

MEDIA RELEASE

Axiata Sees Stronger Quarter on Quarter Performance amidst a Challenging Operating Environment

- **Celcom maintained strong performance and growth in all key measurements**
- **All Other Operations showing signs of recovery**
- **Currency movements and slowing economy still a concern**
- **Group Quarter on Quarter EBITDA increased by 36% and PATAMI by 112%**

Kuala Lumpur, May 19, 2009 – Axiata Group Berhad, (formerly known as TM International Berhad) (Axiata), today announced its un-audited results for the first quarter of 2009. The Group reported revenue of RM2.9 billion, up 5% year-on-year (YoY) due to continued momentum at Celcom (Malaysia) Berhad (Celcom) and improved performance at TM International (Bangladesh) Limited (TMIB). Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) declined 7% to RM1.05 billion YoY due to increased competition and a weakening global economy. Similarly PATAMI (Profit after Taxation and Minority Interests), excluding one off gains, forex gain/loss and interest expenses related to the Telekom Malaysia Berhad (TM) loan and Idea Cellular Limited (Idea), declined 28% to RM278 million. Regional mobile subscribers grew 114% to 94 million YoY.

On a quarterly basis, the Group saw significant recovery with EBITDA increasing by 36% and PATAMI by 112% quarter-on-quarter (QoQ) led by another strong quarter from Celcom and boosted by recovery in 1Q09 of all operating companies. In the same period revenue was up by 19%.

Maintaining Positive Growth amidst Continued Challenges

Momentum continued at Celcom, recording positive growth for a 12th consecutive quarter and ahead of rivals, despite the slowing economy. Celcom had a sound performance all round with both revenue and EBITDA recording strong YoY growth of 10% and 8% respectively, despite pressure on the economy and traditional seasonal slowdown of first quarter. EBITDA margins remained resilient at 45% and PATAMI was RM357 million, a 15% YoY growth.

The push for mobile broadband has shown continued success with subscribers surpassing the 300 thousand mark, representing a 200% growth YoY. The quarter also registered the highest net add of postpaid subscribers of 183 thousand with total subscribers exceeding the nine million mark.

Despite a slowing economy Celcom remains relatively stable and strong QoQ. Margins were sustained in the quarter despite downward pressure on revenue. In light of increased competition and a slowing economy, focus at Celcom will be to stabilize operations with continued emphasis on operational efficiencies whilst preserving the growth momentum.



In Bangladesh, TMIB's turnaround plan continued to yield results recording a positive quarterly profit for the 1st time since 1Q08. Prudent cost management and improved visibility and presence in the market, from enhanced marketing activities, has seen further profit improvement this quarter on 4Q08's strong performance.

Whilst YoY revenue was up 22%, EBITDA up 0.2% and PATAMI down 5%, due to increased price competition and higher interest expense, QoQ revenue grew 11%, EBITDA grew 45% and PATAMI 105%. Against a good 4Q08, it showed further signs of a turnaround.

Continued focus will remain on TMIB's turnaround through improved distribution channels, brand image and positioning. Attention will also be given to obtaining quality subscribers alongside effective cost optimization.

Signs of Recovery but Slower Demand and Competition still Impacting Group's other Operating Companies

Encouraging improvements were seen at PT Excelcomindo Pratama Tbk. (XL) this quarter, with operations seeing some recovery after the significant drop in performance of the last quarter. Competition saw some easing off, relative to last year which led to 10% growth in revenue to IDR2.9 trillion YoY. EBITDA YoY was down 2% and PATAMI was still under pressure due to forex loss of IDR643 billion and finance costs of IDR383 billion. However, QoQ whilst revenue was down by 2%, EBITDA improved 9% and PATAMI by 66%.

Moving forward focus will be on 'yield' from the existing customer base, network capacity and coverage. Capex spending will be significantly lower than the previous year and new initiatives seen on segmentation and churn management

Challenges continued at Dialog Group with a decline in performance YoY and QoQ for Revenue and PAT. Nevertheless, the quarter did see an improvement in EBITDA and PAT from the previous quarter due to cost management. Opex reduced by 26% QoQ resulting in EBITDA to improve from negative SLR 185 million to positive SLR 1303 million

Dialog will be looking at a cost rescaling program with a focus on efficiency and optimization.

Strong Growth Seen at Regional Affiliates

Strong growth momentum was seen at Idea. Despite the economic downturn and increased price pressures, revenue and EBITDA were up 48% and 20% respectively YoY. PAT however, showed a 1% decline due to the inclusion of Spice Communications Limited and its related merger clean-up. Mobile subscribers saw an increase of 62% in the same period. QoQ revenue saw an 8% increase whilst EBITDA and PAT saw an impressive 16% and 25% respectively.

The Group is looking forward to equity account Idea in the second half of 2009.

Similar growth was seen at Axiata's 29.7%-owned Mobile One Ltd's 1Q09. Despite a matured market, a net profit of SGD41.9 million was recorded for the quarter, 14.5% higher than the SGD36.6 million reported in 4Q08, helped by better cost control and a one-off tax-credit boost.

Tan Sri Dato' Azman Hj. Mokhtar, Chairman of Axiata said "We remain heartened with the results seen this quarter given the prevailing economic climate. It is important at times like this to remain resilient by focusing on fundamentals which the Group has been doing. With the successful completion of the Rights Offer that was overwhelmingly subscribed by Shareholders, Axiata is on solid footing to face the economic uncertainties ahead".

Remarking on the quarter's results, Dato' Sri Jamaludin Ibrahim, Managing Director/ President and Group Chief Executive Officer of Axiata said "We are pleased with Celcom's continued strong results and are generally pleased with some of the improvements shown by other OpCos. The overall theme of reducing costs and increasing profit was clearly evident in all the OpCo results. Whilst we have identified the key root causes of the decline in the last quarter, we know that we have to show more improvements to ensure we are firmly on track. We do however, remain cautious of the effects of a potentially weak economy and currency fluctuations on our companies. In this regard, we will remain agile, focusing on the key areas to mitigate the impact, such as forex risk management and cost management".

Focus on Stabilising Operations and Costs amidst Challenging Environment Moving Forward

Shrinking GDPs across the region and competition will have an impact especially on the Group's emerging markets operations. To counteract this Axiata has already begun to look at optimal cost management for the group to maintain profitability and margins.

The Group has embarked on a group wide project and initially identified 17 short and medium term initiatives, nine of which will be with Group involvement. These include network related costs, such as power savings, repairs and maintenance, tower sharing and network re-design, or marketing related costs, such as electronic top-ups and commission structures. A further detailed benchmarking is being done to identify opportunities on top of, or in lieu of, these initial plans.

Work has already begun for the short term initiatives. Capex, for instance, has already seen a plan drawn up to reduce it from RM5.4 billion to RM4.2 billion, 20% of which will be due to better efficiency.

On the product side, progress has been made to leverage off Group synergies via unmatched offers, such as the Daily Unlimited Data Roaming plan, a first in the region, and the recent offering of preferential IDD rates within the Group.

In the quarter the Group also completed the RM4 billion payments to TM for the demerger transaction as well as the RM5.25 billion Rights Issue. The Rights offer saw overwhelming support from shareholders with almost all subscribing to their entitlement. Existing shareholders subscribed for 99.3 % of the offer eliminating the need for any underwriting arrangement put in place in the offering.

Currency volatility remains a concern and the Group is looking at proactive steps to address this to minimize the impact to Axiata's earnings.

"We now have a solid balance sheet, a strong Group management team and a well defined Group synergy programme which will make us leaner and more efficient in the next 1-2 years. Ultimately the Group is positioning itself not only to compete in this uncertain environment but more importantly, to be in the most competitive position when the economy in all our markets recovers", concluded Dato' Sri Jamaludin Ibrahim.

	YoY	QoQ
	%	%
GROUP		
Revenue	+5%	+19%
EBITDA	-7%	+36%
PATAMI	-28%	+112%
CELCOM		
Revenue	+10%	+0.3%
EBITDA	+8%	→
PATAMI	+15%	+6%
XL*		
Revenue	+11%	-2%
EBITDA	-2%	+9%
PATAMI	-183	+66%
Dialog		
Revenue	-5%	-4%
EBITDA	-59%	+193%
PATAMI	-310%	+52
TMIB		
Revenue	+22%	+11%
EBITDA	+0.2%	+45%
PATAMI	-5%	+105%

About Axiata

Axiata is one of the largest Asian telecommunication companies, focused in high growth low penetration emerging markets. Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India, Singapore and Iran. India and Indonesia are amongst the fastest growing markets in

the world. In addition, the Malaysian group holding company has stakes in non mobile telecommunication operations in Thailand and Pakistan.

The Group's mobile subsidiaries and associates operate under the brand name 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'AKTEL' in Bangladesh, 'HELLO' in Cambodia and 'Idea' in India, 'M1' in Singapore and 'MTCE' in Iran (Esfahan).

Currently, the Group, including its subsidiaries and associates, has over 94 million mobile subscribers in Asia. The Group revenue for 2008 was RM11.3 billion. The Group provides employment to over 25,000 people across Asia. Axiata's vision is to be a regional champion by 2015 by piecing together the best throughout the region in connectivity, technology and people, uniting them towards a single goal: Advancing Asia.

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