

26 FEB 2003

TELEKOM-INTERNATIONAL

TELEKOM M'SIA NOW RATIONALISING INTERNATIONAL OPERATIONS

By: Wan Nurzila Abdul Rahman

KUALA LUMPUR, Feb 26 (Bernama) -- Telekom Malaysia Bhd chairman Tan Sri Ir Radzi Mansor says the group is in the midst of rationalising its global presence and international investments to make them more profitable.

In an interview last week in conjunction with Telekom Malaysia's recent shift to its new corporate headquarters in Jalan Pantai Bahru here, he said it was satisfied with certain investments abroad, such as Telekom South Africa, its biggest investment, which was due to be listed on the Johannesburg and New York Stock Exchanges in early March.

However, it was equally concerned about investments that were not performing to expectations, he said in his office on the 55th floor of the new corporate headquarters.

"Ghana, for example, has been a challenge because of political change and other uncertainties and we are now in the midst of filing for international arbitration to protect our investments and the interest of our shareholders," he said. It is believed that Telekom Malaysia is seeking compensation of more than US\$175 million for its investments made thus far.

On the subject of listing, Ir Radzi said the group does not discount the listing of other subsidiaries and joint ventures.

Following on the successful listing of its subsidiary, VADS Berhad, on the second board of the KLSE last August, and now the listing of Telekom SA, Ir Radzi said Telekom Malaysia was hopeful of listing its subsidiary in Sri Lanka and even Menara Kuala Lumpur (KL Tower) in the near future.

But he said any plan for listing would depend on timing, especially with regard to the performance of the stock market and world economic conditions.

"I don't think we want to rush into it. We want to see how things develop first," he said, adding that Telekom Malaysia was not just looking at the Kuala Lumpur Stock Exchange but also overseas bourses like New York and even the Labuan (International Financial Exchange)."

Ir Radzi said listings would offer greater opportunities to tap into the capital market and extend share ownership for Telekom Malaysia group's management and staff as well.

The group had established an employee share option scheme and he hoped this would encourage staff to work harder with a greater sense of ownership and belonging.

Telekom Malaysia's venture in Telkom SA Ltd in South Africa will be listed on the Johannesburg Stock Exchange on March 4 and the New York Stock Exchange (NYSE) on March 6.

Telekom Malaysia had invested in Telkom SA with its joint-venture partner, South Western Bell Corp, in 1997 under Thintana LLC. Thintana owns 30 percent of Telkom SA. Telkom SA, in turn, owns 50 percent of VODACOM, the leading cellular operator in South Africa, with over six million customers.

To date, Telekom Malaysia has more than seven million cellular customers from its eight international ventures: Sri Lanka (100 percent); South Africa (12 percent equity held), Ghana (25.5 percent), Guinea (60 percent), Malawi (60 percent), Bangladesh (70 percent), Cambodia (51 percent) and Thailand (19.73 percent). They are all managed under its wholly-owned subsidiary, TM International Sdn Bhd (TMI).

MTN Networks (PVT) Ltd in Sri Lanka is a fully-owned subsidiary of Telekom Malaysia and is currently the leading player in that country with a

subscriber base of over half a million. It represents Telekom Malaysia's first international investment and the licensing agreement is secure until 2013.

"MTN is awaiting approval for its own international gateway licence which is set to broaden our revenue base," Ir Radzi said. "MTN already has international roaming arrangements with some 140 cellular operators worldwide."

He added, "We are happy with some of our overseas investments, such as Sri Lanka, South Africa and Bangladesh but we are in the midst of reviewing our presence in other markets. Other than Ghana, recent events in Cambodia and Thailand have forced us to review our investments there."

Ir Radzi said Telekom Malaysia had no regrets about investing abroad as it had built a global brand over the past decade or so, and the revenue contribution from these overseas investments was close to 10 percent of total revenue last year.

However, the time had come for the group to rationalise these operations with a view to focusing on growth markets closer home.

When asked whether the unsuccessful bid for 41.94 percent stake in P.T Indonesian Satellite Corp (Indosat) was considered a set-back for Telekom Malaysia, he admitted that Indonesia is one of the biggest markets in the region.

But like any other international investment deal, he said Telekom Malaysia would like to be assured of the right regulatory framework, political and economic stability as well as management participation.

"We need to have confidence that we can operate smoothly as well as have management participation. Perhaps this is where we did not meet the criteria (in Indonesia)." But Ir Radzi said Telekom Malaysia would still continue to look at other possibilities in Indonesia and not be discouraged.

"We are not stopping there," he said.

Asked if Telekom Malaysia would invest in China and India, he said it would explore every investment opportunity.

As for China, he said Telekom Malaysia had been looking at that country for quite some time but was unable to enter this very big market just yet. He hoped China would be more open after its accession into the World Trade Organisation, but admitted that it would be rather difficult for Telekom Malaysia to get a licence to set up telecommunication facilities there on its own unless through joint ventures or strategic equity partnerships with China's local partners or existing operators.

As far as India was concerned, TMB had ventured into Calcutta under a local cellular licence but subsequently sold its stake for a profit in 1999.

Ir Radzi said international investments would continue to form an important component of Telekom Malaysia's operations.

He said the company would focus on growth markets closer to home in data networks, Internet and content-based services, and cellular services.

He said Telekom Malaysia's overseas investments had resulted in an expanded subscriber base nearly twice the Malaysian domestic market and given the leading telco player the opportunity to test its skills in a global environment.

Going forward, the company had appointed an internationally-qualified chief executive, who is a French national, to spearhead its international operations.

Ir Radzi said Telekom Malaysia would be guided by its new vision of becoming a leading integrated and total communications company of choice. The move to the new headquarters symbolised this shift.

"We are entering a new dimension in our evolution and just as the

rebung or bamboo shoot, we will continue to grow and also be flexible with our growth," he said of the "rebung" or bamboo shoot symbol on which the design of the company's new headquarters was built.

The new landmark, billed as one of the top 20 tallest towers in the world, was recently officiated by Prime Minister Datuk Seri Dr Mahathir Mohamad.

"It is a beautiful yet complex building and in a way, it really represents the complexity of the telecommunications business," he said. "It is indeed a new era, and we are looking to enter a new dimension in our growth." -- BERNAMA

WNZ SHY