



NEWS RELEASE

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TM TURNS IN SOLID PERFORMANCE FOR FY 2013 – GROUP REVENUE SURPASSES RM10 BILLION, UP 6.4% TO RM10.63 BILLION; EXCEEDS ALL 3 HEADLINE KPIS

Key Highlights of Financial Year 2013:

- **Achieved all Headline KPIS for 4 consecutive years:**
 - Group Revenue grew 6.4% to RM10.63 billion, outstripping mobile industry growth
 - Group Normalised Operating Profit (EBIT) surged 18.2% to RM1.36 billion
 - Customer satisfaction score of more than 72, above global average
- **Highest recorded Group Normalised Net Profit (PATAMI) at RM1.04 billion**
- **Maintains position as Malaysia's broadband champion;**
 - Strong YOY broadband customer base growth 7.2% to 2.2 million
 - Robust UniFi take up rate at 43% with close to 635,000 customers
- **Meets dividend commitment - declares final dividend of 16.3 sen per share; total dividend payout of 26.1 sen per share or RM933.7 million**

Telekom Malaysia Berhad (TM) delivered a solid performance for the financial year ended 31 December 2013, recording a 6.4% rise in Group revenue to RM10.63 billion from RM9.99 billion recorded in 2012, outstripping the mobile industry growth. The Group has also surpassed all its Headline Key Performance Indicators (KPIs) for four (4) consecutive years. Performance was mainly driven by Internet & multimedia and data, which now collectively represent close to 50% of Group revenue.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY 2013 was 9.2% higher against FY 2012 at RM3.53 billion on the back of higher operating revenue.

Group Normalised Operating Profit (Earnings Before Interest and Tax (EBIT)) grew 18.2% to RM1.36 billion from RM1.15 billion in 2012 attributable to higher revenue against cost. EBIT for FY 2013 was RM1.37 billion, higher by 15.6% against RM1.19 billion in FY 2012.

Group Profit Before Tax (PBT) was RM1.05 billion compared to RM1.07 billion in FY 2012 attributable to a net forex loss due to the strengthening of the US Dollar against the Ringgit.

TM recorded its highest Group Normalised Net Profit or Profit After Tax And Minority Interest (PATAMI) thus far at RM1.04 billion, a 17.9% growth from RM881.0 million in FY 2012; excluding unrealised foreign exchange loss and tax incentive. Reported PATAMI stood at RM1.01 billion against RM1.26 billion in FY 2012 due to forex loss on translation of borrowings and lower tax incentives.

Speaking at the press conference after announcing the Company's 2013 full-year financial results, Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer, TM, said, "2013 was nothing short of remarkable amidst an increasingly challenging environment - with volatile markets and intense competition. This time last year, we announced to the market our targets of a revenue growth of 6%, EBIT growth of 3% and customer satisfaction measure based on the TRI*M index of 72. We are pleased to report that the continued achievements seen in 2013 have enabled us to record a good solid performance all around for the year ended 31 Dec 2013, achieving all of our 3 Headline KPIs, for the 4th consecutive year."

Tan Sri Zam went on to comment, "As the trusted broadband provider, our customer base grew 7.2% from 2.07 million in 2012 to 2.2 million customers last year, with continued growth seen both in UniFi and Streamyx. UniFi demand remains strong, and we ended 2013 with close to 635,000 customers, a net add of about 152,000, or an increase of 31.6% against FY2012. UniFi continues to see a healthy growth, with more than 650,000 customers to date. With 1.49 million premises passed on the back of 105 exchanges as at end Dec 2013, this translates to a take up rate of more than 43%. We are also pleased to note that we are seeing more and more customers taking up our high speed broadband packages of 4Mbps and above for both Streamyx and UniFi. These high speed broadband customers make up 41% or close to 900,000 of our total broadband customers which bodes well for our new HyppTV packages."

TM also sustained its capital and cost efficiencies, with capex/revenue ratio 17.5% against 25.5% in FY 2012. Cost as percentage of revenue also improved from 88.3% to 87.2%. Total capex spent for FY 2013 was RM1.86 billion, of which RM1.17 billion was for HSBB.

In 2013, TM embarked on more customer experience improvement initiatives to enhance its levels of service, which yielded positive results. The Group achieved a TRI*M index score of more than 72, which is higher than the global telco average score of 68 - strengthening TM's position as Malaysia's trusted brand.

"We hold true to our commitment to grow TM's value creation through sustainable return on capital. To demonstrate this, we had paid out a 9.8 sen per share interim dividend amounting to RM350.6 million in September 2013. We are now proposing a final dividend of 16.3 sen per share, amounting to RM583.1 million. Together with our interim dividend, this brings to a total dividend payout of 26.1 sen per share, or RM933.7 million. This is an increase of 18.6% as compared to the previous year. The payout of the final dividend is expected to be made in June 2014", Tan Sri Zam added.

Comparison: Quarter-on Quarter (4Q 2013 vs 3Q 2013 Results)

For the current quarter under review, Group operating revenue increased by 14.1% QoQ, from RM2.61 billion to RM2.98 billion due to higher contribution from all services.

Group Normalised EBIT grew by 8.5% QoQ to RM379.8 million in 4Q 2013 from RM350.0 million in 3Q 2013 attributable to higher revenue and better cost management. EBIT increased by 3.9% QoQ to RM379.2 million compared to RM364.9 million in the previous quarter.

Group EBITDA grew by 5.7% QoQ from RM906.3 million in 3Q 2013 to RM958.0 million in 4Q 2013.

TM recorded a 16.9% growth in Group Reported PBT QoQ to RM309.7 million compared to RM264.9 million in 3Q 2013.

Group Normalised PATAMI showed an improvement of 7.2% QoQ to RM289.7 million from RM270.3 million in the previous quarter. Group PATAMI jumped 42.9% QoQ to RM344.2 million from RM240.9 million due to lower forex loss on borrowings and impact of change in tax rate recognised in the current quarter.

Internet revenue grew by 3.5% QoQ to RM709.1 million, which was driven primarily by increased Streamyx and UniFi customers and higher take up for HyppTV. Data revenue also recorded solid growth, by 8.1% QoQ to RM686.7 million.

Take up of broadband continue to grow, with UniFi customers gaining a net add of about 28,000, growing by 4.5% QoQ from approximately 607,000, on the back of 1.46 million premises passed in the preceding quarter, to close to 635,000 in 4Q 2013. This translates to a take up rate of about 43%.

Prospects for the Current Financial Year Ending 31 December 2014

For the rest of the year, and indeed beyond 2015, TM 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 becoming an Information Exchange and an Innovation Exchange stand in good stead and will allow the Group to maintain the momentum of growth that has already been established.

The outlook for telecom industry for 2014 will remain positive, with data and broadband continuing to be our key driver for growth. This is supported by the projected Malaysian Institute of Economic Research (MIER) 2014 GDP growth outlook of 5.5%, with expected measures to rein in the budget deficit, tighter monetary conditions and enhanced downside risk. 2015 sees GDP growth projected to improve to 5.5%-6.0%, mainly driven by economic efficiency and innovation. (Source: Malaysian Economic Outlook, MIER, 28 January 2014).

TM also remains committed to its *Information Exchange* aspiration. For the Managed Accounts segment, the Company will continue to enhance its capabilities and services to be an integrated ICT player, and in general to offer solutions beyond connectivity, focusing on serving industry verticals. This entails providing more end-to-end and value added services including cloud services.

This year also witnessed the launch of My1Hub, Iskandar International Gateway (IIGW) and TM's first privately-owned submarine cable system, Cahaya Malaysia, connecting Malaysia with Hong Kong and Japan. These initiatives aimed to further strengthen TM's position as the nation's *Information Exchange*, where all communications needs are met with or through TM and as the trusted ICT partner to propel Malaysia into becoming an international and regional hub.

TM will build further on this aspiration to include being an *Innovation Exchange* by being more aggressive in content and applications, to cater to the varying needs of its customer segments. Consumer demands for bandwidth continue to increase as they become more savvy of the value of broadband, encouraged by the proliferation of smart devices as well as increased usage of applications and Over-the-Top (OTT) content.

TM foresees 2014 to be potentially another good year for the Group, despite the higher cost of doing business. TM remains steadfast in its commitment as Malaysia's Broadband Champion by continuing to provide holistic broadband services to the nation across all segments and locations. New offerings launched in 2013 such as Streamyx 8Mbps, HyppTV Everywhere, HyppTV Over Broadband and Hospitality Entertainment Solution will continue to encourage broadband take-up. 2014 will also see TM moving into the LTE space as the Group continues with its plan to expand its wireless broadband services, especially in under-served areas and complementing TM's existing suite of fixed broadband services. Providing mobility solutions to TM customers is a natural progression and is in line with the industry evolution towards true convergence, not just from a technology or device perspective, but more importantly from a customer experience point of view, in the delivery of end to end broadband and data services. For the business segment, particularly for SMEs, TM also has in the pipeline new ICT and value added services offerings, designed to meet their ever growing business requirements more effectively. With all these initiatives in place, TM is well positioned for 2014 to be the year it delivers its brand promise of "Life and Business Made Easier".

Barring unforeseen circumstances, the Board of Directors expects TM's growth prospects for 2014 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 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. 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.

On the regional front, TM was also 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 was also awarded the Asia Pacific's Best Wholesale Ethernet Service Provider for two consecutive years in 2011 and 2012 by Metro Ethernet Forum for its commitment in keeping pace with global Ethernet standards. Additionally, the Company was also accorded the Best Broadband Carrier award in the 2012 Telecom Asia Awards.

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

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