

TM TURNS IN STRONG 3Q2013 PERFORMANCE – GROUP REVENUE UP 9.9% YoY TO RM2.6 BILLION; PROFIT BEFORE TAX IMPROVED 11.1% YoY TO RM264.9 MILLION

Key Highlights of 3Q 2013:

- **Group Revenue grew 9.9% YoY to RM2.6 billion**
- **Group Reported Operating Profit (EBIT) surged 64.7% YoY to RM364.9 million**
- **Profit Before Tax increased 11.1% YoY to RM264.9 million**
- **Normalised Net Profit (Normalised PATAMI) grew 32.4% to RM270.3 million**
- **Continued Capex efficiency - Total Capex / Revenue ratio improved to 14.5% YTD**
- **Maintains position as Malaysia's broadband champion with strong broadband takeup:**
 - **Total broadband customer base increased 7.7% YoY to 2.18 million**
 - **Robust UniFi take up rate at 42% with over 607,000 customers activated as at Sept 2013 – a 42.2% growth YoY**
 - **Good take up of high speed broadband packages in non-UniFi areas; 39% or 841,000 of total broadband customer base on high speed broadband packages (Streamyx 4Mbps, 8Mbps and UniFi)**
- **Enhanced customer experience through key initiatives with a holistic approach across all touch points**

Telekom Malaysia Berhad (TM) today announced a 9.9% Year-on-Year (YoY) growth in Group Revenue to RM2.6 billion for the third quarter ended 30 September 2013 from RM2.4 billion in the same quarter last year on the back of higher revenue contribution from Internet and Data services. TM continued to sustain Internet and multimedia services growth with 14.1% higher revenue YoY to RM685.4 million in the current year quarter mainly arising from increased UniFi customers and content revenue. Data services also recorded 17.0% increase YoY to RM635.0 million in the current year quarter in line with higher bandwidth demand.

Group Reported Operating Profit (Earnings Before Interest and Tax (EBIT)) jumped 64.7% YoY to RM364.9 million from RM221.6 million in 3Q2012 attributable to higher revenue and lower operating cost.

Correspondingly, Group Profit Before Tax (PBT) increased 11.1% to RM264.9 million in the current quarter from RM238.5 million in 3Q2012.

Group Reported Net Profit or Profit After Tax And Minority Interest (PATAMI) stood at RM240.9 million in the current year quarter. Normalised Net Profit or PATAMI (excluding unrealised foreign exchange loss and higher tax expense) rose 32.4% YoY to RM270.3 million from RM204.1 million last year.

Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer, TM, said: "We're happy that TM continues to show progress, producing another good set of results all around. For the third quarter 2013, we recorded a Group Revenue of RM2.6 billion, an increase of 9.9% YoY against the same quarter last year, driven primarily by Internet, multimedia and data, which now collectively comprise 50% of our group revenue. We recorded a Group PBT of RM264.9 million, an increase of 11.1% YoY against 3Q2012. Cost as a percentage of revenue also improved from 89.1% to 87.2% in YTD Sept 2013. In terms of capex efficiency, we continued to manage our capex prudently and efficiently with our capex spend/revenue ratio improving from 19.8% in YTD Sept 2012 to 14.5% this year."

"As the trusted broadband service provider of choice, take up of our broadband products continue to grow recording a 7.7% growth YoY to 2.18 million customers in 3Q2013, with UniFi driving this growth. As at end Sept 2013, we have rolled out the High Speed Broadband (HSBB) project to 1.462 million premises covering 103 exchanges nationwide. We closed the quarter with more than 607,000 UniFi customers – a net add of about 180,000 or 42.2% growth YoY. This translates to a take up rate of about 42%. To date, we have over 620,000 UniFi customers. Our high speed broadband Streamyx products which are now being offered in non-UniFi areas are also seeing good take up. To date, 39% or 841,000 of our total broadband customers are on high speed broadband packages (Streamyx 4Mbps and 8Mbps and UniFi). HyppTV is also showing encouraging take up especially with the stronger offering from the introduction of new channels over the last quarter, underscored by the value-for-money packages available."

"Latest developments in our HyppTV service include the comprehensive *Hospitality Entertainment Solution* catering specifically for the hospitality industry and buildings with high tenancies that require wired/wireless Internet access and uninterrupted TV viewing. We have also launched *Business Broadband with HyppTV* which will now enable our 8Mbps and 4Mbps Business Broadband subscribers to enjoy our triple-play services – Voice, Internet and IPTV. This further demonstrates our strength as an end-to-end ICT solutions provider with the capability, skills and knowledge to adapt to the customers' growing business needs. We hope that the launch of *Business Broadband with HyppTV* will provide competitive advantage to our SME customers - including those who operate in non-UniFi areas, to enjoy our HyppTV offering with the same viewing experience as our UniFi customers," he elaborated.

Meanwhile, the recent launch of TM's three (3) latest initiatives, My1Hub, Iskandar International Gateway (IIGW) and its first privately-owned submarine cable system, Cahaya Malaysia Submarine Cable System (Cahaya Malaysia) boosted the Company position as the nation's trusted ICT partner to propel Malaysia into becoming an international, regional and a neutral hub. TM is fast realising its vision towards becoming an Information Exchange, and as an Aggregator of Aggregators to increase the value of Regional Content Localisation.

"We remain committed to continuously enhance customer experience. Key initiatives in this area include a holistic approach across the customer experience value chain, both in the quality of work and quality of interaction. This quarter, we are stepping up the delivery of an enhanced customer experience; making it even easier for customers to get in touch with us and resolving their issues better and faster, in line with our brand promise of "Life Made Easier". We will continue to enhance the customer experience through various initiatives at all customer touch points, across the different delivery environments, services and interaction channels; particularly paying close attention to our Service Communication and Service Culture. We are relooking at our processes from an end-to-end view whilst addressing the 'pain points' in our service delivery as part of our overall service improvement initiatives - right from the sales to

delivery to installation down to service provisioning and followed by sales service,” Tan Sri Zam concluded.

Comparison: Quarter-on Quarter (3Q 2013 vs 2Q 2013 Results)

For the current quarter under review, Group revenue stood at RM2.6 billion. Internet revenue registered growth of 7.5% QoQ to RM685.4 million from RM637.6 million in the preceding quarter, driven primarily by growth in broadband customers, particularly UniFi as well as increased take up of HyppTV. Data revenue improved by 4.8% QoQ to RM635.0 million against RM605.8 million in 2Q2013.

Group Reported Operating Profit (EBIT) rose 10.6% QoQ to RM364.9 million in 3Q2013 from RM329.8 million in the previous quarter attributable to lower operating cost.

Correspondingly, TM recorded a 9.5% growth in Reported PBT for the third quarter ended 30 September 2013 to RM264.9 million compared to RM241.9 million in 2Q2013.

Group Reported Net Profit or PATAMI grew 12.6% QoQ to RM240.9 million this quarter from RM213.9 million also due to lower operating cost in the preceding quarter. Excluding unrealised forex loss attributable to the strengthening of the US Dollar against the Ringgit, Normalised Net Profit (Normalised PATAMI) showed an improvement of 10.6% QoQ to RM270.3 million from RM244.5 million in the previous quarter.

Comparison: YTD Sept 2013 vs YTD Sept 2012 Results

For the nine months ended 30 September 2013, TM posted a 6.5% growth YTD in Group Revenue to RM7.6 billion from RM7.2 billion in the corresponding period last year. The improved performance was achieved on the back of higher revenue contribution from Internet, Data and other services. Internet revenue grew by 12.7% YTD compared to RM2.0 billion in the same period last year. Data revenue also recorded solid growth by 17.2% to RM1.8 billion against the same period in 2012.

Group Reported Operating Profit (EBIT) improved by 25.2% YTD to RM992.7 million from RM793.1 million in the corresponding period in 2012 attributable to higher revenue and lower operating cost.

Group Reported PBT was RM736.3 million, 1.8% higher against RM723.4 million YTD Sept 2012.

Group PATAMI stood at RM668.0 million, impacted by unrealised forex loss attributable to the strengthening of the US Dollar against the Ringgit and higher tax expense. Normalised Group PATAMI, excluding the above, was 22.6% higher in YTD Sept 2013, from RM610.6 million in YTD Sept 2012 to RM748.8 million.

Prospects for the Current Financial Year Ending 31 December 2013

For the rest of the year, and indeed beyond 2015, the Company remains focused on the execution of the Performance Improvement Programme 3.0 (PIP3.0) with its 3 pillars of continued growth, greater efficiency and productivity as well as institution building. TM's ongoing transformation journey towards an Information Exchange stands in good stead and will allow the Group to maintain the momentum of growth that has already been established.

As Malaysia's Broadband Champion, TM is committed to continue its role in expanding broadband reach holistically across urban, sub-urban and rural areas and enhancing our broadband user experience. Earlier in January this year, TM expanded the coverage of its high speed broadband (HSBB) access to non-HSBB (UniFi) areas by improving the quality of its copper infrastructure and introduced the new 8Mbps bandwidth for Streamyx and Business Broadband packages. This new bandwidth offering complements TM's existing broadband packages of 1Mbps, 2Mbps and 4Mbps. Then in August, the Company further expanded the reach of its HyppTV service to an even greater number of homes and viewers nationwide by making it available on Streamyx 4Mbps and 8Mbps.

For Broadband for General Population (BBGP) especially in underserved areas, the Company will continue to strengthen its fixed line services while exploring other alternative technologies in line with its broadband services delivery strategy for the nation and look forward to working together with the industry in making this happen.

In its effort to expand high speed broadband service beyond the Public Private Partnership (PPP) with the Government of Malaysia, the Company has also embarked on the Smart Partnership programme with local property developers nationwide for TM to deploy and provision our HSBB network infrastructure and services to new residential and commercial developments. To date, TM has signed Smart Partnership Agreements with property developers nationwide involving over 18,000 residential and commercial property units where we act as the network infrastructure provider for their new housing developments. TM will continue to collaborate with key industry players, including property development firms as an initiative to improve our outreach to SME communities. Such collaborations will help increase the usage of high speed broadband amongst Malaysians and with the establishment of HSBB-equipped housing cities and is hoped to boost ICT adoption, towards achieving the household broadband penetration target of 75% by end of 2015, as outlined in the National Broadband Plan.

TM supports the Government's decision to expand the High Speed Broadband (HSBB) Project to the second phase or the HSBB2 Project. This is on the back of the successful first phase of the HSBB project which has elevated the nation to emerge as the highest in terms of number of high speed broadband subscribers in South East Asia and one of the most acknowledged fast track project roll-outs globally. TM as the nation's trusted partner in telecommunications services looks forward to working with the Government and industry players to generate innovation driven, value adding activities that can deliver an enhanced and integrated digital lifestyle to Malaysian homes and complete end-to-end solutions for Malaysian businesses.

Barring unforeseen circumstances, 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 and Corporate Responsibility. TM has most recently been honoured with the Platinum Award for the Overall Excellence Award for Most Outstanding Annual Report of the Year for National Annual Corporate Report Awards (NACRA) in 2013, as well as in 2011 and 2006, and the Industry Excellence Award for Main Board Companies under the Trade & Service category for the 17th consecutive year. In addition, TM has been awarded the Anugerah CSR Perdana Menteri for Best Workplace Practices in 2009 and 2010. TM was named Telecom Service Provider of the Year at the 2013 Frost & Sullivan Malaysia Excellence Awards for the last 2 years running and the Data Communications Service Provider of the Year award for the 9th consecutive year. In 2012, TM was also the Best Broadband Service Provider of the Year at the same awards ceremony. Regionally, TM was recognised as the Fixed Broadband Provider of the Year award at 2013 Frost & Sullivan Asia Pacific ICT Awards again for the 2nd year running. TM is also the winner of the Best Sustainability Report Award (SRA) in Malaysia for 2 consecutive years at the 2013 Sustainability Reporting Awards organised by The National Centre for Sustainability Reporting (NCSR) based in Indonesia.

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

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