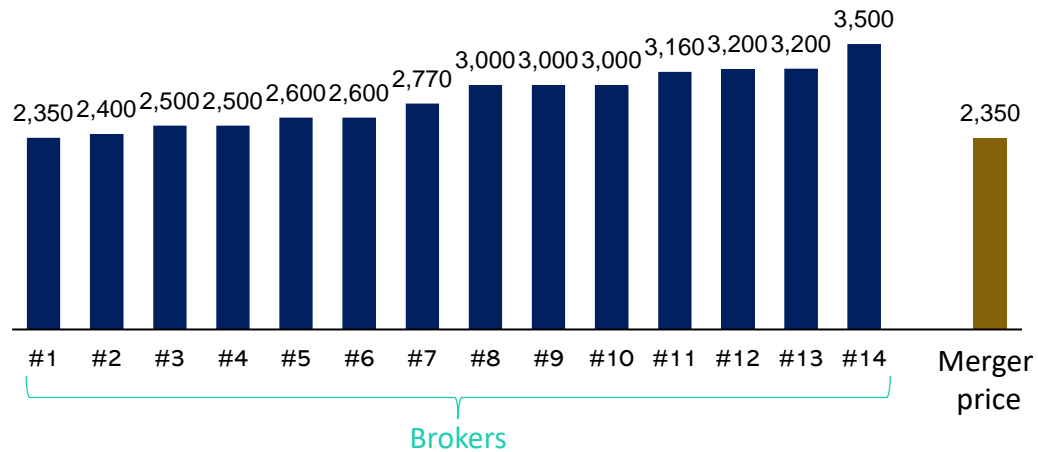
The merger has been positively received by equity analysts

Outsized “buy” recommendations by research houses ¹...



...with target prices ¹ significantly above our merger price

In IDR



1. Includes only equity research reports exclusively on the merger

“To calculate **NPV upside potential** from the company’s guidance of US\$300m-400m pretax synergies, we use...**DCF method: Rp19.6tr-28tr...**”

Broker 1

“...mgmt. and controlling shareholders are **expected to be well-prepared, leveraging synergies and lessons learned from IOH's recent merger in Indonesia and CelcomDigi Berhad in Malaysia.**”

“...**the long-term benefits of the merger**—including market share expansion and scale advantages—are expected to outweigh these opportunity costs, **positioning XLSmart for sustainable growth while unlocking OPEX and CAPEX synergies.**”

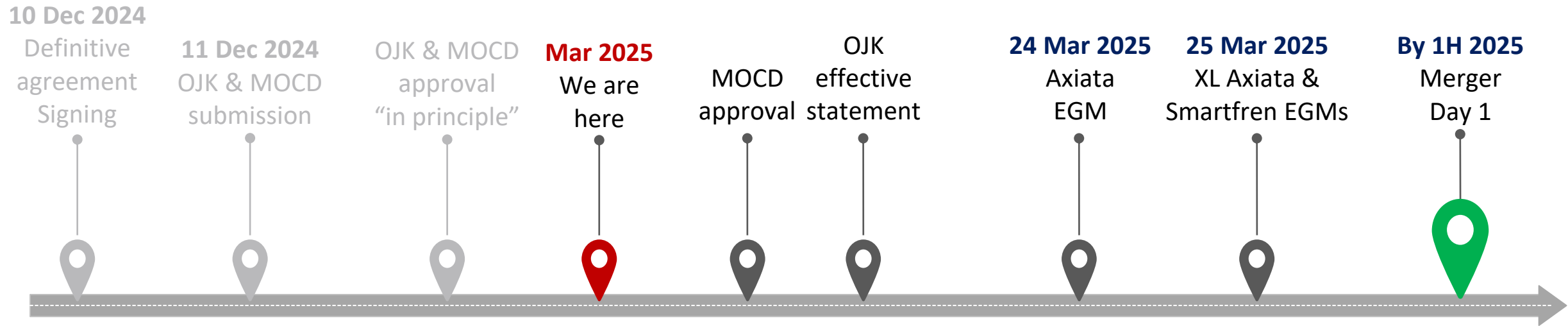
“We maintain our positive view on the merger that it will have **significant upside in revenue and cost synergies.**”

Broker 2

“We view the merger will strengthen XLSmart fundamentally due to: 1) more spectrum, 2) integration with Axiata (international bandwidth) with Sinar Mas (local network, expanding to data centers).”

Broker 3

Transaction expected to close by first half of 2025



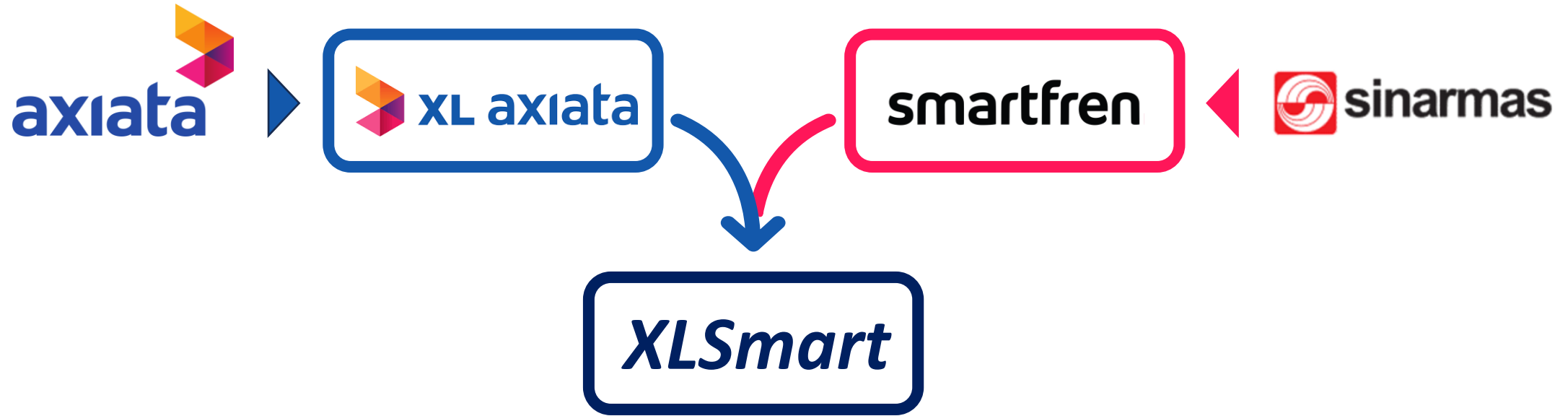
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XLSmart is poised to transform Indonesia's digital economy



- Combined pre-synergy enterprise value of over IDR104 trillion (~US\$6.5 billion)
- Strategic partnership between two of Asia's leading digital telcos, Axiata, and one of Indonesia's most renowned conglomerates, Sinar Mas
- Merger will create scale and synergies, additionally allowing for rapid expansion at a time of vast technological change unleashed by AI

XLSmart will have a top-notch Board of Directors

Directors, each with more than 20 years of experience drawn equally from the ranks of both Axiata and Sinar Mas



Rajeev Sethi

President Director & Chief Executive Officer

- Most recently CEO of Robi Axiata
- Prior experience includes CEO at Ooredoo Myanmar (2019-2022); CCO, Africa at Airtel (2017-2019); and CEO at Grameenphone (2014-2016)



Antony Susilo

Director & Chief Financial Officer

- Most recently Finance Director of Smartfren
- Prior experience includes Vice President Finance at PT Excelcomindo Pratama (1997-2005); Arthur Andersen / Prasetyo, Utomo & Co (1995-1997); and KPMG Hanadi Sudjendro & Partners (1993-1995)



Shurish Subbramaniam

Director & Chief Technology Officer

- Most recently Director and CTO of Smartfren
- Prior experience includes CTO at Webe Digital (2016-2018); Chief Network Officer at Smartfren (2013-2016); and VP Operations APAC at Ceragon Network (2010-2013)



David Arcelus Oses

Director & Chief Commercial Officer

- Most recently Director and CCO – Consumer of XL Axiata
- Prior experience includes CMO at XL Axiata (2016-2020); Associate Partner at McKinsey & Company (2006-2015); and Project Manager at Gamesa Eolica (2000-2004)



Merza Fachys

Director & Chief Regulatory Officer

- Most recently President Director of Smartfren
- Prior experience includes Director of Technology and Network (2011-2015), Chief of Corporate Affairs (2007-2009) at Smartfren; and GM and Regional Account Manager of Siemens Indonesia (1998-2007)



Yessie D. Yosetya

Director & Chief Information Officer

- Most recently Director and Chief Enterprise Business and Corporate Affairs Officer of XL Axiata
- Prior experience includes Chief Digital Services Officer (2015-2016), Vice President Digital Services (2013-2015), and Senior General Manager Mobile Finance (2011-2013) at XL Axiata



Andrijanto Muljono

Director & Chief Enterprise and Strategic Relationships

- Most recently Director and CEO of Smartfren
- Prior experience includes CEO at MyRepublic Indonesia (2021-2022); CFO at Dian Swastatika Sentosa (2020-2021); and CEO at Ciptadana Capital (2018-2020)



Feiruz Ikhwan

Director & Chief Strategy and Home

- Most recently Director and CFO of XL Axiata
- Prior experience includes Acting CEO (2021-2023), and CFO (2018-2021) at Smart Axiata; and Group Head Finance (2017-2018), VP Strategic Finance (2015-2017) at XL Axiata



Jeremiah Ratadhi

Director & Chief Human Resources Officer

- Most recently CHRO of Ooredoo Myanmar
- Prior experience includes Head of Performance and Analytics at Gojek (2019); and Group Head Human Resources Operations (2017-2019), and Group Head Culture Transformation and Change Management (2016-2017) at Indosat Ooredoo

Merger benefits for shareholders, Indonesia, customers and employees



Shareholders	Country	Customers	Employees
<ul style="list-style-type: none"> • Creation of a strong telco with greater ability to compete • Improve shareholder returns by improving profitability and cost discipline • Robust growth driven by larger customer base across mobile, fixed and enterprise customer segments. • Axiata has a strong record of creating value from in-market consolidation 	<ul style="list-style-type: none"> • Shared commitment to advance Indonesia's digital aspirations and support Industry 4.0 • Aligned with digital goals of Indonesia's new administration • Focused on stimulating growth in the digital economy and the adoption of AI • More sustainable market structure and efficient allocation of spectrum resources 	<ul style="list-style-type: none"> • Improved service quality and customer experience from greater connectivity and coverage • Increased internet speed through accelerated 5G rollout • Increased freedom of choice through wider range of products and services from both brands • New state of the art products and services (including AI applications) for small, medium and large enterprises 	<ul style="list-style-type: none"> • Opportunity to work for a stronger and more competitive platform, with greater career opportunities • Access to exciting and diverse roles, new projects and experiences for employees • Ability to benefit from best practices across both companies to elevate employee satisfaction

Overview of strategic rationale

i) XLSmart has greater scale and is commercially stronger

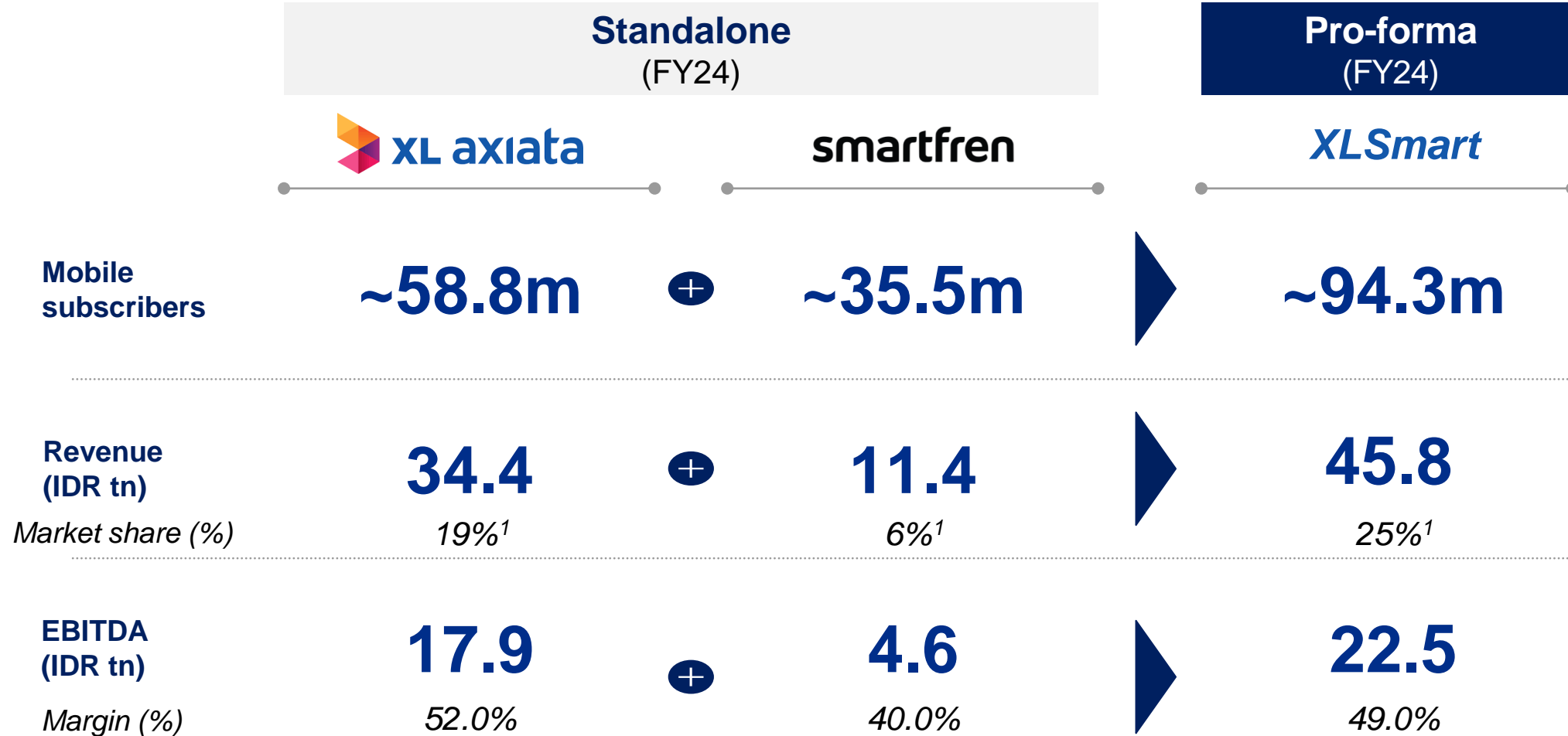
ii) Synergistic value and operational efficiencies

iii) Local partnership and strong ecosystem support from shareholders

iv) Financial resilience and improved returns

Rationale i) XLSmart has greater scale and is commercially stronger

Merger results in a stronger Mobile operator and transforms the Indonesian Mobile sector into a 3-player market



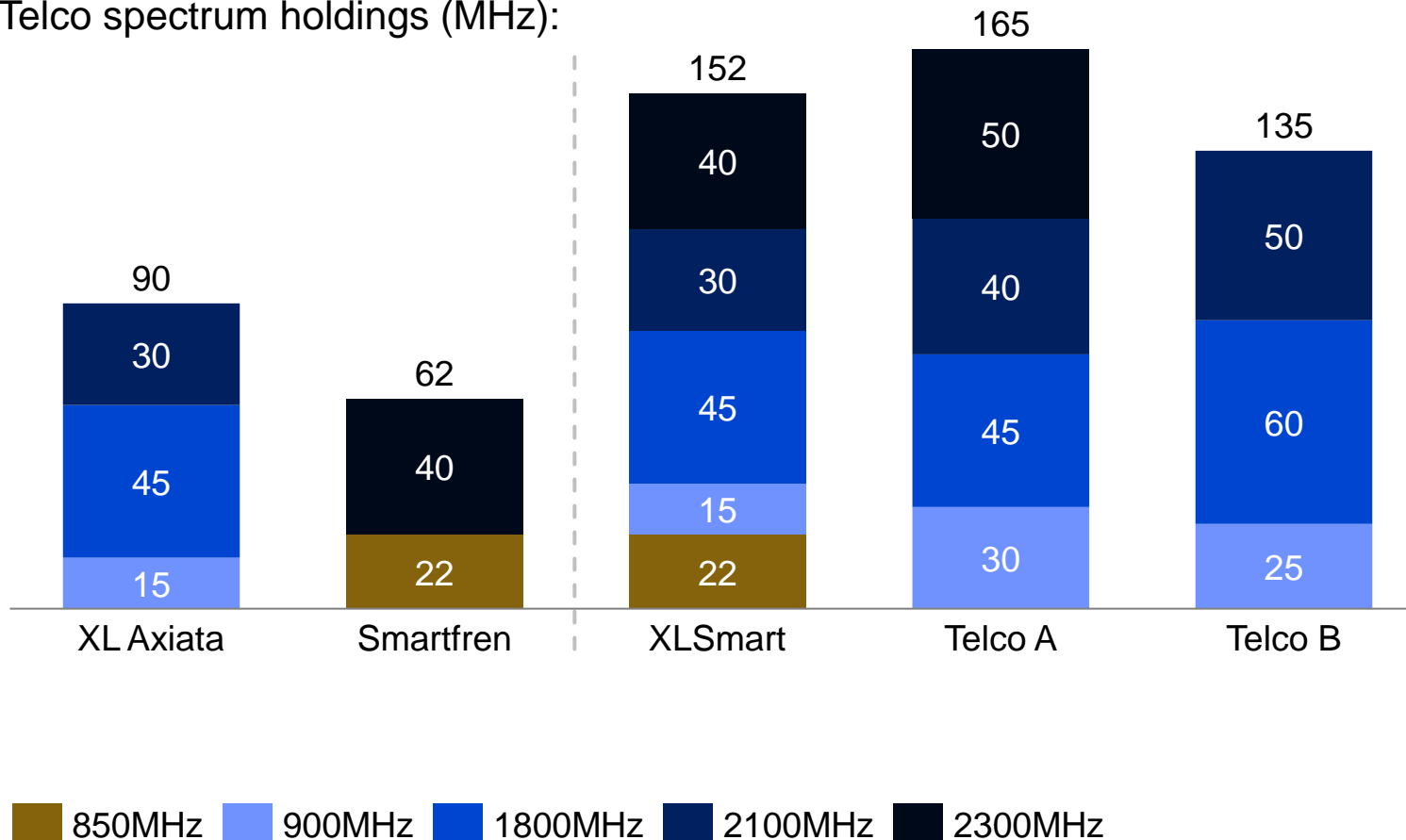
1. Based off FY24 mobile revenue, except for Telkomsel (Q3'24)

Note: Numbers may not add up due to rounding; Financials presented are pre-synergies; EBITDA values denote revenue less operating expenses plus depreciation / amortization

Rationale i) XLSmart has greater scale and is commercially stronger

XLSmart has spectrum holding to compete

Telco spectrum holdings (MHz):

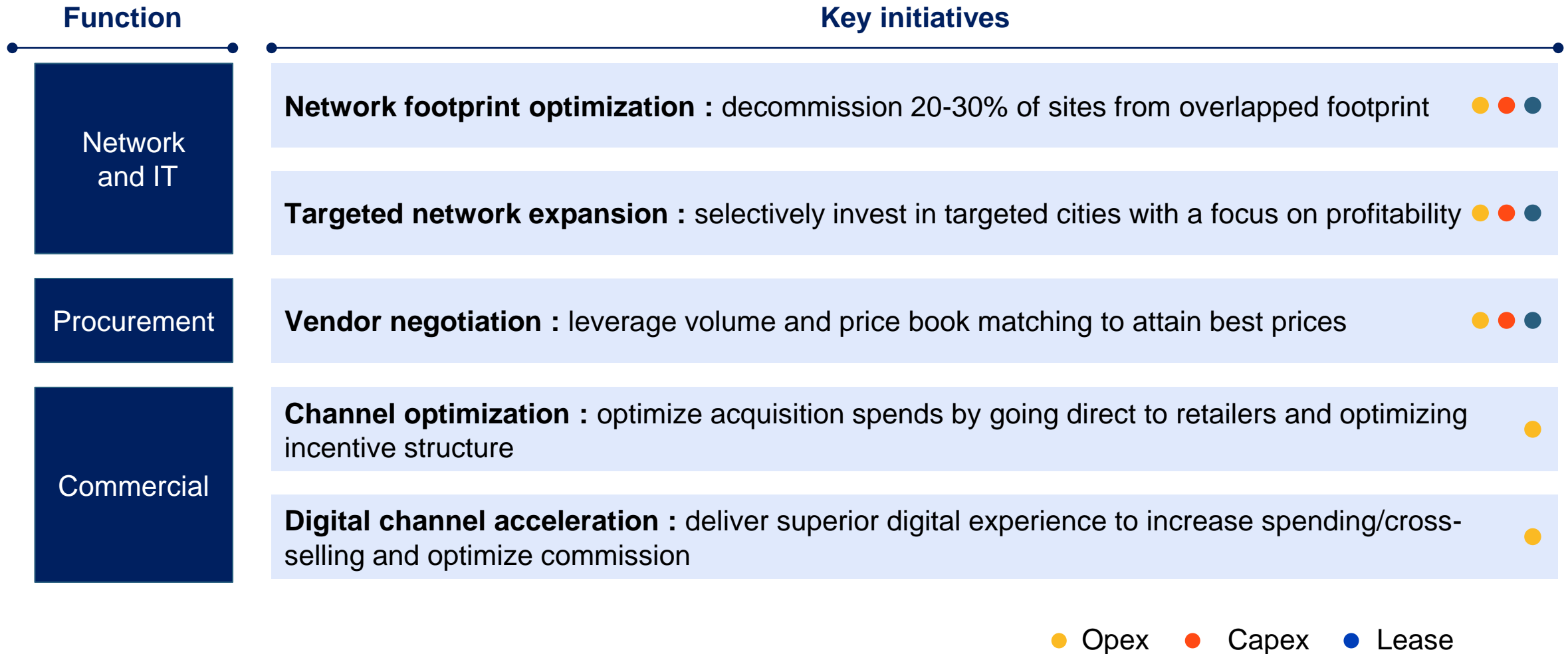


Opportunities for XLSmart:

- XLSmart has the most efficient spectrum structure to compete against other telcos on an equal footing
- Larger spectrum holdings will improve coverage and network capacity, thereby raising network quality
- Increased operational efficiencies from the additional spectrum, which will reduce cost

Rationale ii) Synergistic value and operational efficiencies

XLSmart to realize annual run rate pre-tax synergies of US\$300-400M after integration



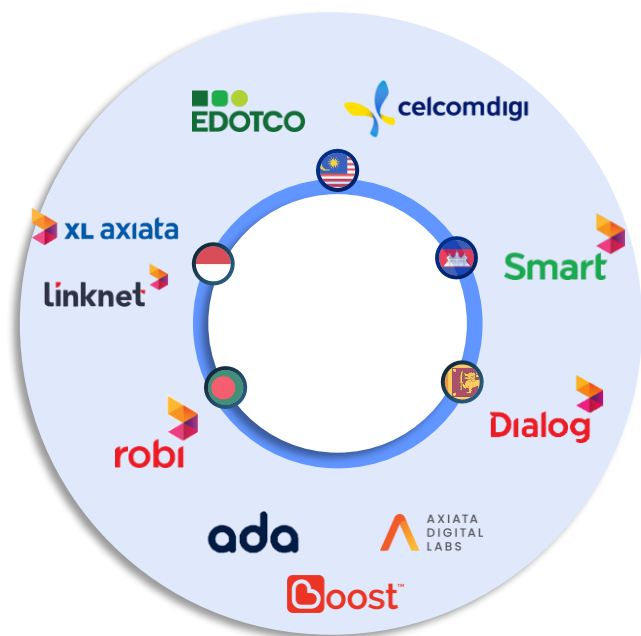
Rationale iii) Local partnership and strong ecosystem support from shareholders

Axiata and Sinar Mas provide in-depth regional telco experience and local market expertise to XLSmart



Leading telecommunication and digital group

with presence over 9 countries across Asia, bringing in operational expertise








Top Indonesian diversified group

with businesses across key sectors, bringing in deep market knowledge and local synergy



Further synergy with wider ecosystem of companies of joint-controlling shareholders:

- 
ADA: Boost A2P, Big Data, AI and analytics services by tapping ID fast-growing ecommerce sector (~IDR 2 tr GMV by '27)
- 
DANA Digital Wallet: Drive adoption across **combined sub-base of >90m** and cross-sell telco and financial offerings
- 
SM+ Data Center: Leverage data center capabilities to provide edge solutions, which are increasingly required by corporates to deploy AI applications
- 

Linknet + Moratel: Drive convergence across mobile base by leveraging fibre assets of LinkNet and Moratelindo



Source: Press Search; Twimbit; Team analysis

Rationale iii) Local partnership and strong ecosystem support from shareholders

Complementary expertise to ensure a successful merger and create a formidable MergeCo

Axiata's has a proven track record of in-country telco consolidation and integration...

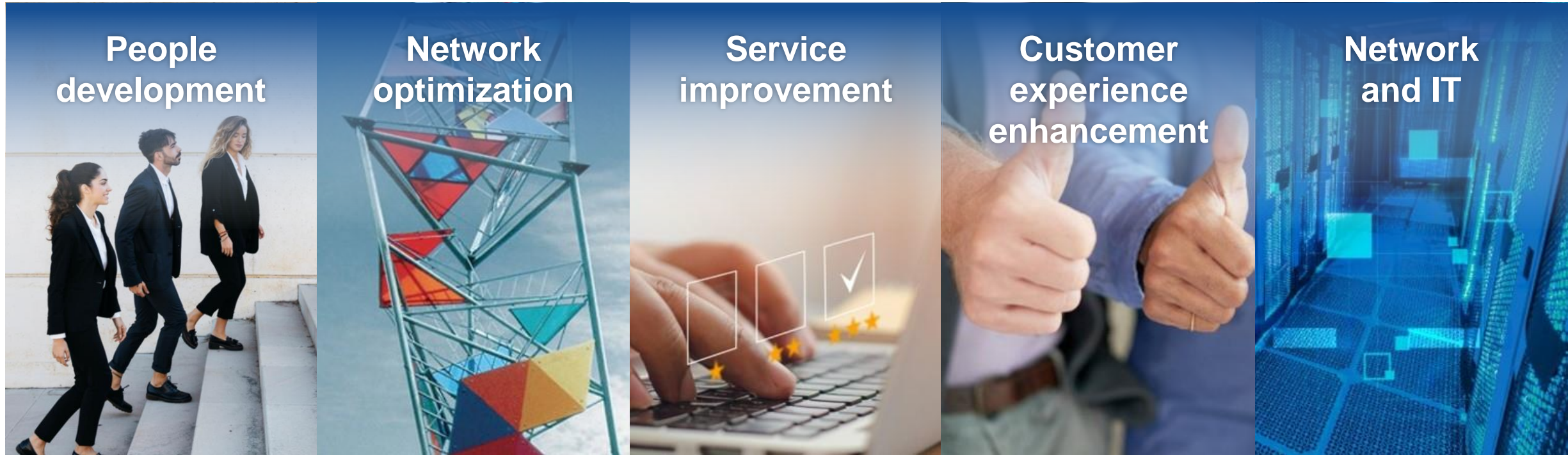
...while Sinar Mas' is the go-to Indonesian partner with a history of successful JVs with international names

<p>Indonesia</p>	<p>Sri Lanka</p>
<p>Bangladesh</p>	<p>Cambodia</p>
<p>Malaysia</p> <ul style="list-style-type: none"> • Equal ownership of ~33.1% each by Axiata and Telenor • Major integration and transformation initiatives progressing well • Net synergies ~RM1.6bn after incurring peak integration cost in 2024 • ~RM700m to RM800m steady-state OPEX savings post-2027 	

<p>Tech / Tech-adjacent</p>	<p>Real estate / Infrastructure</p>
<p>Financial</p>	<p>Energy / Natural Resources</p>

Rationale iii) Local partnership and strong ecosystem support from shareholders

Drawing on Axiata and Sinar Mas' experience and expertise, there are five pillars paving the roadmap for a successful integration



People development

Network optimization

Service improvement

Customer experience enhancement

Network and IT

- Ensure effective onboarding and engagement
- Provide extensive development opportunities in a high growth environment

- Deliver superior network coverage and quality
- Achieve greater economies of scale and efficiency

- Strengthen and simplify product portfolio
- Widen sales and service network

- Create best in class customer experience by integrating best practices from both organizations

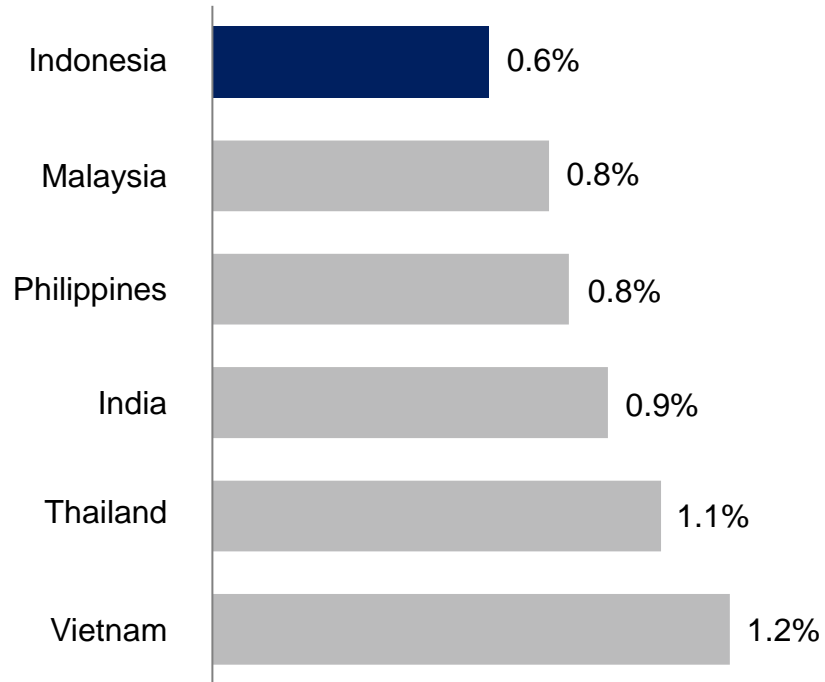
- Reduction of hardware and maintenance costs
- More effective BSS operations

Rationale iv) Financial resilience and improved returns

Upside opportunity from market consolidation: uplift in industry ARPU

Indonesia ARPU as a % of GDP/capita remains behind regional peers

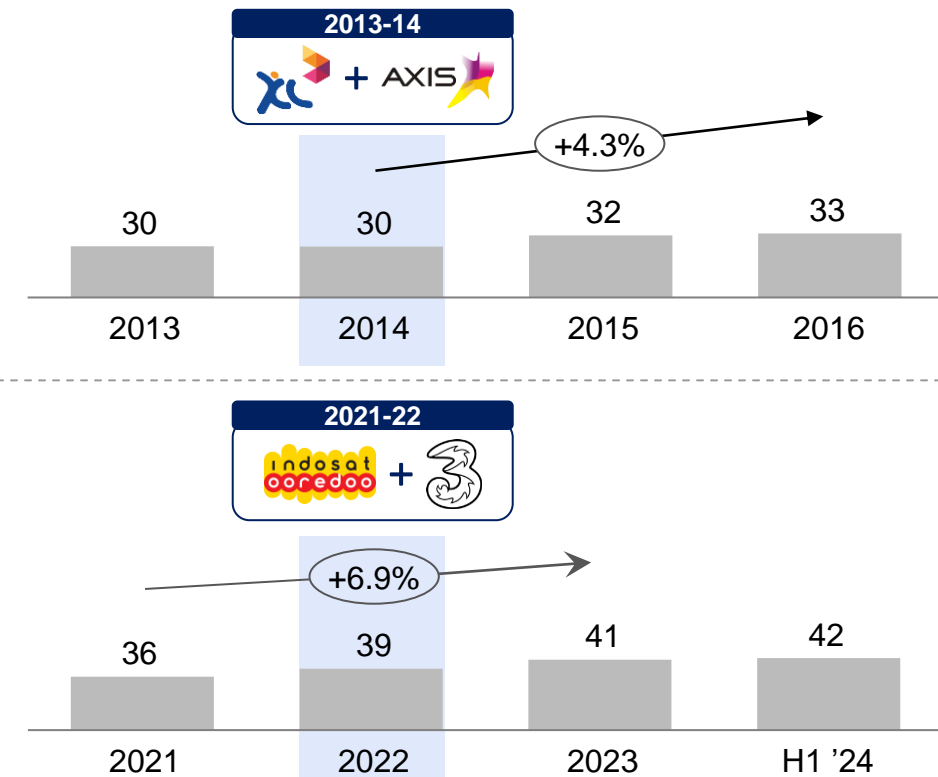
ARPU¹ as % of GDP per capita, 2023 (%):



1. Blended ARPU across all telcos in the market
Source: Omdia; Worldbank; Team analysis

ARPU increases when the market consolidates

Market blended ARPU (IDR k):

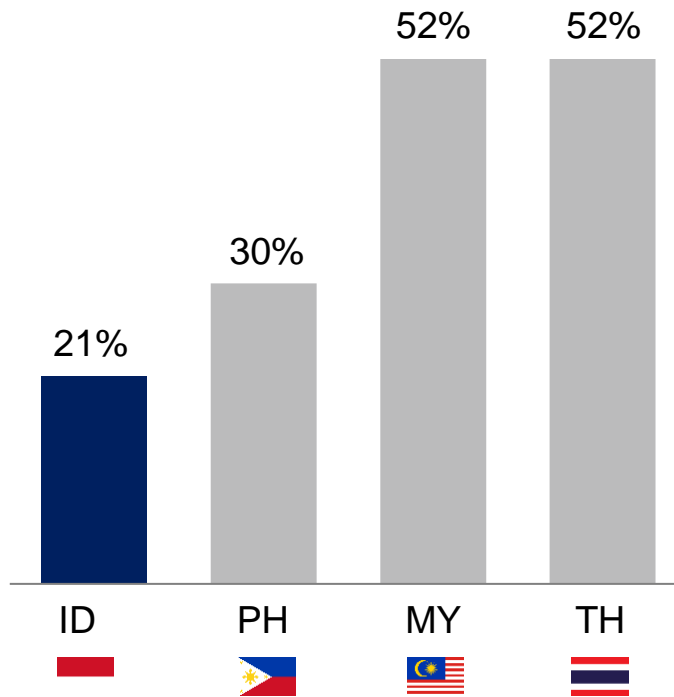


Rationale iv) Financial resilience and improved returns

More competitive product set to capture growth in adjacent verticals

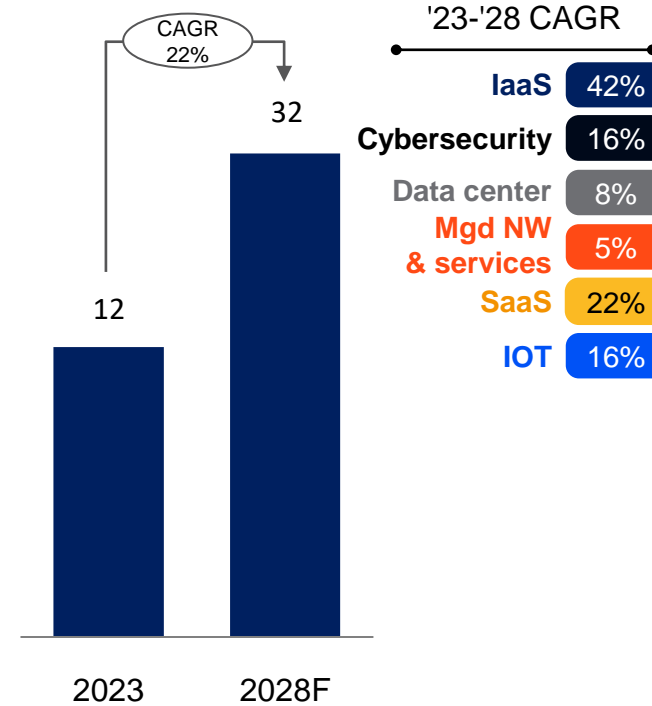
Home: Opportunity to grow household broadband penetration to meet peers

Fixed broadband household penetration (%):



Enterprise ICT: Digital transformation acceleration across enterprises in Indonesia driving opportunities for enterprise solutions

Telco-addressable Enterprise ICT revenue projection (IDR Tr):



Key trends in the Indonesia ICT market:

- **Large-scale digitalization:** Accelerated transformation of Indonesia's MSMEs (11% to 36% digitalized from 2020-23)
- **Accelerating IoT Adoption:** Growth in smart manufacturing boosting IOT adoption
- **Increase in SaaS Workloads:** shift to SaaS for cost efficiency, scalability, and ease of access
- **Shift to Public Cloud:** Leveraging advanced analytics and platform capabilities for flexibility and cost-efficiency
- **Growing demand for DC Capacity:** driven by traditional and AI investments
- **Shift to localization/data sovereignty:** esp. public sector and financial sector data

Path forward and execution commitment

1

Compelling rationale for the strategic merger

- ✓ XLSmart has greater scale and is commercially stronger
- ✓ Synergistic value and operational efficiencies
- ✓ Local partnership and strong ecosystem support from shareholders
- ✓ Financial resilience and improved returns

2

Execution teams mobilized

XLSmart is highly confident in realizing an annual run rate pre-tax synergies of US\$300-400M after integration, primarily driven by the: Network and IT, Procurement and Commercial functions

3

Leadership commitment

- Axiata has a proven track record in in-market consolidations, playbook to be replicated for XLSmart
- XLSmart's Board of Directors will be drawn from the most experienced of both XL Axiata and Smartfren

Given the aforementioned reasons, we invite all shareholders to attend the XL Axiata EGM and vote in favour of the proposed strategic merger

Thank You!

