



NEWS RELEASE

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TM DELIVERS COMMENDABLE 1H 2013 PERFORMANCE: REVENUE GROWTH OF 4.8% TO RM5.0 BILLION, OPERATING PROFIT UP 9.9% TO RM627.8 MILLION; DECLARES INTERIM DIVIDEND OF 9.8 SEN PER SHARE

Key Highlights of 1H 2013:

- Revenue rose 4.8% YTD to RM5.0 billion
- Reported Operating Profit up by 9.9% YTD to RM627.8 million
- Reported PATAMI is at RM427.1 million, impacted by unrealised forex loss arising from strengthening US Dollar and lower tax incentives
- Continued Capex efficiency - Total Capex / Revenue ratio improved to 12.5%
- Strong broadband takeup:
 - Total broadband customer base increased 7.1% YoY to 2.15 million, maintaining leadership position; UniFi grew by 50.3% with close to 577,000 customers activated as at 1H2013
 - 36% of broadband customers on high speed broadband packages
 - Good takeup of high speed broadband packages (Streamyx 4Mbps and 8Mbps) in non-UniFi areas
- Improved customer experience through key initiatives with a holistic approach across the value chain and social media: @TMConnects
- Declares interim dividend of 9.8 sen per share or approximately RM350.6 million

Telekom Malaysia Berhad (TM) is pleased to announce its financial results for the first half year ended 30 June 2013, where Group Revenue rose 4.8% YTD to RM5.0 billion from RM4.8 billion recorded in the corresponding period last year. This commendable growth was mainly driven by positive growth of its key products - Data, Internet and Multimedia services, particularly UniFi.

Reported Operating Profit (Earnings Before Interest and Tax (EBIT)) grew by 9.9% YTD to RM627.8 million in 1H2013 attributable to higher revenue and lower operating cost.

Reported Group Profit After Tax And Minority Interest (PATAMI) is at RM427.1 million, impacted by unrealised forex loss on borrowings arising from strengthening US Dollar and lower tax incentives. Normalised Group PATAMI, excluding the above, grew by 17.7% YTD to RM478.5 million primarily due to higher revenue.

Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer, TM, said: "We're happy with this set of solid results. TM continues to progress well financially and operationally. For the first half of 2013, we recorded group revenue of RM5.0 billion, an increase of 4.8% against the corresponding period last year. This commendable growth was due to positive growth in our key products. Our Operating Profit improved by 9.9% to RM627.8 million whilst our Normalised PATAMI grew by 17.7% to RM478.5 million. We also reported an improved capex/revenue

ratio, which reduced from 16.3% to 12.5%. Cost as percentage of revenue also improved from 88.3% to 87.7%.

TM is proven to be the trusted broadband provider for the nation, evidenced by our strong customer base. We recorded healthy growth particularly in Internet and Data services, with UniFi being the key driver - growing 50.3% from a year ago, to close to 577,000 customers. To date, we have over 590,000 customers and UniFi now covers 1.43 million premises passed on the back of 103 exchanges. This translates to about a 40% take-up rate. Our high speed broadband service has also extended beyond the PPP areas, with 4Mbps and 8Mbps now available in areas not covered by UniFi. This product is seeing very healthy takeup, with more Malaysians now able to enjoy high speed broadband. I'm pleased to share that as at June 2013, 36% of our total broadband customers are on high speed broadband packages.

In the first half, our Internet services turned in a revenue of RM1.28 billion, a growth of 12% from RM1.15 billion recorded in 2012, on the back of a 7.1% growth in broadband customer base to 2.15 million in 1H2013 from 2.01 million in the same period last year. Data revenue increased by 17.2% to RM1.19 billion in the current period from RM1.02 billion in the corresponding period in 2012, driven by new circuit installations and upgrades to higher bandwidth."

TM also reported continued improvement in its capex efficiency, with total capex spend/revenue ratio improving from 16.3% in 1H2012 to 12.5% this year as a result of higher revenue and lower capex incurred. Total capex spent for 1H2013 was RM631 million, lower against the corresponding period last year, which stood at RM785 million. Cost as percentage of revenue also improved from 88.3% to 87.7%.

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 and in line with our dividend policy, TM is rewarding its shareholders by proposing an interim dividend of 9.8 sen per share or approximately RM350.6 million.

Tan Sri Zam went on to comment, "Moving into the second half of the year, we continue to focus our efforts on delivering innovative product offerings with integrated value propositions that will make our customers' lives easier at home and beyond. We aim to deliver a superior customer experience as well as drive operational efficiency and network utilisation in order to maintain the momentum of growth that has already been established. Customer retention and loyalty programmes remain part of our overall strategy".

"To date, we have introduced a number of new offerings to the market including the UniFi Super Upgrade Deal. This is in addition to 'value for money packages' for HyppTV – the *HyppTV Mega Pack*, *HyppTV Sports Pack* and the new and enhanced *HyppTV Platinum Pack*. We then further expanded the reach of our HyppTV service to an even greater number of homes and viewers nationwide by making it available on Streamyx 4Mbps and 8Mbps. We have further made it accessible on multiscreen devices through *HyppTV Everywhere*. Our tagline, "Primetime, Anytime, Everytime" now includes "Everywhere". As the fastest growing IPTV service in the market, HyppTV now offers even more premium local and international sports content to our increasing number of HyppTV viewers. HyppTV now carries two (2) additional sports channels which televise the most sought after LIVE Barclays Premier League (BPL) matches and other sports content. These channels are now available in HyppTV's *Sports Pack* comprising 13 dedicated sports channels. Concurrently, TM also becomes the presenting sponsor for the Malaysia Super League, Malaysia Premier League, FA Cup and Malaysia Cup.

These new offerings are aimed at providing our customers with more value and enhanced TV viewing experience for their whole family. The newly added content is testament to our continuous effort in providing the best content and viewing experience to satisfy our growing customers' needs and preferences, be it entertainment, edutainment or sports content."

"For our business customers, we launched our latest solution service - *Hospitality Entertainment Solution* offering In-Building Broadband Solution (IBS), TM's IPTV service – HyppTV and a Call Centre Service. The solution caters specifically for the hospitality industry and buildings with high tenancies that require wired/wireless Internet access and uninterrupted TV viewing via HyppTV," he elaborated.

"Our commitment remains to continuously improve customer experience guided by our TR*M index targets. Key initiatives in this area include a holistic approach across the customer experience value chain, both in quality of work and quality of interaction. We are encouraged by the progress of our social media customer engagement channels @TMCorp, @TMConnects, Team Malaysia and Everyone Connects, amongst others.

We acknowledge that there may be some challenges ahead in the Malaysian economy but we are confident that with continued strong domestic demand, we will continue to grow, especially with the proper execution of our Performance Improvement Programme 3.0 (PIP3.0) initiatives and tight control over costs," Tan Sri Zam concluded.

Comparison: Year-on-Year (2Q2013 vs 2Q2012 Results)

For the current quarter under review, Group revenue increased by 7.8% YoY from RM2.4 billion to RM2.6 billion. This improvement was due to higher contribution from all its key products, particularly Internet and multimedia and data revenue.

Group Operating Profit (EBIT) grew 10.1% YoY from RM299.5 million to RM329.8 million. On a normalised basis, Operating Profit increased by 11.9% YoY from RM294.4 million to RM329.3 million.

Group Reported PATAMI was lower at RM213.9 million in the current year quarter mainly due to recognition of higher tax incentives in last year's corresponding quarter. Normalised PATAMI however, showed improvement, with a growth of 9.6% YoY to RM244.5 million from RM223.0 million.

TM continued to record growth in the broadband segment, with both Streamyx and UniFi customers growing by 7.1% YoY to 2.15 million customers.

Comparison: Quarter-on-Quarter (2Q2013 vs 1Q2013 Results)

For the current quarter under review, Group revenue increased by 7.8% QoQ, from RM2.4 billion to RM2.6 billion on the back of higher contribution from all services.

Group Operating Profit (EBIT) improved 10.7% QoQ to RM329.8 million from RM298.0 million in 1Q2013. On a normalised basis, Operating Profit (EBIT) increased by 9.7% QoQ to RM329.3 million from RM300.1million in 1Q2013.

Group PATAMI was higher by 0.3% QoQ to RM213.9 million. Normalised PATAMI also showed improvement of 4.5% QoQ to RM244.5 million from RM234.0 million in 1Q2013.

Operationally, we continued to record growth in the broadband segment, with both Streamyx and UniFi customers growing by 2.1% QoQ from 2.11 million to 2.15 million customers.

Prospects for the Current Financial Year Ending 31 December 2013

TM remains steadfast in our commitment as Malaysia's Broadband Champion and as a trusted partner in telecommunications services - delivering enhanced integrated digital lifestyle to Malaysian homes and complete end-to-end solutions for Malaysian businesses. We are also well on our way towards becoming a regional ICT and Business Process Outsourcing (BPO) power house, primarily for the business and enterprise segments, in line with TM's transformation aspiration from being a Voice Exchange towards becoming an Information Exchange.

TM's outlook for the remaining months in 2013 continues to remain positive with continued focus on broadband. Broadband revenue is expected to improve with the introduction of various innovative and value for money packages in the 1st half of 2013. Meanwhile, the execution of the PIP3.0 which focuses on continued growth and institution building towards greater efficiency and productivity will continue to be the focal point for the Group for the rest of the year.

On the global front, TM continues its efforts to provide connectivity diversity and elevating the region's telecommunications efficiency level by spearheading the collaboration with five (5) other regional telco players to form a consortium for the establishment of the Bay of Bengal Gateway (BBG) submarine cable system. With a total distance spanning approximately 8,000 km, BBG will provide connectivity to South East Asia, South Asia, the Middle East, Europe and Africa by 2014. This new submarine cable system will expand TM's regional coverage and capacity to serve the growing communication needs of the customers in Malaysia and other countries. As the nation's leading telecommunications provider, TM continues to play its integral role in fulfilling the Government's aspiration of the Economic Transformation Programme (ETP) that is "Extending the Regional Network" as it will enable the Group to provide Malaysians with better regional reach and a highly dependable regional network.

Given the above, the Board of Directors expects TM's growth prospects for 2013 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) 2011, notably the Challenge Trophy for the Overall Excellence Award for Most Outstanding Annual Report of the Year - Platinum Award; while more recently in 2012, TM received 2 NACRA awards, namely Overall Excellence for Best Annual Report – Silver Award and Industry Excellence Award for Main Board Companies under the Trade & Service category. In addition, TM bagged 4 Frost and Sullivan Malaysia Excellence Awards 2012, including Service Provider of the Year and Best Broadband Service Provider of the Year. This year, TM was awarded as Telecom Service Provider of the Year at the 2013 Frost & Sullivan Malaysia Excellence Awards for the second year running and the Data Communications Service Provider of the Year award for the 9th consecutive years. TM was also named the Fixed Broadband Provider of the Year award at 2013 Frost & Sullivan Asia Pacific ICT Awards for the 2nd year running.

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

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