



Establishing a Market Leadership Position in Cambodia

13 December 2012

Strategic Combination — Overview

- **Axiata Group Berhad (“Axiata”) is establishing a market leadership position in the Cambodian mobile telecommunications market through a strategic combination of Hello Axiata Company Limited (“Hello”) and Latelz Company Limited (“Latelz”)**
 - **Axiata’s market position significantly strengthens from a current #4 to a market leadership position⁽¹⁾**
- **Axiata’s 100% owned subsidiary Axiata Investments (Cambodia) Limited will acquire Glasswool Holdings Limited (“Glasswool”) from Timeturns Holdings Limited (“Timeturns”) which will be the sole owner of Latelz upon transaction completion**
- **Subsequently, Axiata intends to merge the operations of Hello and Latelz subject to regulatory approvals which will be a condition precedent to transaction completion**
- **The acquisition will be settled to Timeturns via a cash consideration of approximately US\$155 million⁽²⁾ and a 10% stake in the combined entity, the 10% stake will be held by the remaining partner**
- **Axiata will have a 90% controlling stake in the combined Hello + Latelz entity from the day of completion**

**Axiata is now well positioned for value creation in Cambodia
Establishing a market leadership position by consolidating a strong competitor at the right time**



⁽¹⁾ Based on number of subscribers as of June 2012 from third-party research

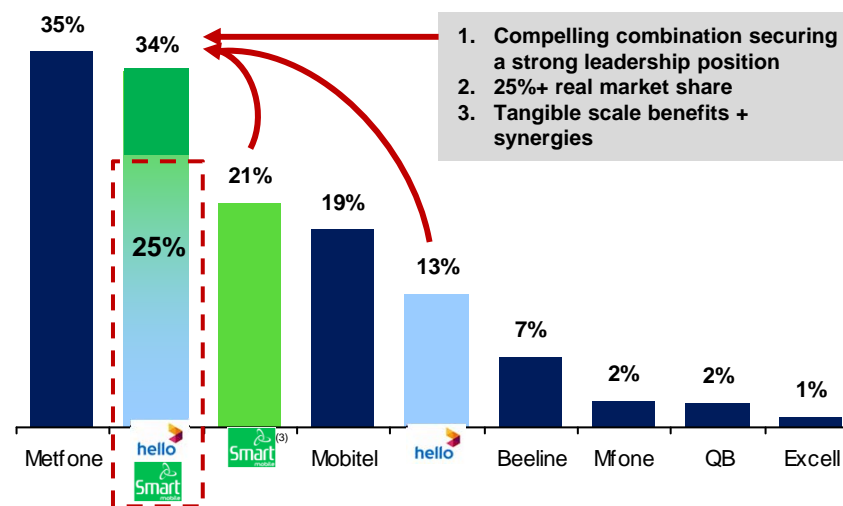
⁽²⁾ Subject to adjustment for the level of net debt and working capital as of the date of completion

Strategic Combination — Transaction Rationale

- 1 Cambodia continues to be an attractive market for investments**
- Key growth market in South East Asia
 - Attractive economy with strong fundamentals
 - Subscriber growth momentum with 2007-2011 CAGR of 52.9% and 2012E-2015E CAGR of 11.0%⁽¹⁾
 - 2012 unique SIM penetration estimated at under 40%⁽¹⁾

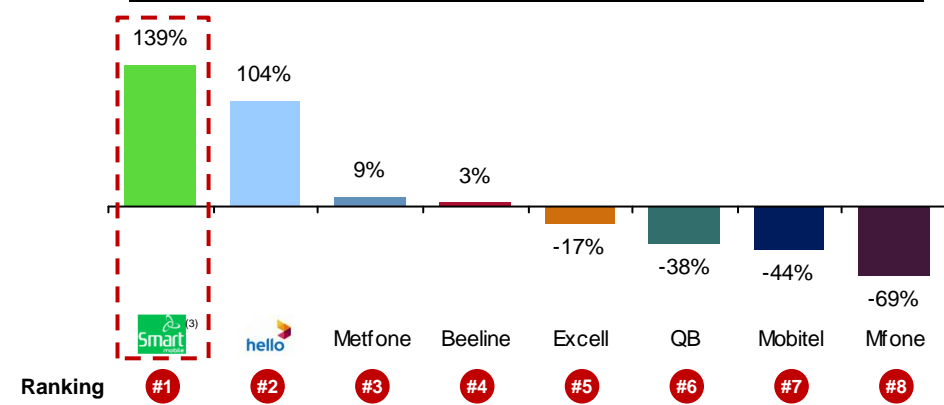
- 2 Axiata establishes a strong market leadership position in Cambodia**
- Combination of the strongest performing operators in the market, currently at #2 and #4 positions based on subscriber market share⁽²⁾
 - Significantly strengthens Axiata's market position in Cambodia, **from #4 to a market leadership position**⁽²⁾
 - Axiata will control the combined enlarged entity

Subscriber Market Share⁽²⁾



1. Compelling combination securing a strong leadership position
2. 25%+ real market share
3. Tangible scale benefits + synergies

% Change in Market Share (June 2010 to June 2012)



(1) Based on Axiata estimates
 (2) Based on number of subscribers as of June 2012 from third-party research
 (3) "Smart Mobile" is the brand name of Latelz

Strategic Combination — Transaction Rationale (cont'd)

- 3 Drive scale benefits and tangible synergies**
 - Significant scale enhancement – across subscribers, revenue, network /sales reach
 - Tangible synergies by reducing duplicative costs across network coverage, marketing and human resources and by enhanced revenue potential
 - Benefit from complementary Latelz asset base and spectrum
 - Axiata acquires highly regarded Latelz management team

- 4 Axiata led in-market consolidation improves overall market fundamentals**
 - Axiata believes this is the right timing for Cambodian market consolidation
 - Axiata benefits from improving industry fundamentals and reduced competitive intensity
 - Further consolidation anticipated in the near/medium term
 - ♦ Will likely evolve into a 3-5 player market

- 5 In-line with Axiata's long term strategy and financial objectives**
 - Establishes a strong beachhead in Indochina – a focus region for Axiata
 - Meets Axiata's financial criteria reinforcing Axiata's M&A/Financial discipline
 - Strategic combination expected to be EPS accretive from the first year onwards



(1) Based on Axiata estimates

(2) Based on number of subscribers as of June 2012 from third-party research

(3) "Smart Mobile" is the brand name of Latelz

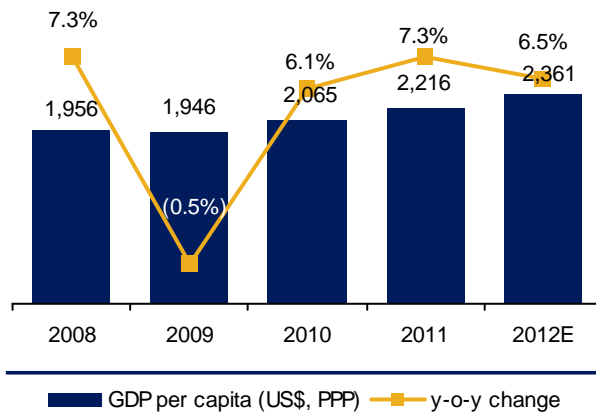
1a Cambodia Continues to be an Attractive Country for Investment



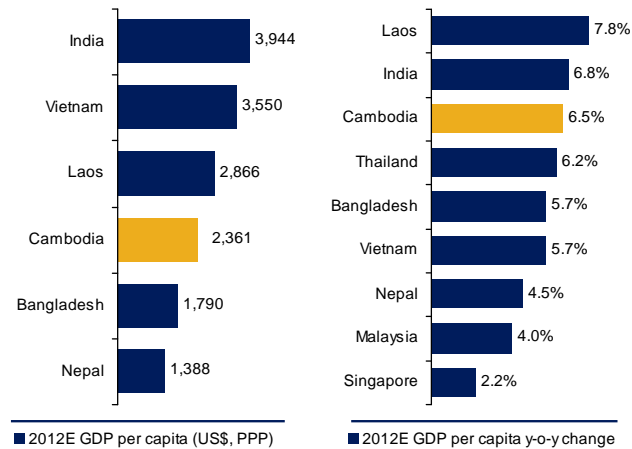
Cambodia Highlights

- Indochina is a key growth market in S.E. Asia
- Cambodia is an attractive economy with strong fundamentals in Indochina
- Stable political environment provides comfort to international investors
- Satisfactory currency risk as local currency pegged to US\$
- Strong and growing tourism sector

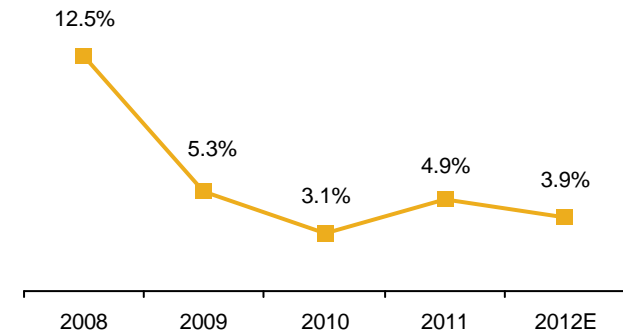
Economy Back on High Growth Track



Attractive Regional Market



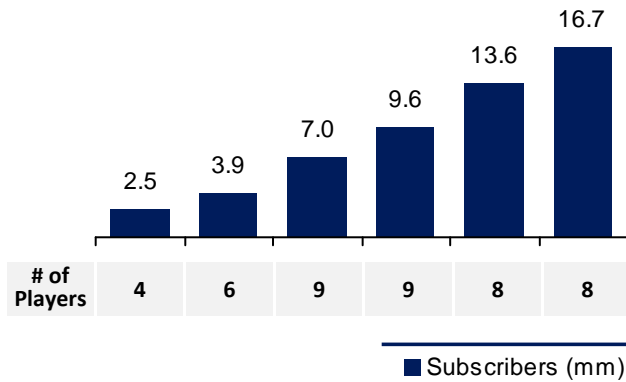
Inflation Subdued



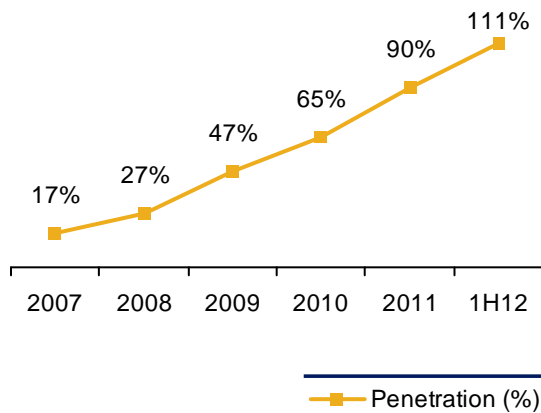
Sources: Third-party research

1b Attractive Telecom Market with Continuing Healthy Growth

Subscriber Growth Momentum



2007 – 2011 Subscribers
CAGR = 52.9%
2012E – 2015E Subscribers
CAGR = 11.0%⁽¹⁾

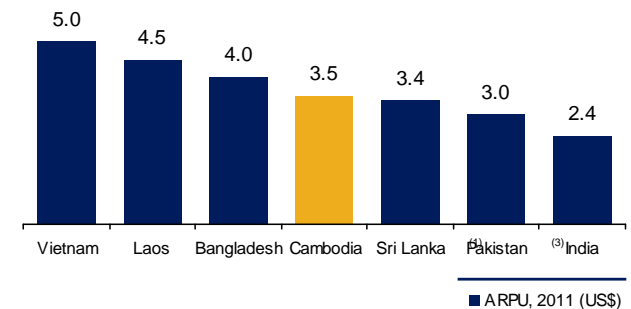


2012 unique SIM penetration
estimated at under 40%⁽¹⁾

Axiata's Cambodia Focus

- Axiata has a long term view on its core markets
- Cambodia meets Axiata's criteria for an attractive, growth market in a preferred geographical location
- Axiata has extensive experience in the market since its investment in 1998
- Strong tourism sector driving roaming and data revenues
- Young population drives wireless data take-up
- Recent establishment of telecom regulatory authority is a positive development

Regional ARPU Comparison



Sources: Third-party research

(1) Based on Axiata estimates

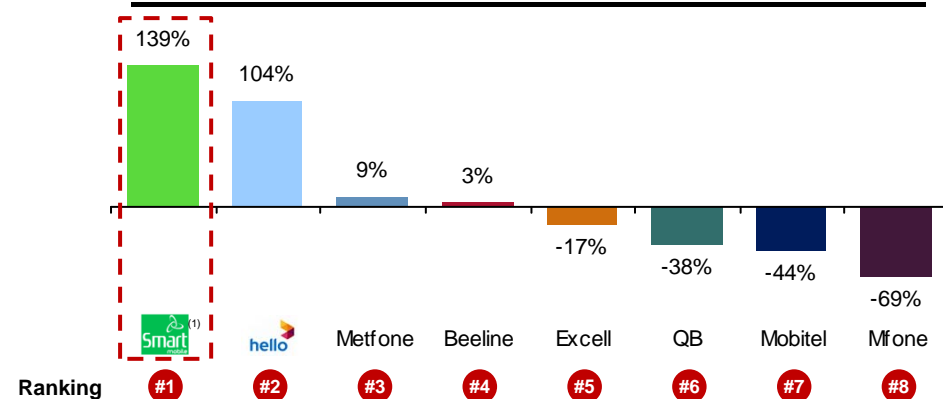
(2) Number inclusive of Applifone in both June 2010 and June 2012. "Smart Mobile" is the brand name of Latelz

(3) 2009 data (latest available)

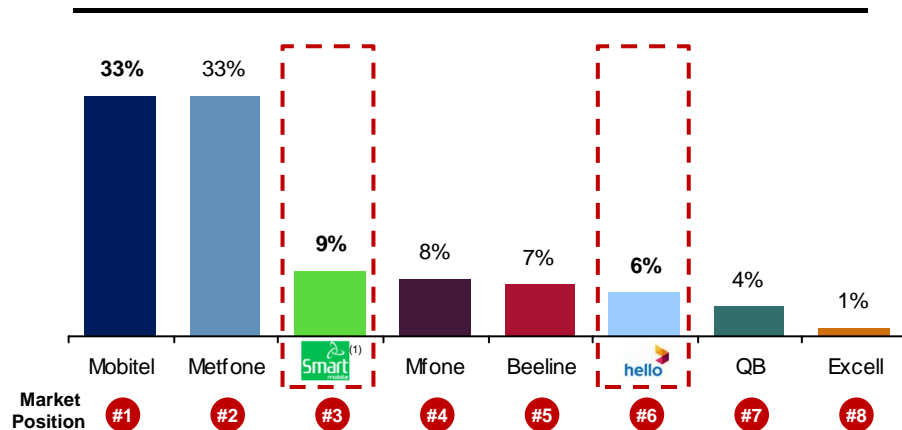
2a Hello and Smart are the Top Performers in the Market

- Latelz and Hello are currently at #2 and #4 positions based on subscriber market share
- Latelz and Hello have more than doubled their market shares since June 2010
- Latelz has strong momentum and extensive network and sales reach

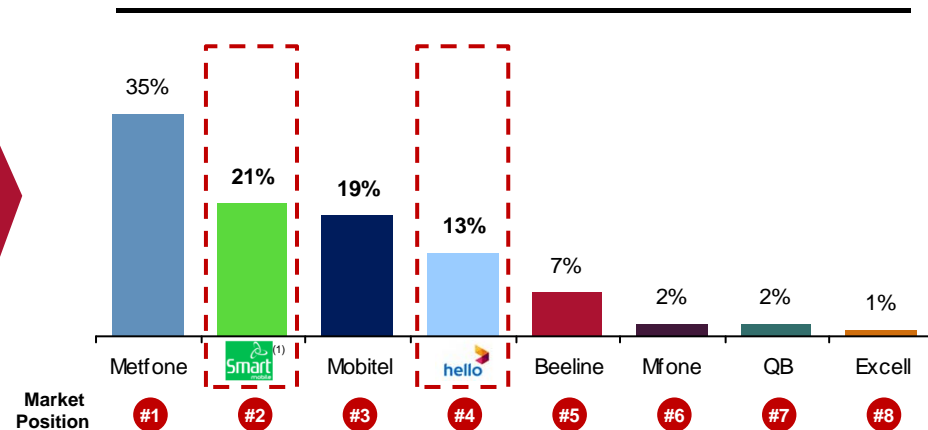
% Change in Market Share (June 2010 to June 2012)



June 2010



June 2012



Highly competitive market with 8 operators – Only Latelz, Hello and Metfone increased their market share over the past 2 years

Sources: Third-party research

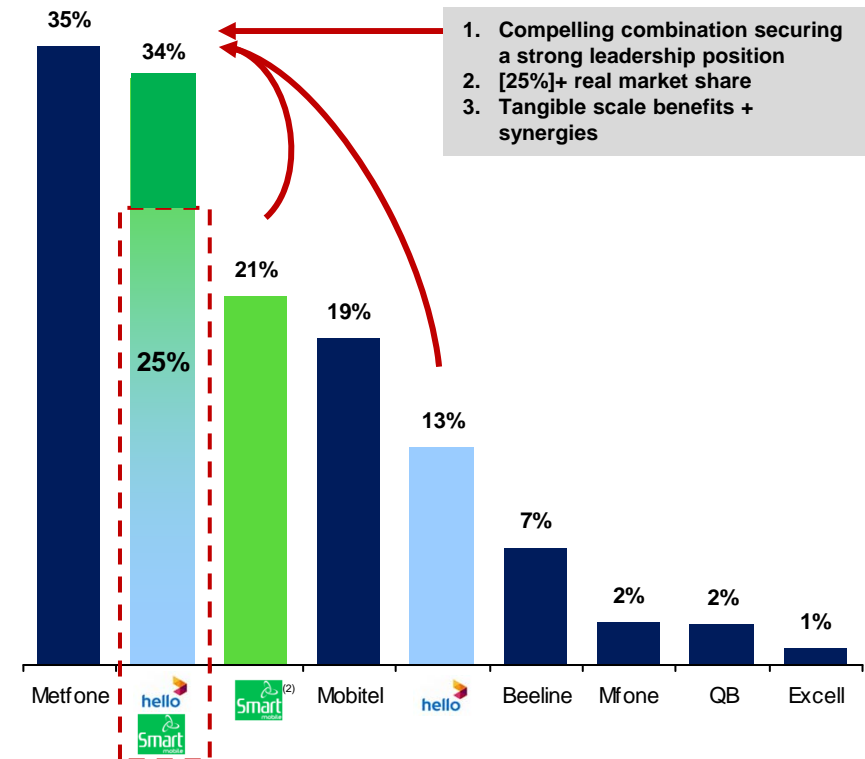
(1) Number inclusive of Applifone in both June 2010 and June 2012. "Smart Mobile" is the brand name of Latelz



2b Axiata Establishes a Strong Market Leadership Position in Cambodia

- 1 Combination of the strongest performing operators in the market, currently at #2 and #4 positions based on subscriber market share⁽¹⁾
- 2 Significantly strengthens Axiata's market position in Cambodia, **from #4 to a market leadership position**⁽¹⁾
- 3 Market structure now clearly defined as Top 3 vs. the rest
- 4 Axiata will control the combined enlarged entity

Subscriber Market Share⁽¹⁾



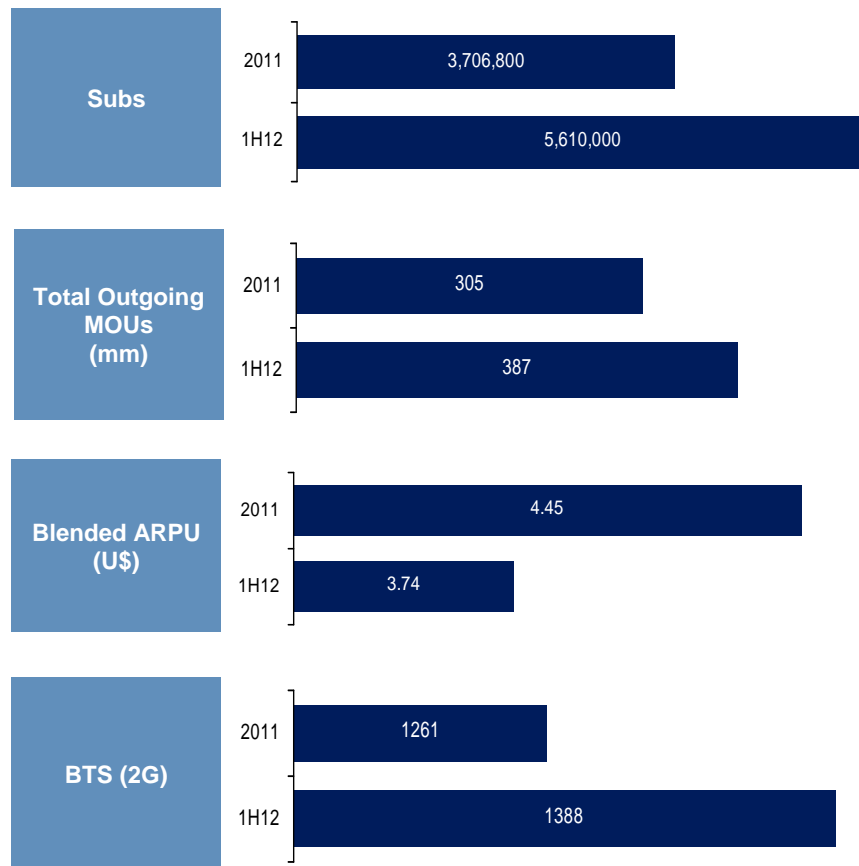
(1) Based on number of subscribers as of June 2012 from third-party research

(2) "Smart Mobile" is the brand name of Latelz

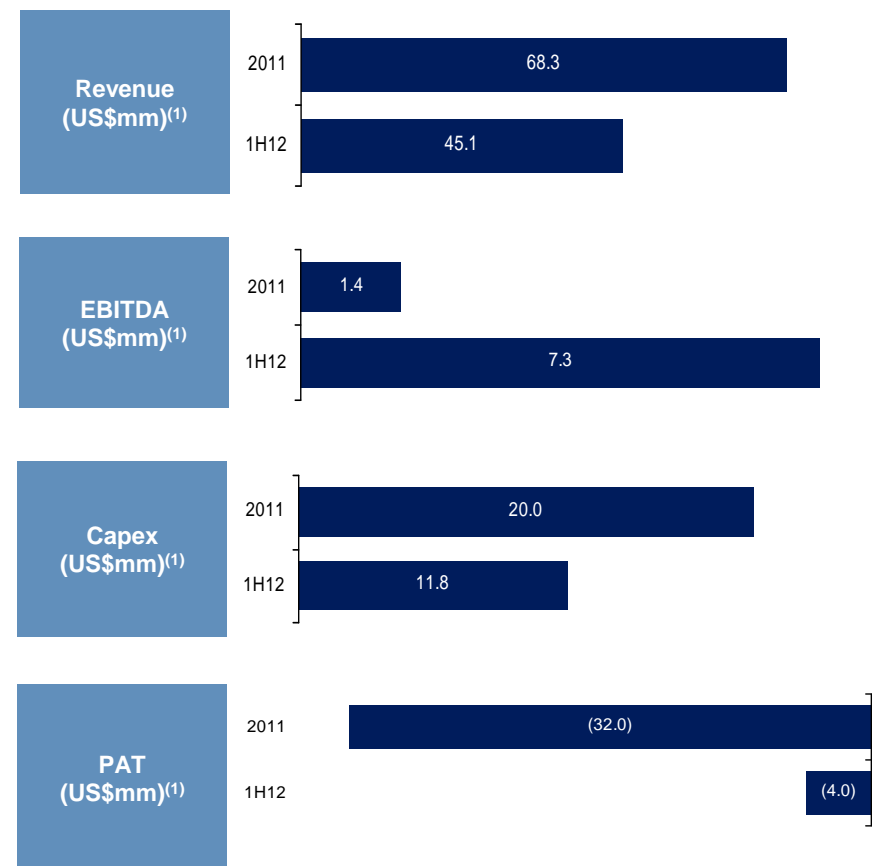
Overview of Combined Business

Pro-forma Consolidation for Hello / Smart for FY11 & 12

Key Operating Metrics



Key Financial Metrics



(1) Latelz 2011 numbers based on audited financials; 1H2012 numbers based on unaudited Latelz management reports; Hello numbers based on Company financials

3 Drive Scale Benefits and Tangible Synergies

Latelz Highlights

- Latelz has operated under its main “Smart Mobile” brand name since 2004
 - Acquired Applifone (“StarCell” brand) in December 2010 from TeliaSonera with integration completed in approximately 6 months
- More than doubled its subscriber market share since January 2011
- Latelz’ key operating model features:
 - Low cost model with stringent capex management
 - High impact brand, reach and network
 - Aggressive in targeted markets and tariffs
- Latelz’ superior license conditions:
 - 25 year period vs. Hello’s BTO status; more favourable license fee structure
- Latelz currently owns:
 - GSM license with 15MHz (GSM1800) and 3.6MHz (GSM900)
 - 3G license with 10MHz (UMTS2100), ISP license with 70MHz (WiMAX)
- Approximately 350 employees with an industry leading revenue/employee



Significant Positive Impact on Axiata’s Position

- Close competitor for #1 position in terms of subscriber market share⁽¹⁾
- More than 2x network coverage
- More than 2x MOUs
- More than 2x revenues
- Strong and complementary spectrum position
- Enhanced nationwide points of sales
- Brand complementarity



Tangible Synergies	Rationale for Synergies
Remove Duplication	Marketing, sales, service points, human resources, general & administrative – rationalize to achieve target cost ratios
Network Optimization	Cost reduction based on best practices from both companies
Enhanced Revenue Potential	Improved pricing power, lower competitive intensity, higher on-net traffic, optimized tariff plans for increased scale



(1) Based on number of subscribers as of June 2012 from third-party research

Potential Cost Synergies

- Service points costs
- Employee related costs
- Subscriber acquisition costs
- Marketing costs
- Network operations costs
- Management Fees
- Office Rentals and Administration costs

One off Integration Costs

- VRS Costs
- Network integration costs (Billing, Cors, VAS platforms, Site rationalization)



4 Axiata Led In-market Consolidation Improves Overall Market Fundamentals

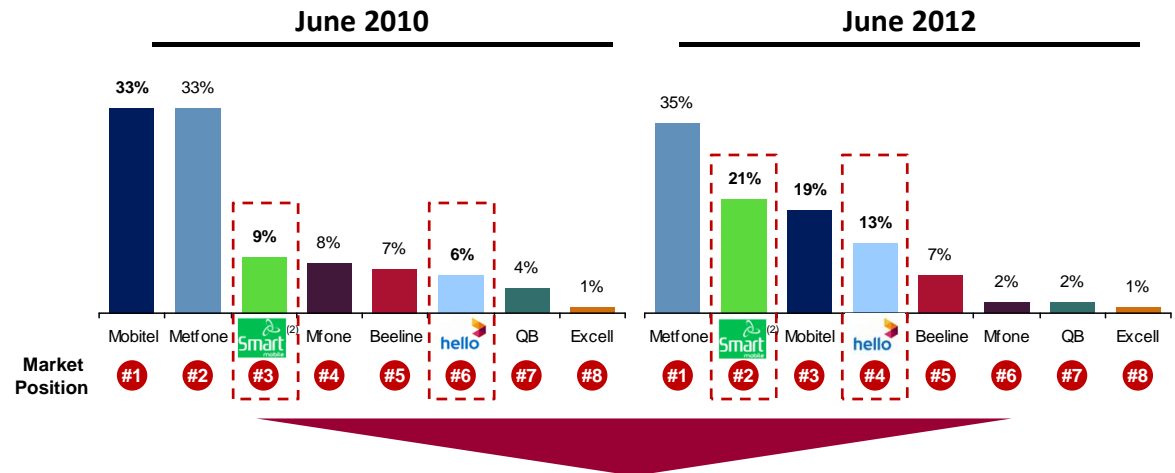
Cambodia Market: 2010 Perspective

- 9 operators, both established and greenfield
- High competitive intensity, irrational landgrab, uncertain return on investment
- Given this market environment, Axiata scaled back on its investment
 - Questionable returns on incremental investment
 - Market clearly needed to consolidate – timing and consolidators unclear
 - Lack of visibility on future market structure
- Axiata strategically embarked on a disruptive strategy
 - Enhanced competitive dynamics and triggered industry realignment

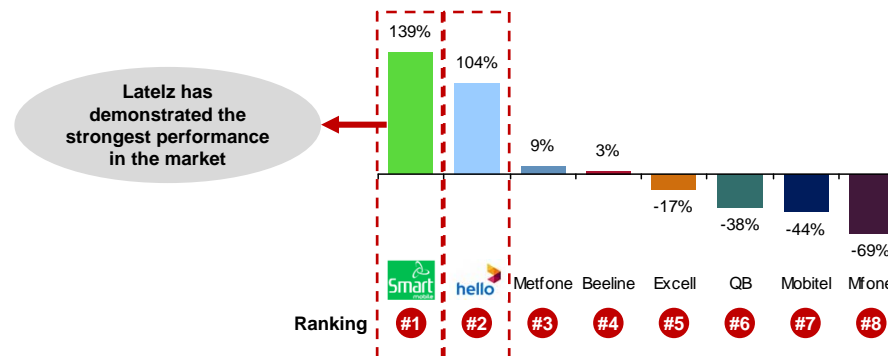
Cambodia Market: 2012 Perspective

- Market structure clearly defined – Top 3 vs. the rest
- 2010 leadership positions significantly eroded while new leaders emerge
- Latelz has emerged as the strongest and most resilient operator through a tough period of industry disruption, competition and realignment

Market Share Evolution⁽¹⁾



% Change in Market Share (June 2010 to June 2012)



(1) Based on number of subscribers as of June 2010 and June 2012 from third-party research

(2) Number inclusive of Applifone in both June 2010 and June 2012. "Smart Mobile" is the brand name of Latelz



5 In-line With Axiata's Long Term Strategy and Financial Objectives

- **Axiata has a long term commitment to its core markets**
- **Prudent investment philosophy across market cycles based on its significant experience in multiple markets**
- **Axiata is a believer in the rationale and benefits of in-market consolidation, executed at the right time**
 - Axiata made a strategic decision to hold back on further investment in Cambodia with a view to CONSOLIDATE NOT EXIT
 - Axiata embarked on a well planned market disruptive strategy
 - Latelz emerged as the most aggressive and successful operator across network, capex spend, brand and reach
 - Axiata is acquiring the strongest operator in the market
- **Axiata has established a strong beachhead in a focus region – Indochina**
- **Combination meets Axiata's M&A/Financial criteria**
 - Acquisition expected to be EPS accretive from first year onwards
 - Investment IRR above Axiata Board required benchmark
 - Axiata controls the enlarged entity
 - Acquire the strongest competitor and management team at a reasonable valuation



Sources: Third-party research
(1) 2009 data (latest available)

Financial Impact to Axiata

Criteria	Metric	Pro-Forma for MergeCo
Immediate Accretive Transaction	2013 EPS Accretion	Positive ~1% to 2%
Axiata Group Debt/EBITDA < 3.0x	2013 Group Debt/EBITDA	No change
IRR	IRR	Significantly above WACC
Annual ROIC Impact	2013 Group ROIC	Marginally Negative
Impact to Axiata Group Revenue and EBITDA Growth	2012- 2015 Revenue CAGR	Marginally Positive
	2012-2015 EBITDA CAGR	Marginally Positive
On Dividend Policy and Guidance	2012-2015 PAT CAGR	Marginally Positive
Capex	2013 Capex	Not Material



- Cambodia continues to be an attractive market to invest in
- Attractive telecom market with continued healthy growth
- Axiata is establishing a strong market leadership position in the Cambodian market
- Transaction drives scale benefits and tangible synergies
- Axiata led in-market consolidation improves overall market fundamentals
- In-line with Axiata's long term strategy and financial objectives
- Axiata's Cambodia strategy over the past three years has proven to be effective

**Axiata is now well positioned for value creation in Cambodia
Establishing a market leadership position by consolidating a strong competitor at the right time**



Important Notice

Cautionary Note on Forward-Looking Statements

- All statements other than statements of historical facts included in this document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as forecast “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect Axiata’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and Axiata does not undertake any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or any other regulatory or supervisory body or agency.



Thank You

www.axiata.com

Axiata Group Berhad