



# 1<sup>st</sup> Quarter 2009 Results

## Analyst and Investor Briefing

19 May 2009

company confidential

# AGENDA

## Results Highlights

Malaysia – Celcom

Indonesia – Excelcomindo

Sri Lanka – Dialog

Bangladesh – TMIB

Other Regional mobile assets

Moving Forward

# Industry Highlights in Key Markets

## Malaysia

- Economic slowdown primarily affecting foreign workers' segment and therefore IDD business
- Increased competition of mobile broadband is expected with the entrance of a new players

## Indonesia

- Competition remains intense with 11 players in the market
- Headline pricing is expected to stabilize as compared to earlier trends
- Inflation eased to high single digit

## Sri Lanka

- Inflation eased to high single digit in 1Q 2009 compared to 4Q 2008
- Price competition prevalent in the industry
- New tax (Nation Building Tax) introduced where 1% to be paid on imports & services provided

## Bangladesh

- Major operators have increased connection fees to pass on SIM Tax to customers. SIM Tax likely to be withdrawn or reduced from FY2009-10
- BTRC reduced interconnection tariffs w.e.f. 26<sup>th</sup> March 2009.

## Financial Highlights (Group)

### Group Overall “Mixed” Performance; but Showed Signs of Strong Profit Recovery

- **Group Revenue:** amidst tough macro environment, YoY showed 5% growth (8% at constant currency) and increased 19% QoQ (flat at constant currency).
- **Group EBITDA:** YoY declined 7% (4% at constant currency) but improved 36% QoQ (9% at constant currency). Margins showing recovery with QoQ improvement of 4.7 percentage points.
- **Group PATAMI:** YoY normalised PATAMI was lower by 29% but improved significantly QoQ
- Overall, revenue growth moderated but profitability showing strong signs of improvement.
- Forex loss continued to materially affect Group’s performance including that of XL and Dialog. Total forex loss was RM166 million of which 76% unrealised.
- Idea was not equity accounted and on a proforma basis could have added INR411mn (RM30mn) to 1Q 09 PAT

## Financial Highlights (OpCos)

**Celcom and AKTEL performed well; whilst Dialog and XL faced challenges but showed strong profit recovery in this quarter**

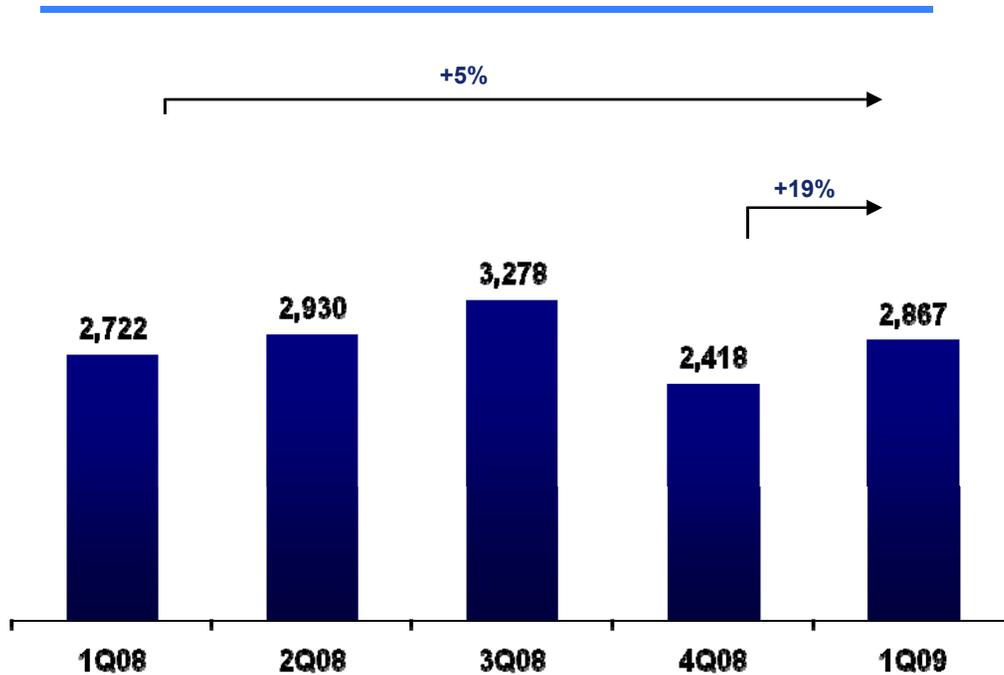
- **Celcom performed well .(Increase YoY - Revenue 10%, EBITDA 8%, and PATAMI 15%). QoQ Revenue and EBITDA was flat (0.3% and 0% respectively) while PATAMI was up (6%).**
- **TMIB's performance followed a good 4Q'08 with QoQ Revenue, EBITDA, PAT growing by 11%, 45% and 105% respectively.**
- **XL continued to face challenges. While YoY revenue improved 10%, EBITDA was down by 2% and profit was impacted. However QoQ ,showed signs of profitable recovery with EBITDA improved 9% and PAT 66%.**
- **Dialog continued to be challenged in Revenue and PAT. However, 1Q 09 cost reduction resulted in improved EBITDA (more than 100%) and PATAMI (52%) QoQ.**
- **Idea performed well. Y on Y Revenue grew significantly by 48%, EBITDA by 20% and PAT lower by 1% (due to Spice). Q on Q, Revenue grew by 8%, EBITDA 16% and PAT 25%. It is only expected to be equity accounted by 3Q 09. M1's revenue and EBITDA were down in 1Q'09 but PAT increased by 10% YoY and 17% QoQ.**

# Group Financial Performance

On a constant currency, quarterly revenue impacted by slower demand & competition



## Revenue (RM mn)



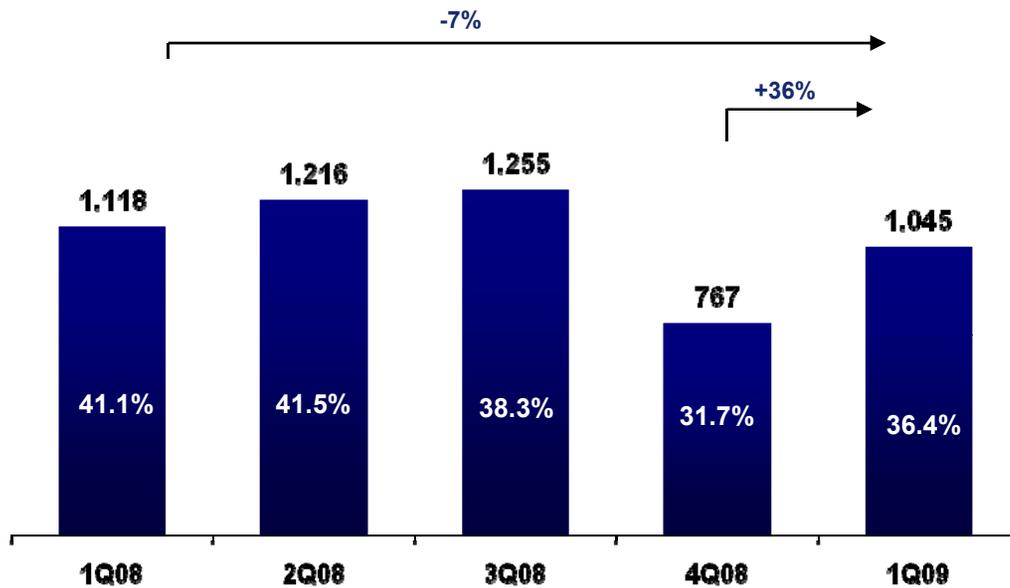
- Group revenue increased 5% Y o Y while Q o Q revenue increased by 19% due to movements in translated RM results
- In constant currency terms
  - Y o Y, Group revenue increased 8%
  - Q o Q, Group revenue marginally lower by 0.3%

# Group Financial Performance

Improved 1<sup>st</sup> Quarter EBITDA with better / stable margins from all Operating Companies



## EBITDA (RM mn) & Margins (%)



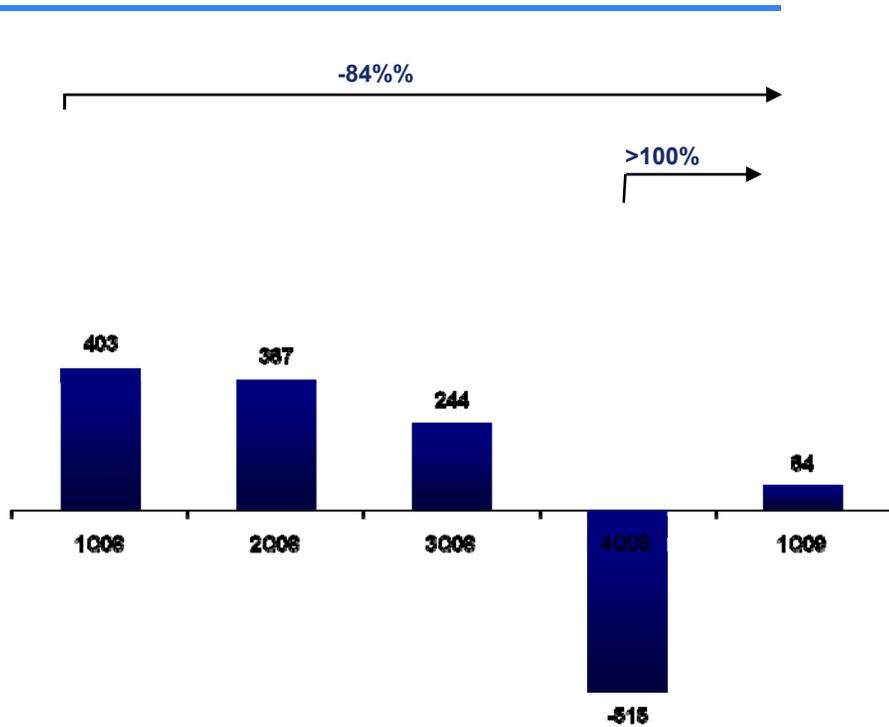
- EBITDA decline 7% Y o Y but increased 36% Q o Q in 1Q 2009.
- Stable margins at Celcom. Better margins from all other operating companies compared to 4Q 2008.
- In constant currency terms
  - Y o Y, Group EBITDA lower by 4%
  - Q o Q, Group EBITDA improved 9%

# Group Financial Performance

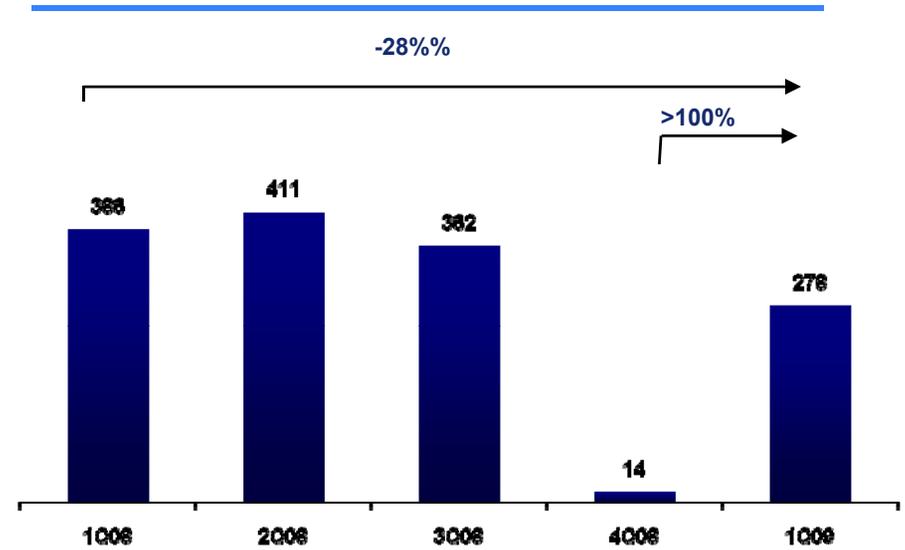
PATAMI improved from 4<sup>th</sup> Quarter though affected by forex loss and high interest expense



## PATAMI (RM mn) - Actual



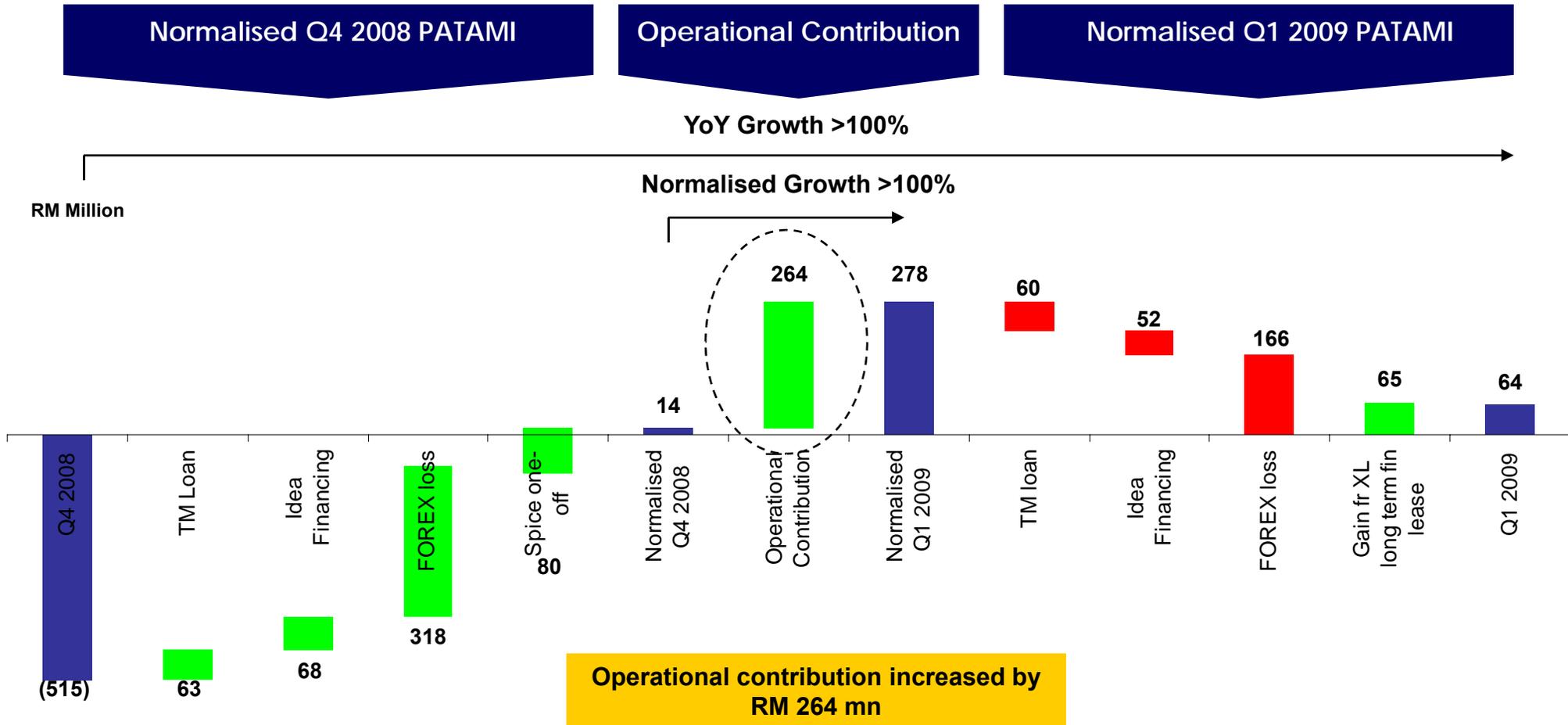
## PATAMI (RM mn) - Adjusted



- Improved PATAMI in 1Q 2009 from a loss in the previous quarter
- PATAMI reduced 28% Y o Y from an adjusted PATAMI of RM386 million excluding one off gains, forex gain/loss and interest expense related to TM and Idea Cellular

# Normalised Group PATAMI

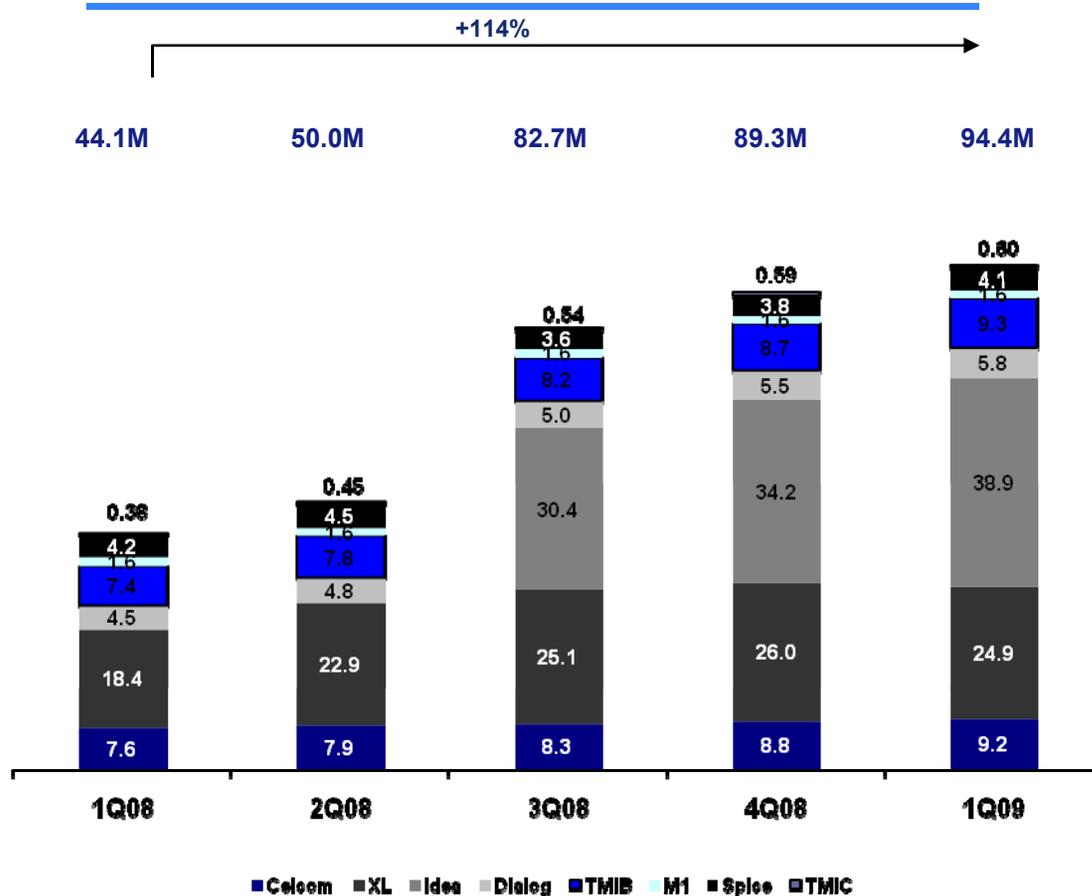
## Q4 2008 → Q1 2009



# Net Subscribers Addition



## Subscribers (million)



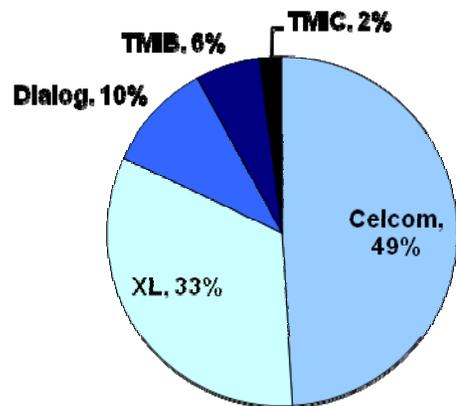
- Regional mobile subscribers grew 114% Y o Y to 94 million subscribers (including Idea Cellular subscribers of 38.9 million)

# Group Revenue and EBITDA Composition

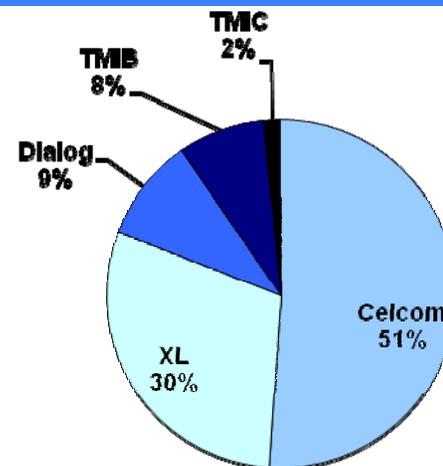
Celcom and XL contributes 81% of Revenue and 87% of EBITDA



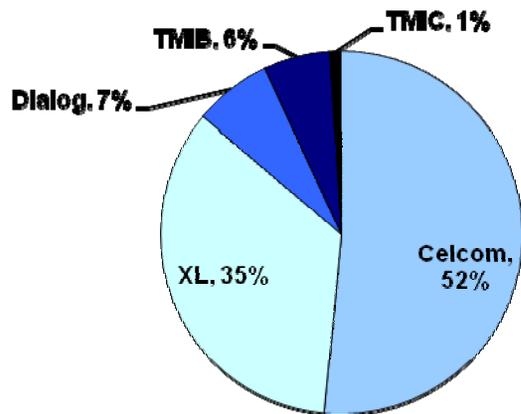
YTD Mac 08 REVENUE & EBITDA Breakdown (%)



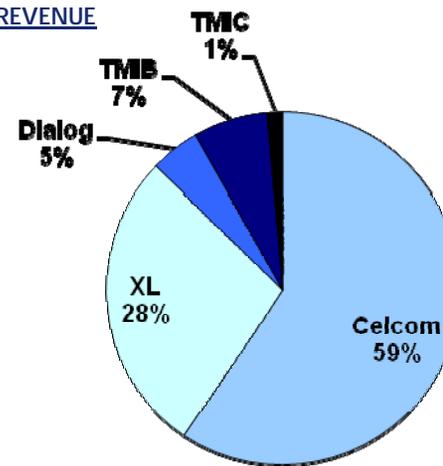
YTD Mac 09 REVENUE & EBITDA Breakdown (%)



REVENUE



REVENUE



EBITDA

EBITDA

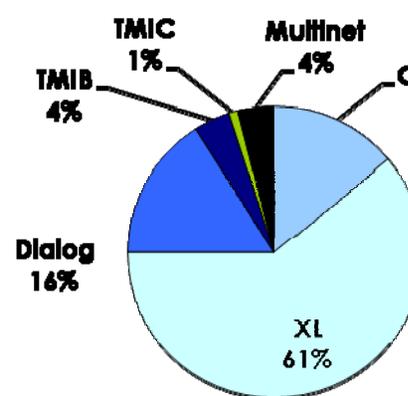
# Group Capex and Financial Leverage

## Reduced capex in line with capex management focus

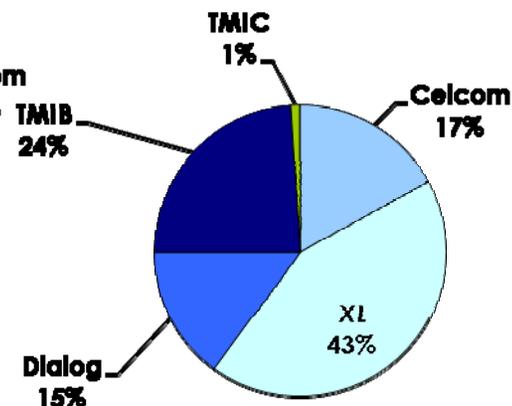
RM Million	31 Dec 08	31 Mar 09
Cash & Bank	3,331	3,927
Gross Debt	20,023	21,035
Net Debt	16,692	17,108
Net Assets	11,698	11,839
Gross debt / equity (x)	1.71	1.78
Gross debt / EBITDA (x)	4.60	5.03
Net assets per share (RM)	2.99	3.03

Capex	YTD Mar 08	YTD Mar 09	Y o Y
RM Million	1,290	1,108	-14%

YTD Mar 08 (%)



YTD Mar 09 (%)



# AGENDA

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**Bangladesh – TMIB**

**Other Regional mobile assets**

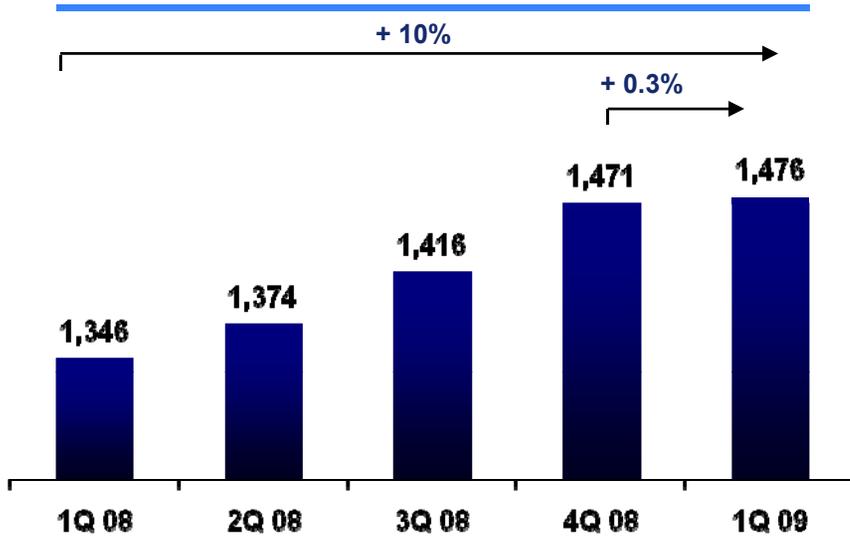
**Moving Forward**

# Celcom : Financial Performance

Maintaining positive growth amidst continued challenging economic conditions

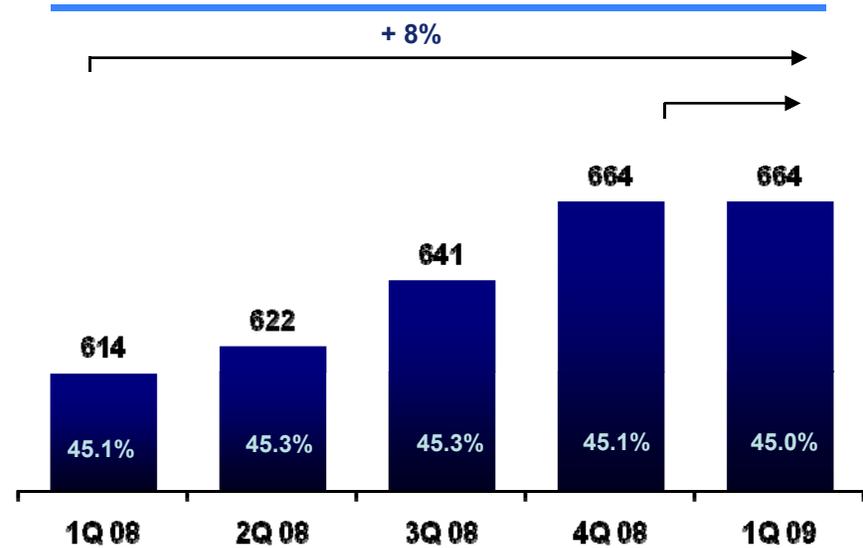


Revenue\* (RM mn)

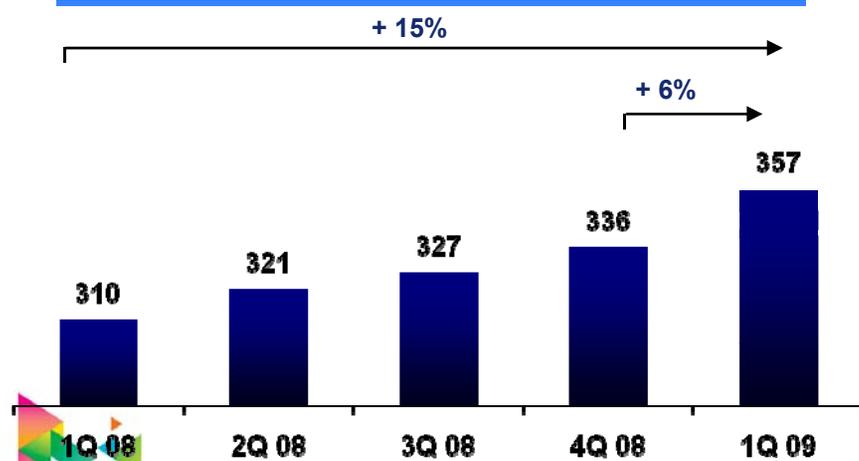


\*Q108 - Fibercomm excluded due to demerger (for comparison purpose)

EBITDA (RM mn) & Margins (%)



PATAMI (RM mn)



- Continued to record positive growth for 12 consecutive quarters although at a slower momentum from weaker conditions
- Margins sustained despite downward pressure on revenue

# Celcom : Financial Performance

## Costs remain stable and under control

### Operating Expenses

% of Revenue	1Q 08	4Q 08	1Q 09
Direct Expenses	21.8%	21.3%	23.3%
Sales & Marketing	9.9%	12.2%	10.5%
Network Costs	13.2%	11.9%	11.7%
Staff Costs	5.8%	5.3%	5.4%
Bad Debts	0.6%	1.2%	0.8%
Others	3.6%	3.1%	3.4%
<b>Total Expenses</b>	<b>54.9%</b>	<b>54.9%</b>	<b>55.0%</b>
EBITDA Margin	45.1%	45.1%	45.0%
	100.0%	100.0%	100.0%
D & A	13.8%	17.4%	13.6%

### Financial Position (RM mn)

	YTD Mar 08	YTD Mar 09	Y on Y
Capex	177.4	221.0	25%
Cash & Cash Equivalents	1,716.3	2,883.0	68%
Gross Debt	229.9	8.8	-96%
Net Assets	3,249.9	4,550.5	40%
Gross debt / equity (x)	0.07	-	
Gross debt / EBITDA* (x)	0.09	-	

- Higher direct expenses in 1Q09 due to higher outpayment cost in tandem with increase in subscriber base
- Lower sales and marketing cost in 1Q09 due to aggressive promotional activities carried out during 4Q08
- Lower depreciation charges in 1Q09 due to accelerated depreciation on existing Packet Switch Core Network provided in 4Q08. The normalised depreciation for 4Q08 is 15.4%.

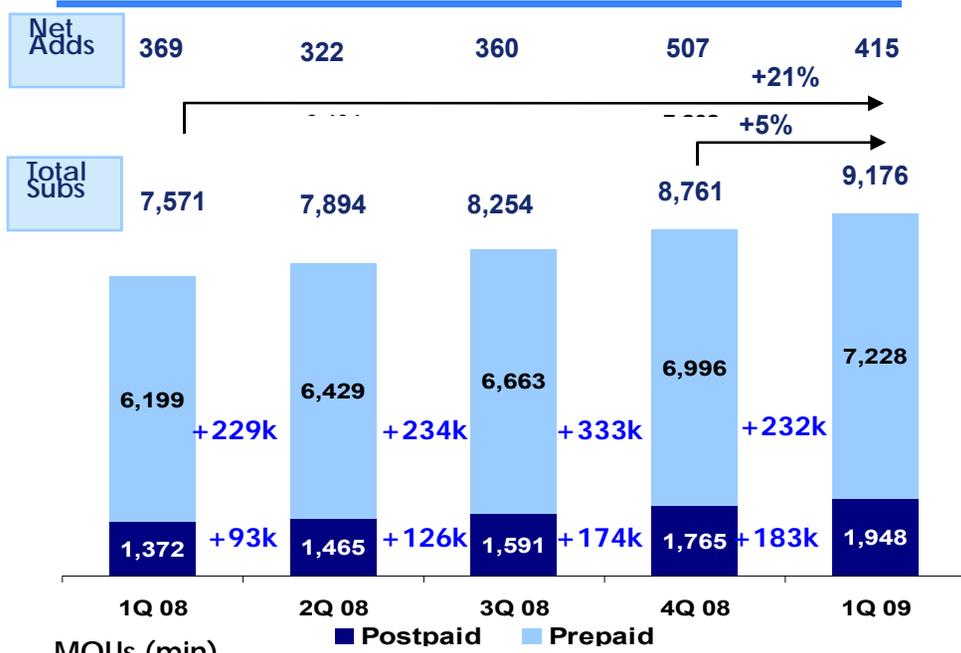
\*Annualized EBITDA

# Celcom : Operational Performance

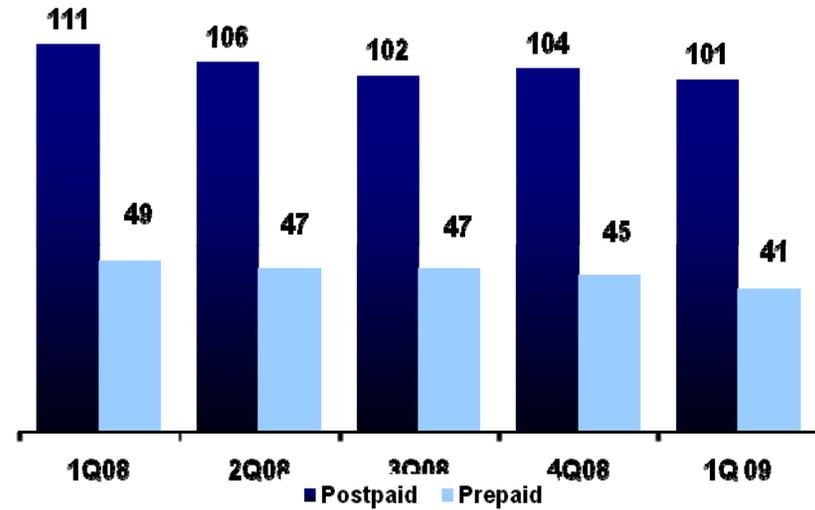
Pressure on economy resulting in lower MOU and ARPU



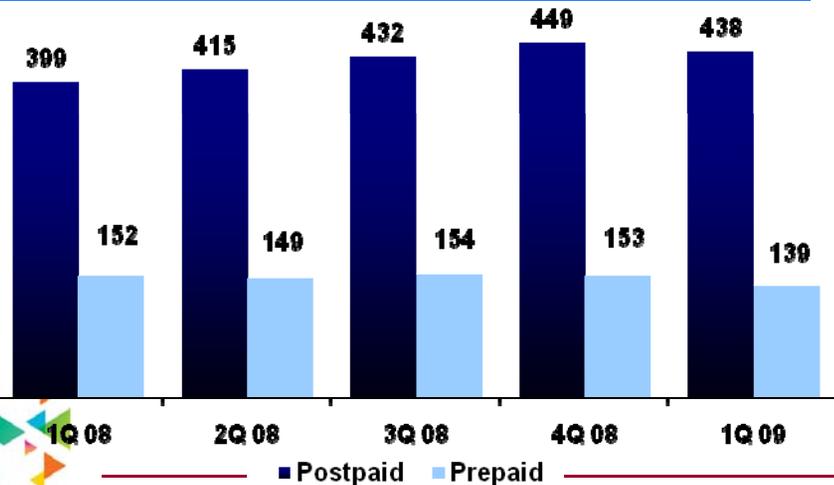
Subscribers(000's)



ARPU(RM)



MOUs (min)



- Postpaid subscribers registered the highest net adds ever for the quarter of 183k
- Prepaid subscribers grew by 3% q-o-q with a net add of 232k
- MOUs affected by general slowdown in economy

1st Quarter 2009

company confidential



## **AGENDA**

**Results Highlights**

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**Bangladesh – TMIB**

**Other Regional mobile assets**

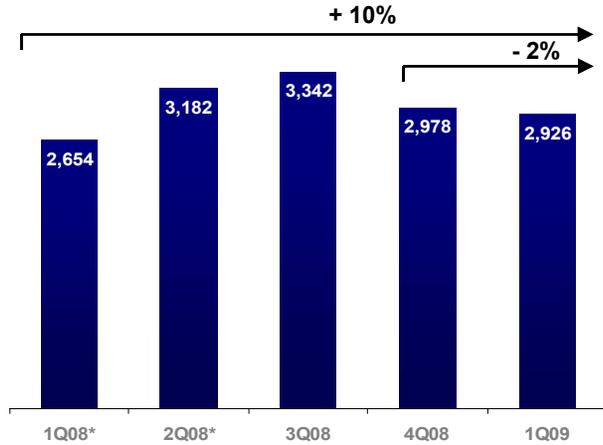
**Moving Forward**

# XL : Financial Performance

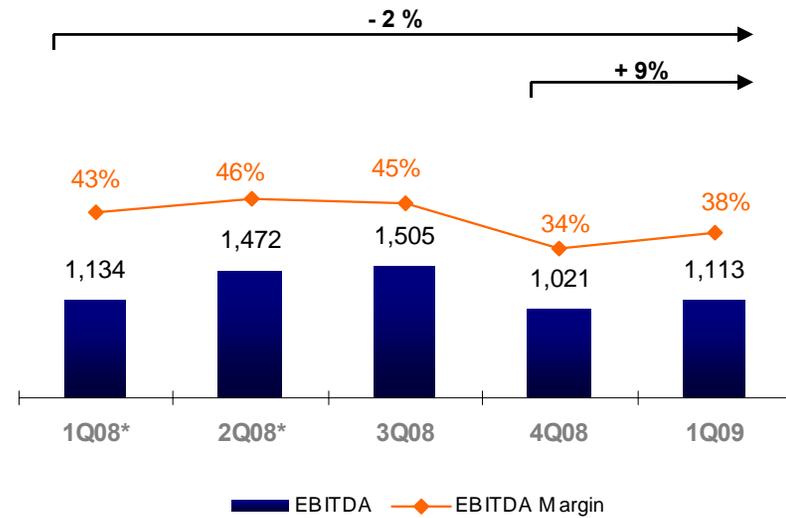
## Positive revenue growth ahead of market



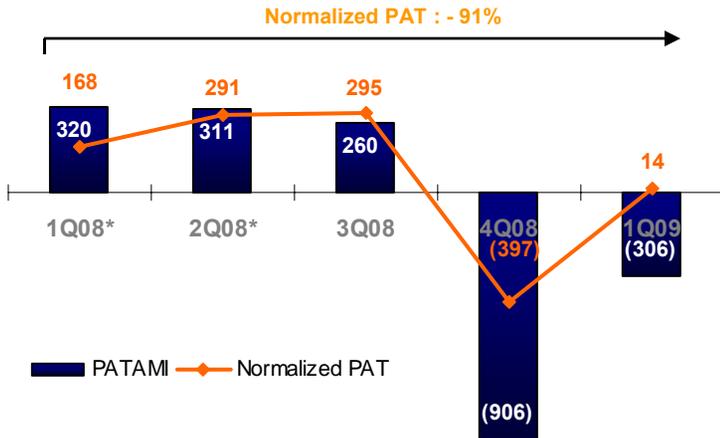
### Gross Revenue (IDR bn)



### EBITDA (IDR bn)



### PATAMI (IDR bn)



- Revenue increased 10% YoY, mainly due to the 263% increase in total outgoing minutes.
- EBITDA decreased 2% YoY while margins decreased to 38% due to 157% increase in rental sites and tower expense, from Rp 42 billion in 1Q08 to Rp 108 billion in 1Q09.
- Decline in Quarterly revenue though recovered from weakness experienced in 4Q08. Improved EBITDA margins of 400 basis points.
- Incurred a net loss of Rp 306 billion due to the depreciation of Rupiah against USD and higher interest bearing debt level that led to forex loss of Rp 643 billion and interest expense of Rp 383 billion.
- Excluding the unrealized forex impact, XL recorded a normalized net income of Rp 14 billion.

\*1Q08 and 2Q08 figures were restated based on March 2009 audit



# XL : Financial Performance

Higher opex as a consequence of leasing most of the new sites and towers



## Operating Expenses

% of Revenue	1Q 08*	4Q08	1Q09
Direct Expenses	20.9%	17.9%	17.0%
Sales & Marketing	11.0%	11.1%	7.9%
Network Costs	13.6%	23.9%	25.3%
Staff Costs	6.2%	6.1%	6.1%
Bad Debts	0.7%	0.4%	0.4%
Others	3.8%	5.5%	4.4%
<b>Total Expenses</b>	<b>56.1%</b>	<b>65.0%</b>	<b>61.1%</b>
<b>EBITDA Margin</b>	<b>42.7%</b>	<b>34.3%</b>	<b>38.1%</b>
<b>D &amp; A</b>	<b>24.0%</b>	<b>44.3%</b>	<b>30.4%</b>

\* The 1Q08 figures were restated based on March 2009 audit

## Financial Position (IDR bn)

	YTD Mar 08	YTD Mar 09	YoY
<b>Capex</b>	<b>2,280</b>	<b>1,767</b>	<b>-22%</b>
<b>Cash and Cash Equivalents</b>	<b>610</b>	<b>592</b>	<b>-3%</b>
<b>Net Debts</b>	<b>10,097</b>	<b>19,332</b>	<b>91%</b>
<b>Net Assets</b>	<b>4,785</b>	<b>4,002</b>	<b>-16%</b>
<b>Gross Debt / EBITDA (x)</b>	<b>2.8</b>	<b>3.8</b>	
<b>Gross Debt / Equity (x)</b>	<b>2.24</b>	<b>4.98</b>	

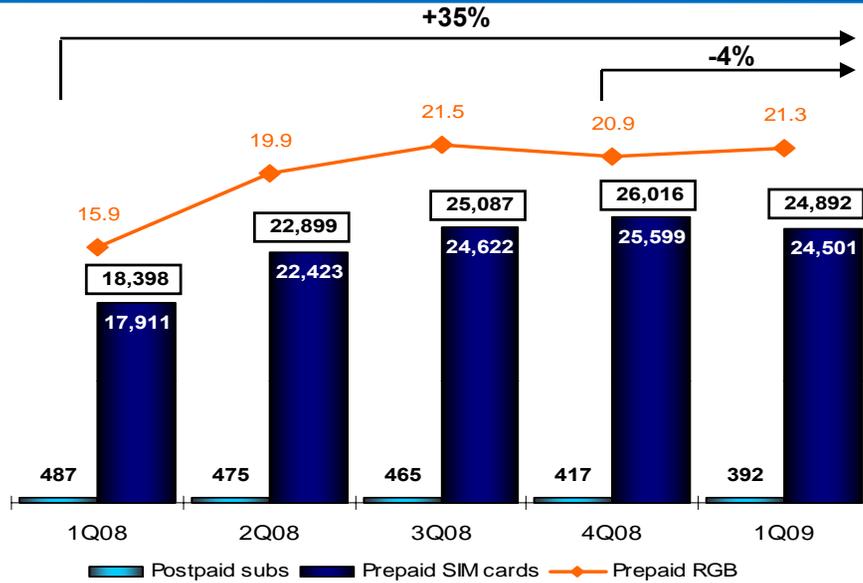
- **Sales & marketing expenses decreased because of lower advertising & promotion resulting from a more efficient media utilization and lower sales commissions under the revised commission scheme.**
- **Network costs increased mainly due to higher frequency fee, network utilities, repair and maintenance as well as rental sites and towers expenses associated with the 40% increase in the number of BTS which was partially leased from third parties.**
- **Other expense rose because of forex loss and higher interest expense incurred from the increase in interest bearing debt, which was partially offset by the gain on XL core network lease transaction that commenced in 2009.**

# XL: Operational Performance

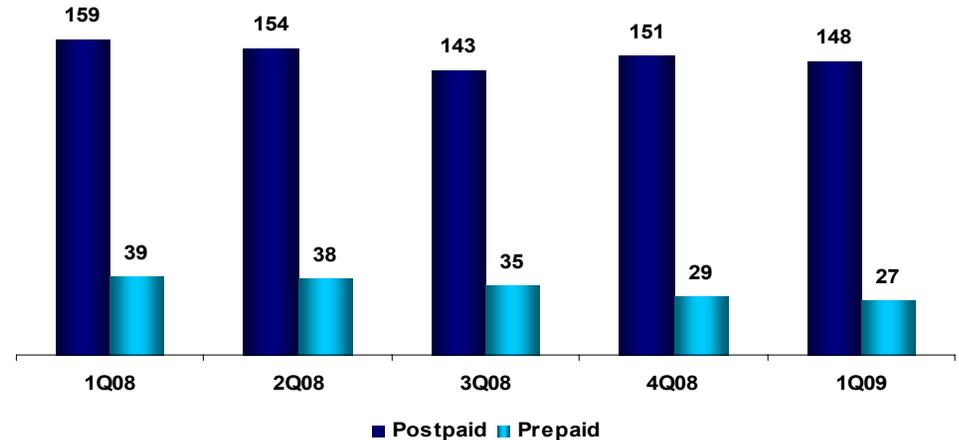
Improved revenue generating subscriber base in line with the current focus



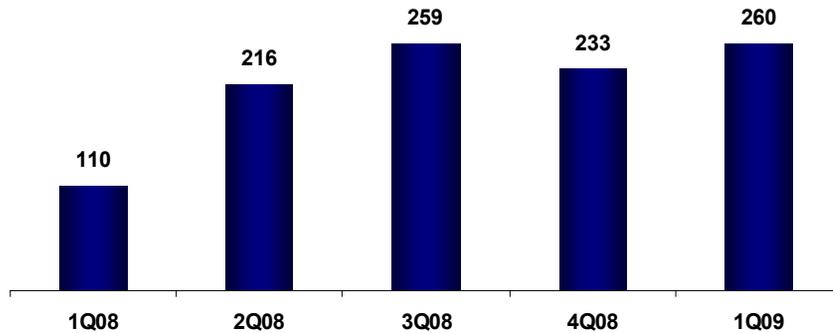
Subscribers(000's)



ARPU(IDR)



OG MoU/subs/month (min)



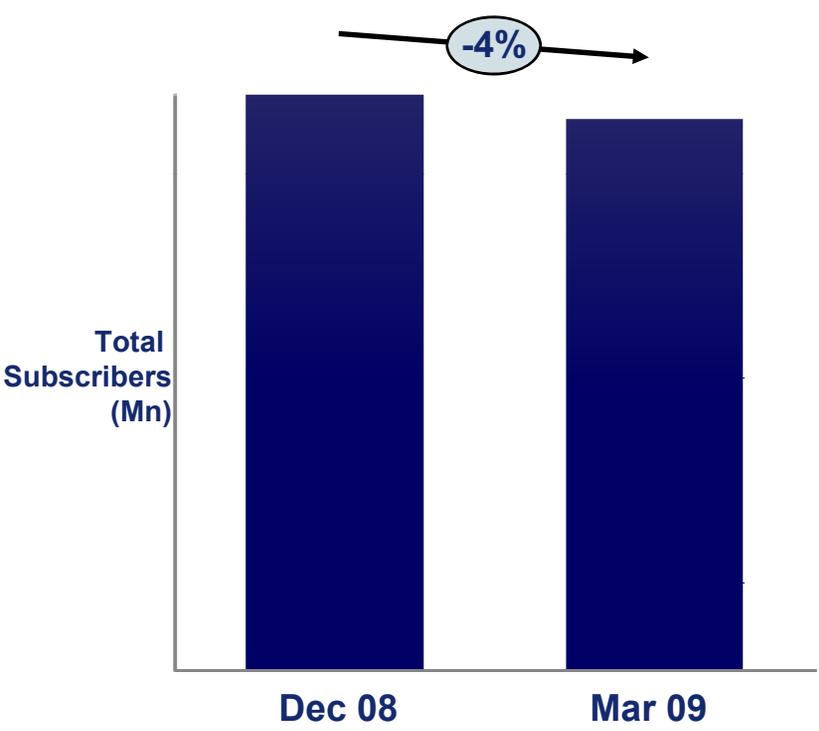
- Total Subscribers was lower by 4% in an effort to improve the quality of subscriber base.
- Prepaid RGB (Revenue Generating Base), which is the number of unique subscribers during a month creating one or more revenue generating events, increased 34% YoY and 2% QoQ.
- Prepaid ARPU decreased by 31% YoY to Rp 27 thousand whereas, Postpaid ARPU slightly decreased to Rp 148 thousand in the 1Q09.
- Total outgoing MoU in 1Q 09 was 19.9 billion, an increase of 263% from 5.5 billion in 1Q 08. The outgoing MoU/subs/month rose 137% to 260 minutes compared with 110 minutes in 1Q 08.



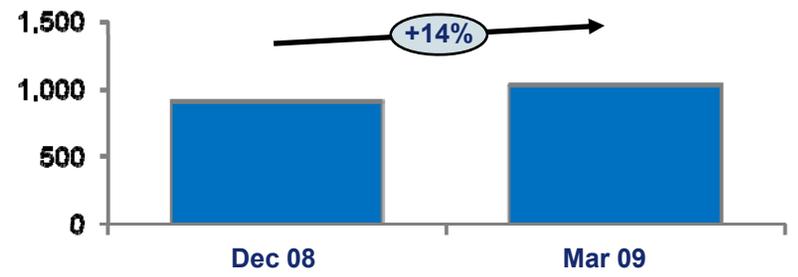
# XL: Focus on Quality Subscribers

Lower total subs ...

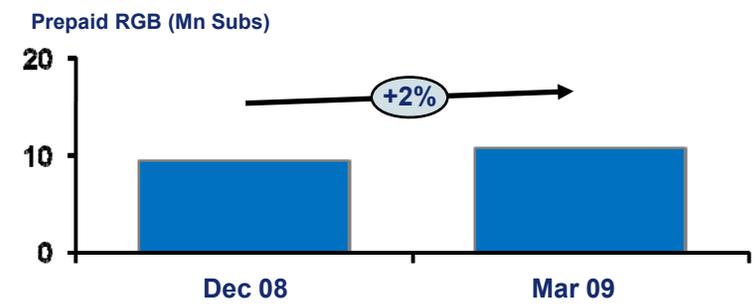
... but growing what counts...



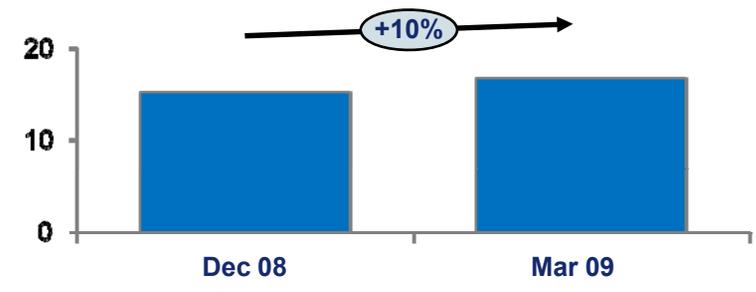
Daily OG Revenue



Prepaid RGB



Unique Subs With Reload



Note: RGB = Revenue Generating Base, number of unique subscribers during one month, creating one or more revenue generating events



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**Other Regional mobile assets**

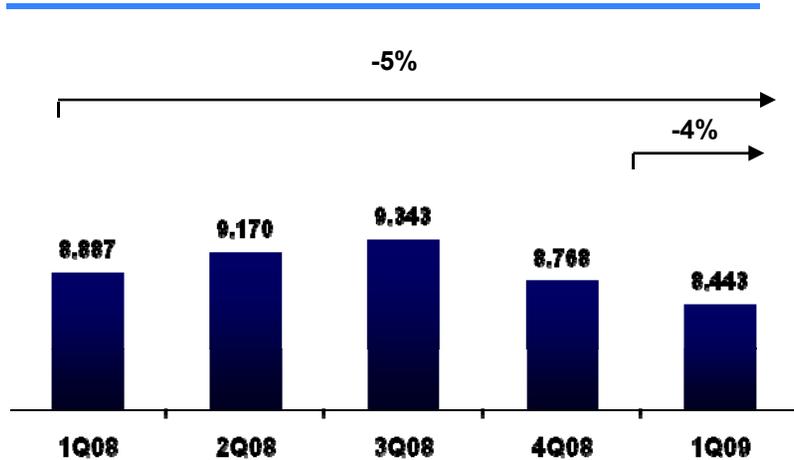
**Moving Forward**

# Dialog Group : Financial Performance

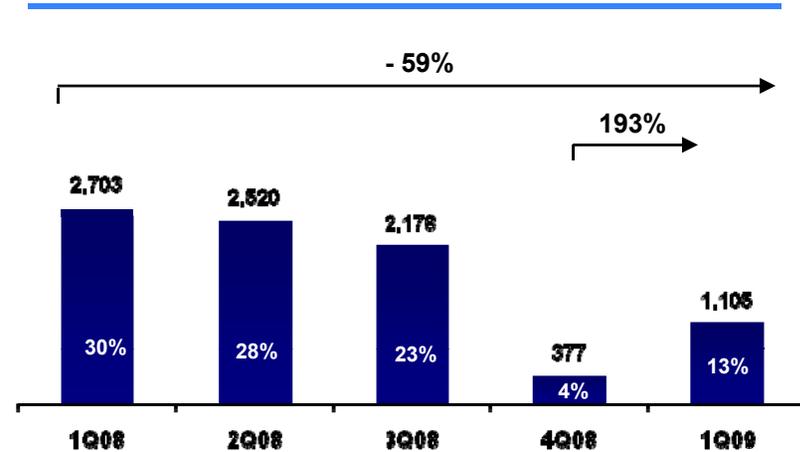
Challenging Performance. Cost management improved quarterly EBITDA and PATAMI



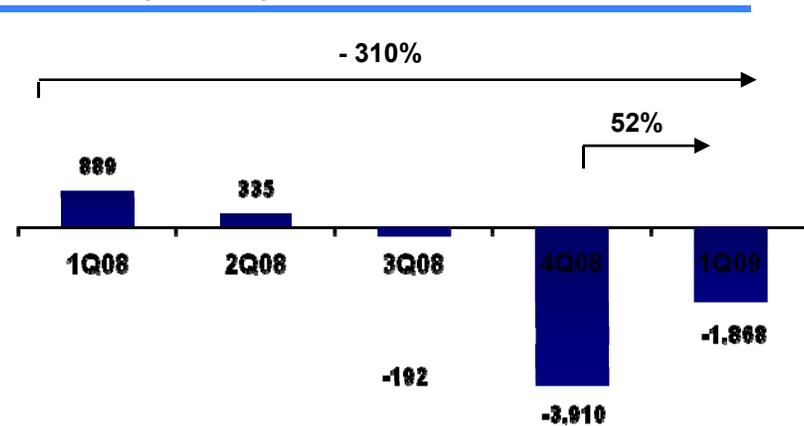
Revenue (SLR mn)



EBITDA (SLR mn) & Margins (%)



PATAMI\* (SLR mn)



- Revenue reduced by 5% YoY due to tariff reduction from price competition and lower usage elasticity levels
- Cost expansion driven mainly by increased network related costs, one off provision on account of VRS cost, Depreciation charge, interest cost (of SLR 491mn) and forex translation loss (of SLR 309mn) resulted in a negative growth at EBITDA and PATAMI level on a YoY basis
- EBITDA grew by 193% relative to the immediately preceding quarter while PATAMI recorded a growth of 52%. However, EBITDA normalised for exceptional items & accounting adjustments grew by 35% during the same period and PATAMI improved by 42%
- However cost management has helped to improve EBITDA and PATAMI from 4Q08

\* PATAMI excludes preference dividend

# Dialog Group : Financial Performance

## Improved margins in 1Q 2009



### Operating Expenses

% of Revenue	1Q 08	4Q 08	1Q 09
Direct Expenses	6.2%	8.8%	8.4%
Sales & Marketing	17.8%	17.2%	14.8%
Network Costs	27.5%	37.3%	33.9%
Staff Costs	10.1%	8.8%	14.8%
Bad Debts	-1.7%	5.0%	4.4%
Others	9.6%	18.6%	10.6%
<b>Total Expenses</b>	<b>69.7%</b>	<b>95.7%</b>	<b>86.9%</b>
EBITDA Margin	30.3%	4.3%	13.1%
	100.0%	100.0%	100.0%
D & A	19.1%	37.4%	25.7%

- **Cost of accessories & starter pack cost has reduced in 1Q 09 vs. 4Q 08 resulting in a drop in Direct expenses.**
- **Advertising and promotional cost has reduced in 1Q 09 vs. 4Q 08 due to focused advertising.**
- **Network cost in 1Q 09 included a refund of Telecom Development Fund (TDF) of SLR 236mn accounted as a cost reversal in 1Q 09**
- **In 1Q 09 Manpower related cost has increased by 39% YoY and by 61% compared to 4Q 08 due to one off charge of SLR 278mn as VRS cost.**
- **Others expenses in 4Q 08 included one-off accounting adjustments (consisting of provision for slow moving inventory, disallowed indirect tax claims & provisioning for aged items in the balance sheet based on prudence).**

### Financial Position (SLR mn)

	YTD Mar 08	YTD Mar 09	Y o Y
Capex*	7,120	5,783	-18.8%
Cash & Cash Equivalents	3,042	14,372	+372%
Gross Debt	12,910	40,594	
Net Assets	51,456	39,520	-23.2%
Gross debt / equity (x)	0.25	1.03	
Gross debt / EBITDA* (x)	1.66	9.18	

\*Capex includes CWIP additions + direct additions  
Annualised EBITDA

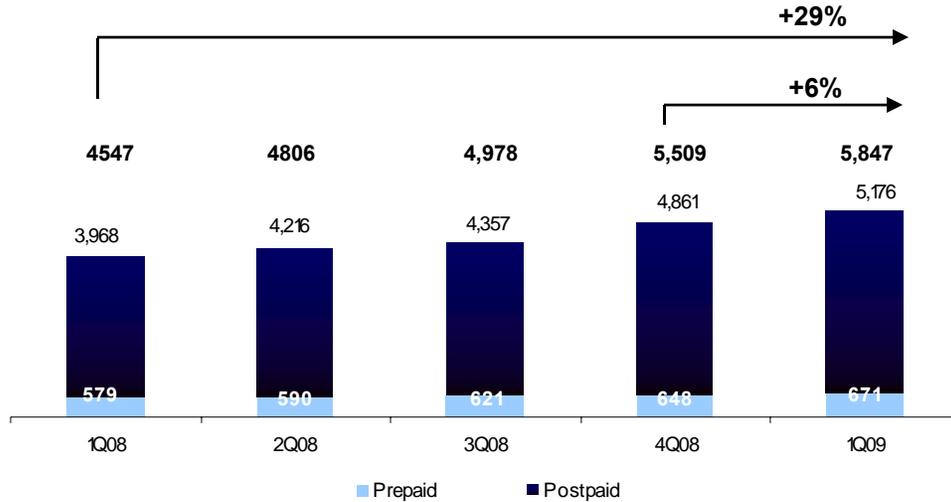


# Dialog: Operational Performance

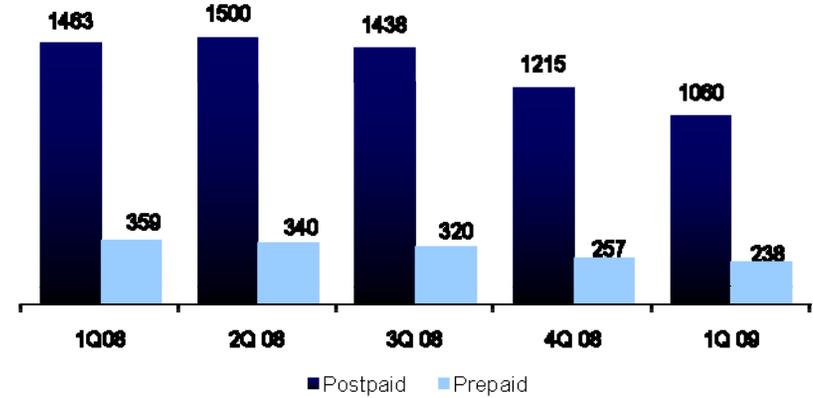
Continued mobile subscribers growth amidst competitive environment



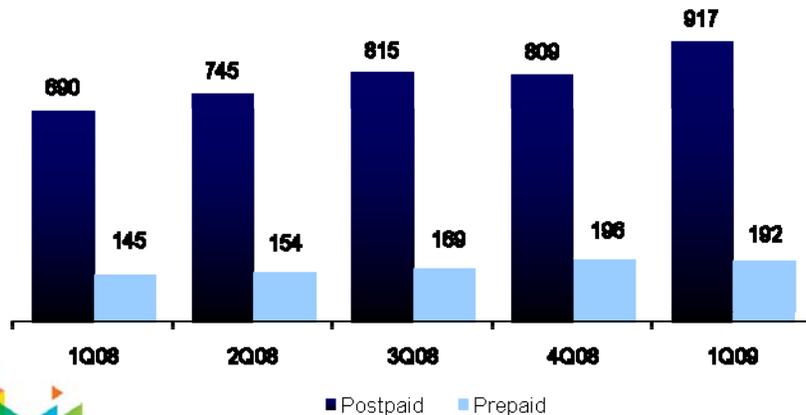
Subscribers(000's)



ARPU(SLR)



MOUs (min)



- Mobile subscribers increased by 29% YoY, despite heightened competition and price aggression across the sector.
- Aggressive pricing strategies directed at market capture and year-end promotional campaign has resulted in lower ARPUs.

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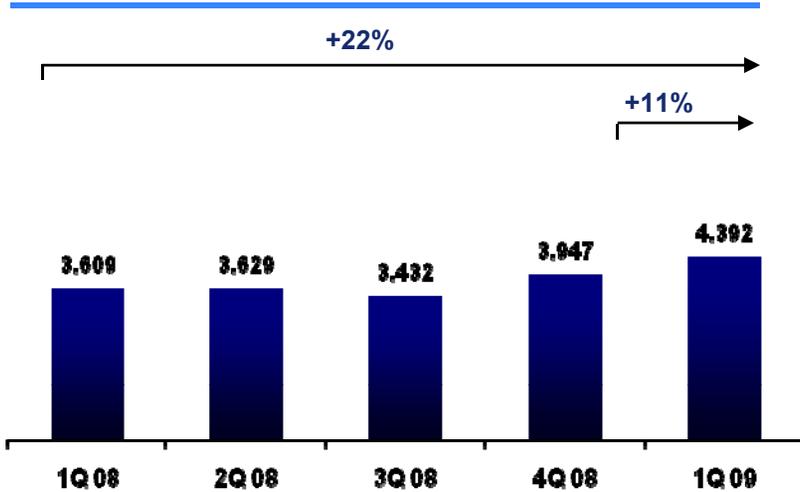
**Moving Forward**

# TMIB : Financial Performance

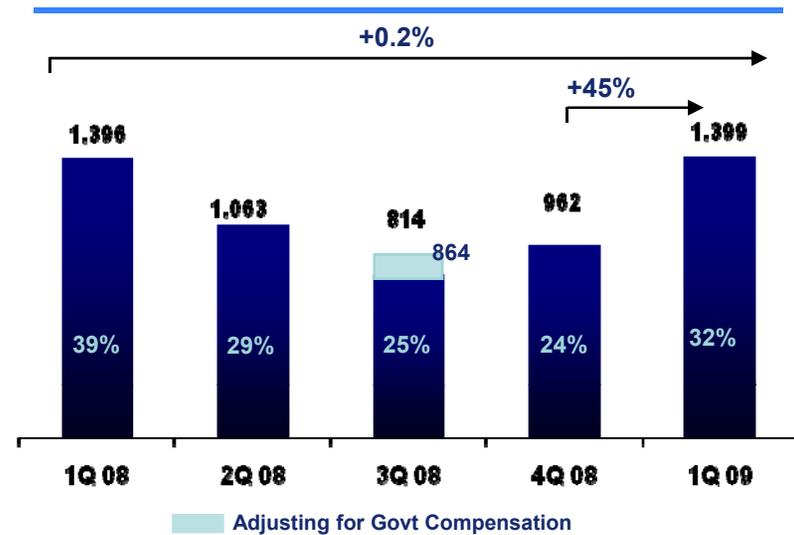
Continued turnaround at TMIB with better financial performance



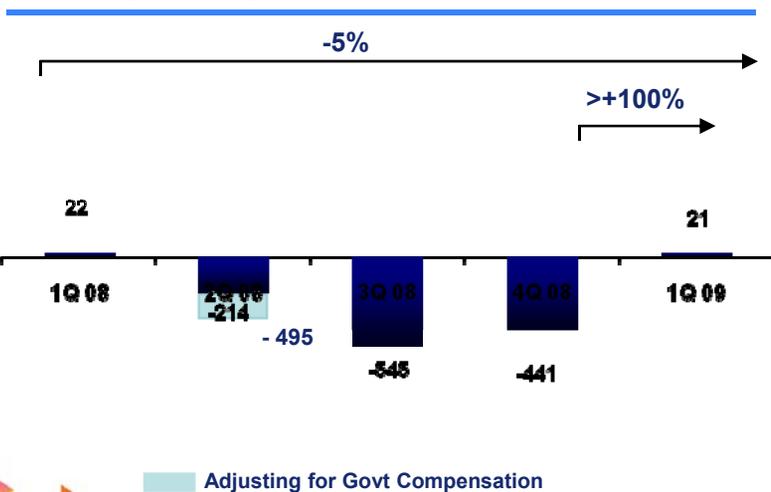
Revenue (BDT mn)



EBITDA (BDT mn) & Margins (%)



PATAMI (BDT mn)



- Strong revenue growth QoQ and YoY from increased focus on Revenue Generating Base through quality acquisition and aggressive campaigns encouraging usage, re-activation and retention.
- EBITDA and margins improved significantly in 1Q 09 over the last quarter attributed to total revenue growth and from prudent cost management especially for acquisition related costs, controllable direct costs and other operating expenses.
- TMIB has turned profitable in 1Q 09 for the 1<sup>st</sup> time in 4 quarters, since 1Q 08.



# TMIB : Financial Performance

Improved revenue growth led improved margins in Q1 2009



## Operating Expenses

% of Revenue	1Q 08	4Q 08	1Q 09
Direct Expenses	39.5%	46.8%	44.8%
Sales & Marketing	2.0%	5.5%	2.8%
Network Costs	9.1%	12.1%	11.3%
Staff Costs	6.2%	6.3%	5.4%
Bad Debts	0.2%	0.1%	0.1%
Others	4.3%	4.8%	3.7%
<b>Total Expenses</b>	<b>61.3%</b>	<b>75.6%</b>	<b>68.1%</b>
EBITDA Margin	38.7%	24.4%	31.9%
	100.0%	100.0%	100.0%
D & A	24.5%	25.7%	22.0%

## Financial Position (BDT mn)

	YTD Mar 08	YTD Mar 09	Y on Y
<b>Capex</b>	<b>1,061</b>	<b>2,632</b>	<b>&gt;+100%</b>
<b>Cash &amp; Cash Equivalents</b>	<b>96</b>	<b>153</b>	<b>+59%</b>
<b>Gross Debt</b>	<b>18,092</b>	<b>18,229</b>	<b>+1%</b>
<b>Net Assets (Equity)</b>	<b>10,482</b>	<b>14,336</b>	<b>+37%</b>
<b>Gross debt / equity (x)</b>	<b>1.73</b>	<b>1.27</b>	
<b>Gross debt / EBITDA (x)</b>	<b>3.24</b>	<b>3.26</b>	

- In 1Q 09 Total Expenses Margin have improved significantly with higher revenue growth in 1Q 09 over the last quarter and lower OPEX as the outcome of continued Cost optimization efforts.
- Provision for Bad Debts remained within control as the outcome of efficient and effective collection channels.
- Company's Gross Debt position remained stable on YoY basis while Equity base improved from earnings during the period and mainly on endorsement of Shareholders' Fund of USD 100mn at the end of last year.

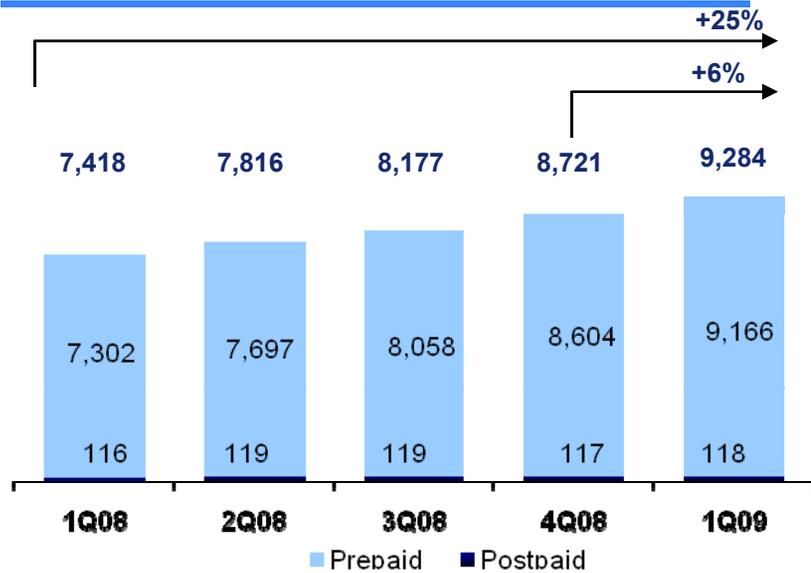


# TMIB : Financial Performance

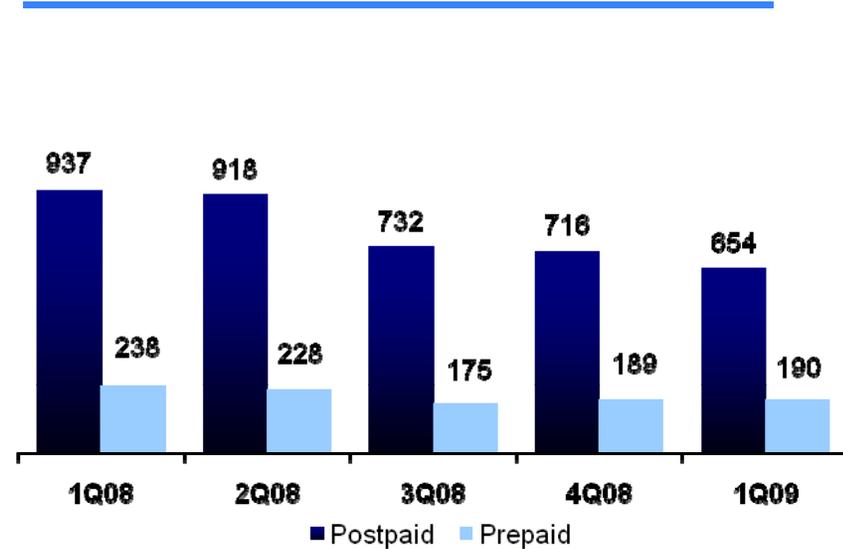
Continued focus on quality customer acquisition



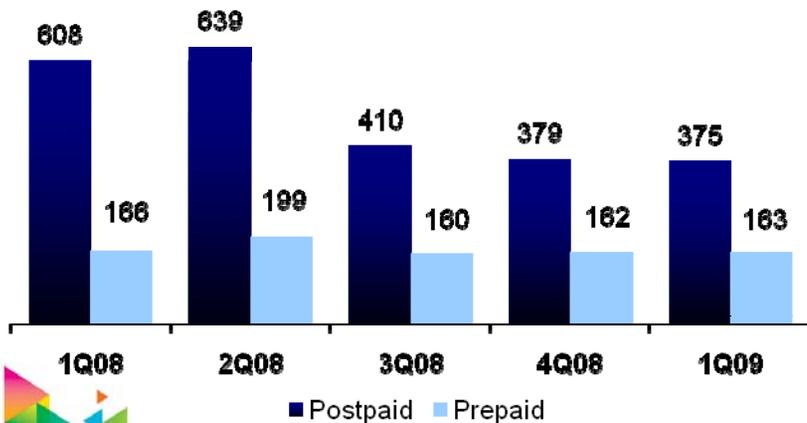
Subscribers(000's)



ARPU(BDT)



MOUs (min)



- Continued growth in subscribers mainly in the prepaid segment with total subscribers of 9.28mn as at end of 1Q 09 through re-activation campaigns and retention strategy.
- MoU/sub particularly in prepaid segment maintained steady growth on QoQ basis.
- ARPU mainly in the Prepaid stream increased steadily in 1Q 09 from last quarter with enhanced active subscriber base.

## **AGENDA**

**Results Highlights**

**Malaysia – Celcom**

**Indonesia – Excelcomindo**

**Sri Lanka – Dialog**

**Bangladesh – TMIB**

**Other Regional mobile assets**

**Moving Forward**

# Regional Mobile : Performance Highlights



## COMPANY

## HIGHLIGHTS

## QUARTER on QUARTER PERFORMANCE OVERVIEW



Strong growth momentum despite economic downturn and increased price pressure



Revenue affected by competition and economic slowdown. Encouraging improvement in 1Q 2009



Net profit improved despite decline in revenue



^ Idea and wholly owned subsidiaries on a consolidated basis

## **AGENDA**

**Results Highlights**

**Malaysia – Celcom**

**Indonesia – Excelcomindo**

**Sri Lanka – Dialog**

**Bangladesh – TMIB**

**Other Regional mobile assets**

**Moving Forward**



- Prudent approach amidst potentially weak macro economic conditions, but 'remain agile'
- Focus on profitability, cash and hence more concerted efforts on cost management and capex efficiency/reduction
- Selected investment especially broadband remain aggressive
- Group wide cost management programs



- New corporate structure to support high performance transformation of Celcom, Next phase of transformation will focus on customer touch points and human capital
- New initiatives on 'micro segmentation' will start
- Existing focus on key segments and initiatives will continue with broadband accelerated and cost management intensified



- Focus on 'yield' (existing customer base, network capacity and coverage)
- Strengthen brand image as well as improving subscriber base quality
- Capex spending will be significantly lower than the previous year
- New initiatives on segmentation and churn management



- Cost rescaling program with focus on efficiency and optimisation
- Rightsizing
- A structural relook and revamp required: line of business, cost structure and organisation with refocus on mobile



- Continue focus on turnaround through improving effective distribution channels, brand with focus on quality subscribers
- Effective cost optimization

## OTHERS

- Completion of merger of Idea Cellular and Spice pending court approval expected in 3Q 2009

Headline KPIs	FY 09
Revenue growth	6-11%
EBITDA growth	4-6%
ROE (%)	4%
Capex*	4.2bn

- **KPIs reflect weaker industry outlook across countries of operations from an economic slowdown**
- **Cost management and EBITDA focus is key**
- **Reduced capex in line with reduced demand and focus on efficiency. Subject to review should markets improve**

\* Capex is not a Headline KPI

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# Thank You

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