TMI

MEDIA RELEASE
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TMI Revenue Recorded Growth of 23% to RM8.9 billion Year on Year amidst Economic Volatility

- **PATAMI, excluding extraordinary items, improved 6.4% to RM 1.16 billion**
- **Celcom enters 10th consecutive quarter of growth; XL continues to outperform the industry**
- **Regional mobile subscribers grew 132% to 83 million**
- **Short term loans to be extended to 2012 to resolve near term uncertainty**

YEAR TO DATE RESULTS
TM International Berhad (TMI) today announced a revenue of RM8.93 billion, up 23% year-on-year (YoY). Earnings Before Tax, Interest, Depreciation and Amortisation (EBITDA) also increased by 19% in the same period to RM3.59 billion, primarily led by the continued strong performances of Celcom (Malaysia) Bhd (Celcom) and PT Excelcomindo Pratama Tbk. (XL) recording a YoY revenue growth of 10% and 60% respectively on the back of higher subscriber additions and usage.

Year to date PATAMI (Profit after Taxation and Minority Interests) was RM1.16 billion up 6.4% YoY, excluding 2007's extraordinary one-off gains on disposal of 4.6% Dialog shares (RM235 million) and gain on IPO listing of Spice Communications Limited (RM71 million). Regional assets outside of Malaysia continued to grow, now contributing 55% to the Group revenue, versus 48% last year. This emphasises the growing importance of TMI's regional portfolio and its compelling exposure to fast growing mobile markets in Asia with Malaysia as a continuing anchor.

QUARTERLY RESULTS
On a quarterly basis, TMI saw a revenue growth of 12% quarter-on-quarter (QoQ). with EBITDA rising 3%, despite challenging conditions, in the same period. PATAMI was RM244 million, a drop of 33%, mainly due to interest and merger related costs in India, which amounted to RM82 million.

Momentum continues in 3Q08 led by Celcom and XL
Celcom continues to gain traction recording an unprecedented 10th consecutive quarter of growth in a market at near saturation, with quarterly revenue of RM1.42 billion, a rise of 10% YoY and 3% QoQ. In tandem, the number of subscribers grew by 23% to 8.25 million with annual net additions of 1.5 million, and quarterly net additions of 360,000. EBITDA was up 9% to RM641 million with margins of 45.3% and PATAMI increased to RM327 million in 3Q08, representing a 25% growth from 3Q07.

Continuous revenue growth was driven primarily by the success of Celcom's segmented marketing strategy, especially the Youth and Malay segments, as well as mobile Broadband, which recorded customer growth of 43% QoQ to 179,000.

Strong performance continues at XL, TMI's Indonesian operations, with another strong quarter outperforming the industry with revenue up 62% to IDR 3.3 billion as compared to 3Q07. Similarly, EBITDA saw a 73% growth to IDR 1.5 billion in 3Q08 whilst number of subscribers increased by 99% YoY to 25.1 million.

Plans are already underway for XL's next stage which will be tighter cost controls and strategies beyond affordable and value propositions for its customers. This is in line with diminishing price elasticity expected on the launch of XL's successful Minute Factory approach. Prospects for unlocking assets and operational efficiency remain positive with bidders already shortlisted for the Tower sale. The transaction is expected to be completed by early next quarter, subject to a favourable funding and market situation.

Continued challenges amidst Volatile Economic Climate

Performance was mixed at Dialog Group (Dialog), the Group's Sri Lankan operations. Dialog reported a loss of SLR192 million impacted by the rise in costs driven mainly by externalities especially rising inflation, currently at a high of 24%. This had an indirect impact on key drivers leading to a 15.7% YoY decrease on ARPU (average revenue per user) and a 32.7% decrease on RPM (revenue per minute). Similarly energy and network costs were also up 48% from a year ago with profit margins being squeezed from intensifying competition.

Despite this, an active mobile subscriber base of 4.98 million was achieved in 3Q08 with mobile subscribers growing 26% YoY and revenue increasing by 9% in the same period.

In Bangladesh, TM International (Bangladesh) Limited (TMIB) saw revenue declining 3% YoY to BDT3.4 billion in 3Q07 due to intensifying competition and inflation. TMIB has initiated a turnaround programme working on improving performance via distribution channels, with a new distribution agreement already signed, branding and its new partner NTT Docomo.

TMI Chairman, Tan Sri Dato' Azman Hj. Mokhtar said "We are generally pleased to see that TMI is still recording healthy financials despite the unprecedented volatility in the global markets. We are confident of TMI's longer term growth potential given that through its holdings TMI addresses a target population of 1.45 billion people with an average penetration rate of 31.1%."

Extraordinary market conditions looks set to continue for the rest of the year and cost pressures will remain due especially to rising inflation. Like everyone else, TMI will move cautiously focusing on any underlying trends whilst managing our costs and cash accordingly.

Remarking on the quarter's results, Dato' Sri Jamaludin Ibrahim, President and Group Chief Executive Officer of TMI added "We are encouraged with this quarter's results led by the continued strong performances of Celcom and XL despite adverse market conditions. We are conscious about rising costs in Dialog and TMIB and we have already started to proactively manage the impact of inflation via aggressive cost cutting strategies. We remain hopeful that inflationary pressures will ease off by early 2009."

SHORT TERM LOANS TO BE EXTENDED TO 2012 TO RESOLVE NEAR TERM UNCERTAINTY

Currently, TMI's balance sheet carries short term debts amounting to RM10.45 billion which is due in 2009. This includes the RM6.45 billion bridging loan for the acquisition of

Idea and the RM4 billion outstanding to TM. TMI has decided on a two-pronged approach to address this via a short term solution and a longer term one.

The Group will prepay RM2 billion in respect of amount owed to TM via a new banking facility that matures at the end of 2011. The remaining RM2 billion will be repaid via internally generated funds in accordance with the terms of the demerger due in April 2009, which will also result in lower interest cost for the Group.

The RM4.85 billion bridging loan has been converted to a 3 year term loan, maturing in 2012. The Group is currently in negotiations to term out the remaining USD500 million (RM1.6 billion) to 2012. The Group has been able to address the short term refinancing risks despite current weak credit market.

With the terming out of the short term debts, TMI is concurrently looking to achieve an optimal capital structure through equity or equity like instruments. It is the intention of TMI Group to utilise the new capital to reduce the overall debt position within the 3 year period. Due to the multiple options available to TMI the Group expects to finalise the structure by 1Q 2009.

“With 45% ownership of TMI, Khazanah will be part of TMI’s long term funding solution”, said Tan Sri Dato’ Azman Hj. Mokhtar, Managing Director, Khazanah Nasional Berhad.

“Backed by Khazanah and cash generative Celcom, TMI is confident of settling our long term funding structure” concluded Dato’ Sri Jamaludin Ibrahim.

PRIMED FOR GROWTH

TMI remains optimistic on growth prospects for the telecommunications industry. Since the demerger, TMI has been laying the foundations for long term sustainable growth, revamping its processes and strengthening its human capital with the recent appointments of Group Chief Operating Officer, Group Chief Procurement Officer, Group Chief Technology Officer and Group Financial Controller. TMI has been looking at creating centres of excellence across the Group with 5 core areas already identified which includes pricing initiatives to improve churn and yield management. Platforms have also been put in place towards garnering group initiatives to harness synergies such as unlimited daily data roaming rates across the Malaysia and Singapore corridor. These factors together with the finalisation of the Group’s funding structure puts TMI on a strong footing moving forward and well positioned to unlock the potential of its growth assets.

About TMI

TMI is an emerging leader in Asian telecommunications, focused in high growth low penetration emerging markets. TMI has a controlling interest in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant and strategic stakes in India and Singapore. In addition, the Malaysian grown holding company has assets in mobile and non-mobile telecommunications operations and investments in Iran, Pakistan and Thailand. India and Indonesia are some of the fastest growing markets in the world.

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, ‘Idea’ and ‘Spice’ in India, ‘M1’ in Singapore and ‘MTCE’ in Iran (Esfahan).

The Group, including its subsidiaries and associates, has about 83 million mobile subscribers in Asia, putting it among the largest mobile telecommunication providers in the region by turnover. The Group has approximately 13,000 people under employment in ten countries.

Listed on Bursa Malaysia, TMI is among the largest public-listed companies in Malaysia by market capitalisation, with most of its listed subsidiaries also amongst the largest in their respective countries.

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Issued By:
Corporate Communications, Group Strategy, TM International Berhad
Level 53 (North Wing), Menara TM, Jalan Pantai Baharu
50672 Kuala Lumpur
For further information on TMI visit www.tmigroup.com

For media enquiries, please contact:
Faridah Hashim
Manager, Media and External Relations
Tel: +603-2240 4343 Fax: +603-2240 9286
Email: faridah@tmigroup.com