

***“Having played a part in its early formation, I continued to watch Axiata growing into the region with great interest; as a banker when I was at Maybank, as a Minister when I was in Cabinet and as a shareholder when I was at PNB. Now, as the Chairman of the Board of Universiti Kebangsaan Malaysia, I continue to follow Axiata’s progress with great interest.”***

### ***Tan Sri Abdul Wahid Omar***

Group CEO  
Telekom Malaysia, 2004 – 2008

Axiata will always have a special place in my heart, having played a part in its coming into being. Having completed my task of turning around the UEM Group, I returned to TM where I had served as Group Chief Financial Officer (CFO) in 2001, in a bigger capacity as Group CEO, on 1 July 2004. This was part of the larger transformation of GLCs aimed at improving their performance, governance and nation building role.

The mandate given to me was to transform TM into a regional telecommunications company, with particular emphasis on mobile communications. The experience of turning around UEM Group, and having previously been CFO of TM, made me feel relatively comfortable in taking on the TM CEO task. The mandate was clear, while the people and the business were familiar to me.

TM originated as a government department called Jabatan Telekom Malaysia that was corporatised and subsequently listed on the then Kuala Lumpur Stock Exchange (KLSE) in 1990. Although TM had been listed for more than 14 years then, its corporate culture was still not as competitive as one would expect of a large public-listed telecommunications company. An all-round transformation was needed. Organisationally, we streamlined management structure, brought in new talent to complement existing technical staff and strengthened the performance management system/balanced scorecard.

Culturally, we removed the traditional morning and afternoon tea breaks associated with the public sector and implemented a 5-day week with the extended working hours usually associated with the private sector. Many people thought removing tea breaks was an impossible task back then, but the staff and union officials were very receptive as they appreciated the need for cultural change and the benefits it would bring to TM and its people. We improved customer service and revamped our Kedai Telekom outlets into a more customer-centric distribution channel called TM Point, backed by better trained staff, more efficient processes, upgraded IT systems, competitive products and a more pleasant environment.

Business-wise, we expanded our mobile operations into Singapore and Indonesia, and strengthened our presence in Cambodia and Sri Lanka. The acquisition of a strategic stake in Mobile One (M1), Singapore’s third mobile operator, in 2005, was relatively straightforward as it was both earnings- and cash-accretive from day one.

The acquisition of PT Excelcomindo Pratama Indonesia (XL), the third mobile operator in Indonesia in 2004, however, was more complicated as it required significant public relations efforts to convince the previous owner - the Rajawali Group - to sell the majority stake in XL to TM, instead of to other competitors. This included arranging for a friendly soccer match between TM Football Club (TMFC) and FC Malang in Malang, Indonesia, as part of efforts to build a better understanding between TM and the Rajawali Group. These two acquisitions, together with the strengthening of TM’s existing operations in Cambodia and Sri Lanka, enabled TM to be a regional telecommunications company.

During the first 18 months of the transformation, TM made significant progress overall, with improved financial performance and higher contribution from our international operations. However, our domestic operations were not doing that well. The traditional fixed-line business was growing much more slowly than anticipated due to migration to mobile communications. At the same time, Celcom, the domestic mobile communications subsidiary of TM, despite registering higher revenue and profit, was losing market share to rivals Maxis and DiGi.

Realising this worrying trend, the TM Board and management formulated and executed a holistic performance improvement programme that enabled TM to grow its data business and Celcom to regain market

share. The fundamental improvements in customer service, distribution channels, network quality, business expansion and financial performance were reinforced by a global rebranding of TM into a competitive, private-sector-driven, regional communications company.

Having addressed the fundamentals of the business and as part of the efforts to enhance shareholder value, it was decided that the TM Group would be better off being demerged into two separate listed entities. TMI with some 40 million subscribers under Celcom and other regional mobile communications business under its wing was successfully demerged and listed on Bursa Malaysia in April 2008. That left TM re-positioned as the National High Speed Broadband (HSBB) Champion, spearheading the national HSBB deployment in Public Private Partnership with the Government of Malaysia. The demerger “unleashed” Axiata Group to grow further across Asia.

I was in the midst of planning for the TM demerger exercise in May 2007 when I received an “awkward” proposition from the then Chairman of TM’s competitor, Maxis Communications, Tan Sri Megat Zaharuddin, who was also a board member of Maybank. Ironically, Tan Sri Megat was also Chairman when Dato’ Sri Jamaluddin was CEO of Maxis. Coming from the chairman of a competitor, it was rather odd to me. Tan Sri Megat then clarified that Maybank was looking for someone with sound banking/credit experience who had run a large organisation and who had the experience to grow a company internationally into the region to succeed Tan Sri Amirsham, who was planning to retire as Maybank CEO.

TMI was subsequently rebranded as Axiata in 2009. Having played a part in its early formation, I continued to watch Axiata growing into the region with great interest; as a banker when I was at Maybank, as a Minister when I was in Cabinet and as a shareholder when I was at PNB. Now, as Chairman of the Board of Universiti Kebangsaan Malaysia, I continue to follow Axiata’s progress with great interest. It is my hope that Axiata will continue to grow profitably and be the Malaysian flag-bearer internationally.

