



an axiata company

**NEWS RELEASE
FOR IMMEDIATE RELEASE**

CELCOM REPORTS HIGHEST PROFIT EVER IN ITS HISTORY

- Annual Revenue at a record RM6.85 billion
- Unprecedented 19th consecutive quarter of growth
- Highest EBITDA margin of 46.7%
- Highest PATAMI with 22.7% growth, margin of 27.6%

KUALA LUMPUR, 2 MARCH 2011 – Celcom Axiata Berhad, the first and foremost mobile telecommunications provider in the country, achieved extraordinary success in 2010.

Celcom recorded the highest ever profit, achieved the best margin in the industry, grew faster than the industry, gained market share, cemented its mobile broadband leadership, all whilst maintaining healthy voice revenue. Total revenue grew by 8.3% year-on-year for a record RM6.85 billion, with Celcom recording an unprecedented 19 consecutive quarters of positive revenue growth in the final quarter of 2010. Its revenue market share (among the top 3 players) grew from 31.9% to 32.4%, with Celcom taking market share from its main competitor.

Celcom currently does not include revenue from device sales unlike other key competitors. Based on service revenue alone, Celcom's growth rate in 2010 is estimated to be the highest in the industry.

On the back of aggressive smart spending initiatives and efficiency gains, Celcom's 2010 EBITDA surged to a record RM3.1 billion, and an impressive 45.1% EBITDA margin. This was achieved despite a one-time additional Universal Service Provider (USP) cost of approximately RM111 million taken up in the fourth quarter. Excluding this, normalised EBITDA was RM3.2 billion with EBITDA margin improved by more than 2 percentage points year-on-year to 46.7%.

Similarly, Celcom's normalized PATAMI grew by 22.7% to reach RM1.9 billion, making Celcom the most profitable mobile operator in Malaysia with a PATAMI margin of 27.6%. This remarkable growth pushed Celcom's share of industry profit up by 3 percentage points to 35.2%, again at the expense of its main competitor. Despite focusing on acquiring only quality customers, Celcom's user base still grew 10.3% in 2010, breaking the 11 million mark to close at 11.2 million active subscribers.

Commenting on Celcom's 2010 results, Dato' Sri Shazalli Ramly, Chief Executive Officer of Celcom Axiata Berhad said, "Last year (2010) was another record breaking year for us in many respects, most notably the highest profitability in the company's history, and across the industry. Despite a tough year, we performed very well and exceeded all key targets. The

overall performance is a testament of the tenacity and passion shown by the management team and the employees when it comes to meeting our customers' expectations."

"The transformation programmes put in place in the previous year have already delivered improvements in profitability, network infrastructure, human capital development, and overall customer experience. We are on the right track towards ensuring even greater success for 2011, and are now laying the foundations for a fundamental shift in how consumers communicate, interact and are entertained," added Dato' Sri Shazalli.

Highest Growth in Non-voice Revenue

Celcom's non-voice revenue continued to grow robustly in 2010, with a 25% year-on-year increase, the highest growth in the industry, to reach RM2.3 billion. Non-voice services, which includes mobile broadband, advanced data services and text messaging, now accounts for 34% of total mobile revenue and Celcom is on track to achieving its 50% target by end-2012.

This growth has been driven partly by innovative data services, many of them developed locally through Celcom's League of Extraordinary Developers Challenge (LEDC) which was established in 2008. Strong partnerships with international players also saw Celcom being first in Malaysia to launch services such as Facebook via SMS and Twitter SMS services, in addition to specialised applications tailored towards specific enterprise segments. Celcom's market segmentation strategy, with clearly defined student, youth, business and socio-demographic sub-brands has successfully enabled the company to target specific content and service bundles to different groups with differing needs.

Device partnerships were also key in migrating users to more capable data-centric devices. Throughout 2010 Celcom introduced selected device bundles in partnership with Samsung, Nokia, LG & Sony Ericsson, the result of which smartphone penetration amongst Celcom's customer base now stands at around 21%. Internet browsing using smartphones and tablets also increased substantially during the year and looks set to grow exponentially in the coming years. Celcom has also maintained its BlackBerry market leadership with an estimated 47% market share of all active users at end 2010, and we are actively cementing partnerships with other leading global brands.

Undisputed Leader in Mobile Broadband

Celcom consolidated its mobile broadband leadership in 2010 through aggressive investments in marketing and network infrastructure. Additional site deployments during the year brought the total number of 3G/HSDPA sites to 4,300, giving Celcom the widest 3G/HSDPA network, covering 81% of the population. Nearly all 3G/HSDPA sites have been upgraded to support data speeds of up to 14.4Mbps, and Celcom is currently at the forefront of trialing and deploying next-generation LTE wireless technology.

Data network leadership was matched by market leadership, with Celcom garnering the highest number of mobile broadband customers across the entire industry, despite steep discounting by our competitors. A net increase of 346k users during 2010 brought our total mobile broadband customer base to 857k, giving Celcom a dominant 52% user market share.

Revenue from mobile broadband grew 76% in 2010, from RM363 million to RM638 million, and its contribution to total mobile revenue, at 9.6%, is more than double our nearest competitor

in this segment. Despite a new organisational focus on small-screen advanced data services moving forward, Celcom will continue to enhance our broadband product portfolio and network infrastructure to maintain our supremacy in the mobile broadband access market.

Moving Towards Multi-Access Success

In line with the evolution of technologies and user behavior, Celcom is moving rapidly towards delivering multi-access, multi-media, convergent services to our customers. Celcom recently signed a network collaboration agreement with Telekom Malaysia that will enable Celcom to offer a comprehensive suite of access mediums, encompassing mobile, High Speed Broadband (HSBB), and Digital Subscriber Line (DSL). Other supplementary access technologies such as Wi-Fi are also in our technology roadmap for 2011.

This collaboration will allow Celcom to provide its own fibre-based fixed broadband service to millions of homes and offices, while enabling future IPTV, VoD and other rich multimedia services. For areas not currently covered by HSBB, Celcom will be able to utilize TM's DSL infrastructure to offer Celcom's own DSL service, which will complement Celcom's widest 3G/HSDPA mobile broadband coverage.

Nevertheless, Celcom will remain focused on its mobile business and plans to invest RM1 billion in 2011 towards enhancing network coverage, capacity and quality to meet consumers' demand for better access and faster connectivity. To support the growing surge in mobile data traffic, Celcom will undertake the fiberisation of all its main network sites and aggregation points. At a same time, the next phase of Celcom's network modernization exercise towards an all-IP infrastructure has begun, which will result in all Celcom's sites eventually migrated to a single-RAN architecture and ready for next-generation LTE services.

Higher investments in network infrastructure and multi-access service delivery will be offset by savings in other areas. In particular, the infrastructure sharing agreement signed with DiGi in December 2010 is expected to result in significant cost savings. The agreement, which encompasses site consolidation and transmission sharing, will save both parties an estimated RM2.2 billion combined over 10 years.

Investments in Business Intelligence systems and the continued implementation of a Next Generation Intelligent Network (NGIN) are also well underway to help us better serve the needs of our customers. New Celcom Blue Cube branches are being progressively added all over Malaysia, further strengthening our branded retail presence. This activity is part of a larger initiative aimed at enhancing our customer and sales experience across all channels and customer touchpoints.

As a key operating company within the Axiata Group, Celcom will continue to actively leverage group synergies and our combined regional subscriber base of 160 million across seven countries. Celcom and other Axiata Group companies are already at the forefront of roaming rate reductions, having introduced flat-rate voice tariffs and capped data roaming plans in 2010, to make communications while travelling even more convenient and affordable for our customers.

Awards and Achievements in 2010

For Celcom's outstanding achievements in operational profits and strategic initiatives, the Company was rewarded with several accolades including the Wireless Data Service Provider

of the Year Award at the 2010 Frost & Sullivan Asia Pacific ICT Awards, Best Mobile Carrier Award at the 13th Telecom Asia Awards 2010, as well as Service Provider of the Year Award, Mobile Service Provider of the Year Award and Broadband Service Provider of the Year Award at the 2010 Frost & Sullivan Malaysia Telecoms Awards.

Celcom's achievements in customer-centricity were recognised at the 2010 Contact Centre World Awards (World Finals) with Gold Awards for Best Contact Centre and Best Helpdesk as well as a Silver Award for the Best Contact Centre Support Professional (Workforce Planning).

- End -