



NEWS RELEASE

Kuala Lumpur
29 August 2012

TM DELIVERS SOLID ALL ROUND 1H 2012 PERFORMANCE: REVENUE GROWTH OF 9.7% TO RM4.8 BILLION; PROFIT DOUBLES TO RM599 MILLION FOR 1H 2012

***Strong PATAMI growth of 106.2% YTD to RM599.1 million; Normalised PATAMI improved 57.8%
EBITDA improved 6.9% YTD to RM1.58 billion; Normalised EBITDA margin stood at 32.3%
Broadband customers increased 9.9% YoY to 2.011 million, maintaining leadership position
Internet revenue growth of 21.7%
UniFi take up remains strong at 33% with more than 420,000 customers activated to date
Declares single-tier interim dividend of 9.8 sen per share***

Telekom Malaysia Berhad (TM) today announced a 9.7% rise in Group revenue for the six months ended 30 June 2012 to RM4.80 billion from RM4.38 billion in the corresponding period last year. The improved performance was mainly driven by positive growth across all key products – internet and multimedia, data, voice and other telecommunications related services.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) grew by 6.9% YTD from RM1.48 billion in 1H2011 to RM1.58 billion in 1H2012 attributable to higher operating revenue. Normalised EBITDA after adjusting for FX gain on international trade settlement was also higher by 5.3%, to RM1.58 billion. EBITDA margin was at 32.4% whilst Normalised EBITDA margin stood at 32.3%. Group Profit After Tax And Minority Interest (PATAMI) rose 106.2% YTD to RM599.1 million as compared to RM290.5 million in the corresponding period in 2011 due to the higher revenue, change in useful life of network assets and recognition of deferred tax income on unutilised tax incentives. Normalised PATAMI also rose 57.8% YTD to RM406.4 million due to higher revenue, change of useful life of network assets and a lower net tax expense as compared to 1H2011.

“We’re happy to note that TM continues to progress well financially and operationally - producing an all-round positive set of solid results. Our performance in the first six months is very encouraging and reflective of the momentum we have built through our ongoing transformation initiatives. Internet revenue rose by 21.7%, from RM941 million in 1H2011 to RM1.145 billion in 1H2012. This was due to the growth in broadband customers, particularly UniFi. Data revenue increased by 5.6% to RM1.016 billion against RM962 million in 1H2011,” said Dato’ Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer, TM.

Key Take-aways

1. Revenue growth of 9.70% to RM4.80 billion led by revenue growth from Internet and multimedia, data services, voice and other telecommunications related services.
2. EBITDA grew 6.9% to RM1.58 billion; Normalised EBITDA margin stood at 32.3%
3. PATAMI grew 106.2% to RM599.1 million.
4. Quote: “We’re happy to note that TM continues to progress well financially and operationally producing an all-around set of solid results....”
(cont’d in body)

Dato' Sri Zam went on to comment, "TM is proven to be the trusted broadband provider for the nation, evidenced by our strong customer base. We have crossed the 2 million customer threshold, an achievement we are indeed proud of and serve as a motivator for us to keep improving both our products as well as customer service to remain your broadband champion. Our Broadband customer base continued to increase in the 2nd quarter of this year, with Streamyx and UniFi collectively growing 9.9% YoY, and 1.9% QoQ to 2.011 million. TM WiFi hotspots zones have grown from 16,111 sites in 1H2011 to 23,273 sites nationwide in 1H2012."

In addition, UniFi and TM as a service provider continue to receive regional and global recognition and accolades for our services.

"UniFi continues to grow beyond our expectations, with an achievement of 384,024 customers as at 1H2012, and as at to date already surpassing our 2012 target of 400,000 customers 5 months ahead of schedule. This is even more meaningful for us, considering we had hit 300,000 customers only 3 months prior to that. With the current momentum we are seeing in terms of demand and rollout, we are optimistic that UniFi will continue to be a key driver for TM's growth."

In terms of coverage, as at 2Q2012, TM rolled out HSBB to close to 1.26 million premises covering 81 exchange areas, up from 1.22 million in 1Q2012. In terms of take-up, TM had activated 384,024 customers in 2Q2012 from 315,745 in 1Q2012, which represents a net addition of 21.6% or more than 68,000 customers QoQ or more than 275,000 customers YoY, a 252% growth. To date, TM has activated more than 420,000 customers. This translates into a take-up rate of more than 33% against premises passed. HSBB has now been extended beyond Klang Valley and the surrounding areas, venturing out further in the states, with UniFi recently also made available in Terengganu in addition to Penang, Kedah, Johor, Melaka, Negeri Sembilan and Perak."

"We continue to manage our capex prudently and efficiently with our capex spend/revenue ratio improving from 17.1% in 1H2011 to 16.3% in 1H2012. Total capex spent for 1H2012 was RM785 million, which is lower in total against 1H2011. Cost as a percentage of revenue also improved from 89.5% to 88.3%."

TM remains strong in its commitment to grow its enterprise value through improving return on capital, maintaining a stable profitability margin and a positive dividend yield. To demonstrate this, in addition to the recently completed capital repayment of RM1.07 billion, TM is rewarding its shareholders by proposing a single-tier interim dividend of 9.8 sen per share or approximately RM350.6 million.

5. **TM's broadband customers base up 9.9% to 2.011 million in 1H2012 maintaining leadership position as Malaysia's Broadband Champion.**

6. **TM WiFi hotspot zones have grown to 23,273 sites nationwide in 1H2012.**

7. **HSBB highlights:
2Q 2012**

- **Strong growth of UniFi customers to 384,024 in 1H2012; net addition of more than 68,000, a 21.6% growth QoQ and 252% YoY.**
- **TM surpassed its 2012 target of 400,000 customers 5 months ahead of schedule.**

Updates

- **To date, UniFi customers have reached more than 420,000.**
- **On track to increase the service coverage to a total of 98 exchange areas by end 2012 for a total of 1.34 million premises passed.**

8. **Quote: "We continue to manage our capex prudently and efficiently with our capex spend/revenue ratio improving from 17.1% in 1H2011 to 16.3% in 1H2012."**

9. **TM committed to grow its enterprise value:**

- **Recently completed capital repayment of RM1.07 billion**
- **Announced single-tier interim dividend payout of 9.8 sen per share or approximately RM350.6 million.**

Comparison: Year-on-Year (2Q2012 vs 2Q2011 Results)

Group revenue increased by 8.6% YoY, from RM2.234 billion to RM2.425 billion. This improvement was due to higher contribution from internet and multimedia, other telecommunications and non-telecommunications related services.

EBITDA grew 6.8% YoY from RM746.9 to RM797.4 million. On a normalised basis, EBITDA increased by 3.2% YoY from RM768.1 million to RM792.3 million.

PATAMI grew by 174.0% YoY from RM127.2 million to RM348.5 million mainly due to the higher revenue, change of useful life of network assets and recognition of deferred tax income which partially offset the impact of unrealised foreign exchange loss on borrowings in the current year quarter. Normalised PATAMI also showed improvement, with a growth of 64.9% YoY to RM223.0 million from RM135.2 million.

TM continued to record growth in the broadband segment, with both Streamyx and UniFi customers growing by 9.9% YoY to 2.011 million customers which in turn brought a 19.2% YoY growth in our Internet revenue, from RM487.9 million to RM581.6 million.

Comparison: Quarter-on-Quarter (2Q2012 vs 1Q2012 Results)

For the current quarter under review, revenue increased by 1.7% QoQ, from RM2.38 billion to RM2.425 billion on the back of higher contribution from Internet and multimedia, non-telecommunications and other telecommunications related services. EBITDA improved 1.9% QoQ to RM797.4 million from RM782.6 million in 1Q2012. On a normalised basis, EBITDA increased by 1% QoQ to RM792.3 million from RM784.7 million in 1Q2012.

PATAMI grew by 39.1% QoQ to RM348.5 million. Normalised PATAMI also showed improvement of 21.6% QoQ to RM223.0 million from RM183.4 million in 1Q2012.

Operationally, we continued to record growth in the broadband segment, with both Streamyx and UniFi customers growing by 1.9% QoQ to 2.011 million customers. In turn this brought a 3.4% QoQ growth in our Internet revenue, to RM581.6 million.

Prospects for the Current Financial Year Ending 31 December 2012

The Company's focus for 2012 will still be to maintain its position as Malaysia's Broadband Champion anchoring on Streamyx and UniFi as its key broadband products, delivering an enhanced and integrated digital lifestyle to all Malaysians. The Company is intensifying its efforts to pursue quality improvement programmes towards delivering a better customer experience.

Against this backdrop, the Company's efforts will be focused on creating value for its stakeholders. However, with due regard to the global economic uncertainty, industry liberalisation, regulatory changes and intensely competitive telecommunication landscape, the Board of Directors expects TM's growth prospects for the financial year ending 31 December 2012 to remain positive.

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About TM

Telekom Malaysia Berhad (TM), Malaysia's broadband champion and leading integrated information and communications group, offers a comprehensive range of communication services and solutions in broadband, data and fixed-line. As a market leader, TM is driven by stakeholder value creation in a highly competitive environment. The Group places emphasis on delivering an enhanced customer experience via continuous customer service quality improvements and innovations, whilst focusing on increased operational efficiency and productivity.

Leveraging on our extensive global connectivity, network infrastructure and collective expertise, TM is well positioned to propel Malaysia as a regional Internet hub and digital gateway for South-East Asia. TM remains steadfast in its transformation into a new generation communications provider to deliver an enhanced and integrated digital lifestyle to all Malaysians, and opening up possibilities through connection, communication and collaboration, towards our shared vision of elevating the nation into a high-income economy.

As a model corporate citizen committed to good governance and transparency, TM continues its pledge to ensure the integrity of our processes, people and reputation as well as the sustainability of our operations. Our Corporate Responsibility (CR) ethos reinforces responsible behaviour in the four main domains of the marketplace, workplace, the community and the environment. With a focus on ICT, the Group further promotes 3 major platforms i.e. education, community/nation-building and environment, through our Reaching Out programmes.

TM is also a multiple corporate awards winner, having been recognised consistently for our high standards in Corporate Governance as well as the Anugerah CSR Perdana Menteri for Best Workplace Practices two years consecutively, in 2009 and 2010. TM was honoured with 5 National Annual Corporate Report Awards (NACRA) 2010, notably the Platinum Award for CSR. TM also won Service Provider of the Year award at the 2012 Frost & Sullivan Malaysia Excellence Awards, including 3 other awards - Broadband Service Provider of the Year, Data Communications Service Provider of the Year, Managed Service Provider of the Year for its subsidiary, VADS Berhad. TM was also named the Fixed Broadband Provider of the Year award at 2012 Frost & Sullivan Asia Pacific ICT Awards.

For further information on TM, visit www.tm.com.my.

Issued by:

Group Corporate Communications, Telekom Malaysia Berhad
Level 8 (South Wing), Menara TM, Jalan Pantai Baharu
50672 Kuala Lumpur

Should you have any inquiries, please call:

Izlyn Ramli
Vice President

Tel: (03) 2240 2699
HP: (019) 500 0248
Email: izlyn@tm.com.my

Asma Abdul Aziz
Assistant General Manager

Tel: (03) 2240 3840
HP: (013) 364 1830
Email: asma_aa@tm.com.my

Saiful Azni Matmor
Manager

Tel: (03) 2240 2617
HP: (013) 360 3496
Email: msaiful@tm.com.my