



NEWS RELEASE

Kuala Lumpur

28 May 2014

**TM TURNS IN HEALTHY PERFORMANCE FOR 1Q2014 –
GROUP REVENUE OF RM2.62 BILLION, UP 8.1% YOY;
PROFIT BEFORE TAX UP 21.8% YOY TO RM279.6 MILLION**

Key Highlights of 1Q2014:

- **Group Revenue grew 8.1% YOY to RM2.62 billion**
- **Group Reported Operating Profit (EBIT) rose 6.3% YOY to RM316.8 million**
- **Group Profit Before Tax (PBT) surged 21.8% YOY to RM279.6 million**
- **Reported Group Profit (PATAMI) stood at RM 210.6 million**
- **Maintains position as Malaysia's broadband champion;**
 - **Strong YOY broadband customer base growth 5.7% to 2.23 million**
 - **Strong UniFi growth of 22.6% YOY with over 665,000 customers**

Telekom Malaysia Berhad (TM) today announced its financial results for the first quarter ended 31 March 2014, where the Group posted a Revenue growth of 8.1% YOY to RM2.62 billion from RM2.42 billion in the corresponding period last year. The growth was mainly driven by Internet, Data and Other services.

Group Reported Operating Profit (Earnings Before Interest and Tax (EBIT)) grew 6.3% YOY to RM316.8 million from RM298.0 million in 1Q2013.

Correspondingly, Group Profit Before Tax (PBT) increased 21.8% to RM279.6 million in the current quarter from RM229.5 million in 1Q2013 due to lower net finance cost and net forex gain.

Reported Group Profit or Profit After Tax And Non-controlling Interest (PATAMI) stood at RM210.6 million in the current year quarter. Group Normalised PATAMI was lower by 20.8% YOY to RM185.3 million due to expiry of tax incentives in September last year.

Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer, TM, said: "We're pleased to report that we started the year with an encouraging set of results. For the first quarter 2014, we recorded group revenue of RM2.62 billion, an increase of 8.1% against the corresponding period last year. This commendable growth was due to positive growth in our key products, Internet, Data and Other services. Our Operating Profit also improved by 6.3% YOY to RM316.8 million. We also reported an improved capex/revenue ratio, which reduced from 9.7% to 7.7%."

Tan Sri Zam went on to comment, "As Malaysia's Broadband Champion, our customer base grew 5.7% from 2.11 million in 1Q2013 to 2.23 million customers in the current quarter, with continued growth seen both in UniFi and Streamyx. UniFi demand remains strong, and we recorded a 22.6% growth YOY with close to 653,000 customers, a net add of about 121,000 customers. UniFi continues to see a healthy growth, with over 665,000 customers to date. UniFi is now available via 1.507 million ports providing coverage to 2.512 million premises on the back of 105 exchanges. This translates to about 43% take-up rate. More customers are taking up our high speed broadband packages of 4Mbps and above, and as at March 2014, 43% of our customers are now high speed broadband users. We are also happy to note that the take up of 8Mbps Streamyx package offered in non-Unifi areas recorded a 42% growth as compared to last quarter. We remain focused on giving the best experience to our customers. In line with the growing demand for data, we will continue to offer innovative products, with integrated and strong value propositions that will make our customers' lives easier at home and beyond. It is important that we keep up the progress we are making across the Group whilst continuing to deliver enhanced customer experience via the various improvement initiatives we have embarked on to improve our levels of service."

In the first quarter, Internet services turned in a revenue of RM726.1 million, a growth of 12.7% YOY from RM644.3 million recorded in 1Q2013 driven primarily by growth in UniFi customers and higher subscription for HyppTV Content. Data revenue increased by 3.5% YOY to RM605.5 million in the current quarter from RM584.8 million in 1Q2013 driven by new circuits installations and upgrade to higher bandwidth.

TM also sustained its capital and cost efficiencies, with capex/revenue ratio improved to 7.7% against 9.7% in 1Q2013. Total capex spent for 1Q2014 was RM200.7 million, of which RM110.4 million was for HSBB.

Prospects for the Current Financial Year Ending 31 December 2014

The outlook for telecom industry for 2014 remains positive, with data and broadband continuing to be the key driver for growth. TM expects a good year ahead with domestic demand continuing to be the key driver for growth, together with improving external demand and strong private investments. This is supported by the projected Malaysian Institute of Economic Research (MIER) 2014 GDP growth outlook of 5.3%. 2015 sees GDP growth projected to improve to 5.5%, mainly driven by economic efficiency and innovation. (Source: Malaysian Economic Outlook, MIER, 24 April 2014).

2014 is a *Game Changing* year for TM with its ongoing transformation journey towards becoming an Information and Innovation Exchange. TM will continue to strengthen our position as the Broadband Champion in Malaysia as we foresee that the take-up of our high value broadband packages will still continue. TM expects higher HyppTV viewership with the introduction of attractive promotions such as the recent 'Hypp-Normous Deal' and the current 'Stream Champion Deal'. In addition, the Group will continue to enhance our content such as the recent launch of '*Dunia Sinema*', Malaysia's first dedicated Malay movie channel. HyppTV currently offers customers 117 channels consisting of 28 free channels with 8 Radio Channels and 50 premium channels (of which 34 channels are HD), 18 Video-On-Demand (VOD) genres and 21 interactive channels.

TM will continue with its commitment to push Malaysian SMEs up the value chain. This year, TM organises its 3rd edition of its TM SME BizFest 2014 – themed “Innovate to Dominate” - which serves as a platform for SMEs to understand how ICT can empower their businesses. TM had also recently launched UniFi BIZ 100, a dual play (2P) offering enabling SMEs customers to enjoy high speed internet access of 100 Mbps and voice service.

In anticipation of customers’ needs and their ever increasing expectations, TM recently entered into a partnership with Green Packet Berhad and SK Telekom Co. Ltd. This will reflect our aspiration to become the leading next-generation converged communication services provider. Through P1, TM is working to expand our capabilities into the wireless broadband space more efficiently thus enabling the Company to provide a complete portfolio of services to our valued customers. This partnership lays the foundation for the development of a new LTE platform and opening up possibilities for the Group to deliver fully integrated high-quality internet, data and application across all market segments.

TM looks forward to continuing its fresh and innovative approaches to the market as is committed to make ‘*Life Made Easier*’ and ‘*Business Made Easier*’ with TM.

Barring unforeseen circumstances the Board of Directors expects 2014 to be a positive year for TM.

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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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