

MEDIA RELEASE

Axiata Establishes Market Leadership Position in Cambodia with the Merger of “Hello” and “Smart”

Kuala Lumpur, 13 December, 2012 – Axiata Group Berhad (“Axiata”) today announced the strategic merger of Hello Axiata Company Limited (“Hello”) and Latelz Company Limited (“Latelz”) which operates under its main Smart Mobile (“Smart”) brand name. The cash consideration for the merger will be approximately USD155 million, subject to adjustments for the actual net debt and working capital positions as of the date of completion. Upon completion, Axiata will hold a 90% stake in the combined entity and emerge as one of the largest operators in Cambodia in terms of subscribers and revenue.

The key rationale for the transaction is as follows:

Consolidation

After experiencing intense competition over the past three years with 9 mobile players in a country with a population of approximately 15 million, the Cambodian market is primed for consolidation. Axiata is leading the Cambodian market consolidation, which is likely to evolve into a 3-5 player market. Unique subscriber penetration in Cambodia is currently below 40% with an expected double digit growth of around 10% over the next 3 years. As such, the headroom for growth is now and with this merger, Axiata will have a head start with a significantly strengthened entity and clear market leadership.

Synergies

The merger will provide Axiata with improved economies of scale, remove duplicative costs and enhance revenue potential, amongst other benefits. The merged entity will also facilitate synergies and the sharing of best practices between the two companies. This will include increased spectrum and significant synergies across network coverage and infrastructure.

In a highly competitive market, the merger will give Axiata the benefit of scale with a quicker and more cost effective time to market than via organic growth.

Smart operates on a cost efficient model with its strong “Smart” brand, nationwide reach and customer service focus. Smart and Hello were amongst the top performers in the market over the last year¹, with both players more than doubling their respective subscriber market shares and the average quarterly EBITDA in 2012 more than quadrupling for each company as compared to that in 2011. The new entity will, therefore, emerge as one of the largest players in the market, with a strong balance sheet, the highest number of retail outlets to serve customers and stronger network coverage with the largest 3G network in Phnom Penh. The latter augurs well for the company as Cambodia moves into the next technology wave.

In Line with Axiata’s Long Term Strategy and Financial objectives

Axiata has always communicated that in-country consolidation was a key focus for the Group and this strategic move is very much in line with that. The merger will significantly enhance Axiata’s position to a stronger growth platform whilst also establishing a strong beachhead for the Group in Indochina, a focus region for expansion. The combined entity is expected to become earnings accretive for Axiata within the first year of operations.

¹ From Q2 2011 to Q2 2012

The transaction will involve Axiata Investments (Cambodia) Limited, a wholly owned subsidiary of Axiata, acquiring Glasswool Holdings Limited, which will be the sole owner of Latelz upon completion of the transaction. Subsequently, it is Axiata's intention to merge the operations of Hello and Latelz as one combined entity. The acquisition will be settled via a cash consideration of approximately USD155 million (subject to adjustments for the actual net debt and working capital positions as of the date of completion) as well as a 10% stake in the combined entity, with Axiata ending up with a 90% stake in the merged company. The 10% stake will be held by the remaining partner. The transaction, with an implied enterprise value of USD180 million, will be funded via a combination of internal cash and debt from existing financial facilities.

Dato' Sri Jamal, President and Group Chief Executive Officer Axiata said "This merger of the top performers in the market is an excellent opportunity to strengthen our presence in Cambodia. The time is right for Axiata to consolidate with Cambodia now offering more visibility on market structure. Smart has clearly emerged as a strong and resilient operator through a tough period of industry competition and realignment. This consolidation also achieves the twin benefits of improving overall market fundamentals and achieving tangible synergy benefits. The transaction parameters meet our strict financial criteria and enable us to grow faster and with lower costs than if we had done it organically. As in all of our current investments, we remain committed to Cambodia over the long term period".

The transaction is subject to certain conditions precedent including receiving applicable approvals, and is expected to complete in Q1 2013.

Merrill Lynch (Singapore) Pte. Ltd. is acting as sole financial adviser to Axiata in relation to this transaction.

About Axiata

Axiata is one of the largest Asian telecommunication companies. Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India and Singapore. India represents one of the fastest growing markets in the world. In addition, the Malaysian-grown holding company has a stake in mobile telecommunication operations in Thailand.

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

The Group, including its subsidiaries and associates, has over 210 million mobile subscribers in Asia. The Group revenue for 2011 was USD5.4 billion. The Group provides employment to over 20,000 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 talent, uniting them towards a single goal: Advancing Asia.

Axiata was awarded the Frost & Sullivan 2009, 2010, 2011 and 2012 Asia Pacific ICT Award for Best Telecom Group and the Telecom Asia Best Regional Mobile Group 2010 and 2011 for its operations in multiple Asian markets.

About Hello Axiata

Hello, a subsidiary of Axiata Group Berhad (Axiata), is one of Cambodia's largest mobile telecommunications network.

Hello has been at the forefront of innovation in the mobile industry in Cambodia since the late 90's, propelling it to a level of technology on par with the developed world. The Company operates 2G, 2.5G, 3G, 3.75G mobile services, supporting the very latest in multimedia and mobile internet services as well as international roaming across more than 147 countries. The company has extensive network coverage in all cities, provinces and main trunk roads of Cambodia

About Latelz

Latelz is owned by international telecom holding firm Timeturns Holdings Limited based in Cyprus, which owns several telecommunication operators and licenses within Asia and Africa. Latelz owns licenses to act as mobile telecommunication operator and internet provider in the Kingdom of Cambodia.

Latelz operates its mobile telecommunication network using GSM/GPRS/EDGE technology on both GSM900 and GSM1800 frequency bands as well as 3.75G UMTS/HSPA+ under the brand name Smart Mobile. Smart Mobile's 2G network coverage stretches out nationwide to all 24 provinces, the 3.75G network is available in all 24 provinces of Cambodia too, serving more than 3 million subscribers at present. Smart Mobile employs presently more than 450 people including local and foreign experts.

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