



**NEWS RELEASE**

Kuala Lumpur

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**TM TURNS IN HEALTHY 1H 2014 PERFORMANCE –  
GROUP REVENUE UP 8.0% YTD TO RM5.44 BILLION;  
PROFIT BEFORE TAX UP 24.9% YTD TO RM589.0 MILLION**

**Key Highlights of 1H2014:**

- **Group Revenue grew 8.0% YTD to RM5.44 billion**
- **Group Reported Operating Profit (EBIT) rose 4.4% YTD to RM655.7 million**
- **Group Profit Before Tax (PBT) 24.9% higher YTD to RM589.0 million**
- **Reported Group Profit (PATAMI) stood at RM424.7 million**
- **Maintains position as Malaysia's broadband champion;**
  - **Steady broadband customer base growth 4.6% YOY to 2.25 million**
  - **Strong UniFi growth of 16.8% YOY with close to 674,000 customers**
- **Continues delivering on dividend commitment; declared a single-tier interim dividend of 9.5 sen per share or approximately RM348.4 million.**

Telekom Malaysia Berhad (TM) delivered healthy revenue, stable Group Reported Operating Profit (Earnings Before Interest and Tax (EBIT)) and stronger Group Reported Profit Before Tax (PBT) for the first half year ended 30 June 2014.

Group Revenue grew 8.0% YTD to RM5.44 billion from RM5.04 billion recorded in the corresponding period last year. This strong growth was mainly driven by positive growth in Internet and other telecommunications services revenue.

Group Reported Operating Profit rose 4.4% YTD to RM655.7 million in 1H2014 attributable to higher revenue and other operating income.

Correspondingly, Group Reported PBT also increased 24.9% YTD to RM589.0 million in 1H2014 from RM471.4 million in 1H2013 due to the higher revenue growth.

Reported Group Profit or Profit After Tax And Non-controlling Interest (PATAMI) was marginally lower against last year at RM424.7 million due to absence of HSBB tax incentives in 2014.

Commenting on the 1H2014 Financial Results, Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer, TM, said: "I'm pleased to announce that for the first half of 2014, we recorded positive improvements with a strong set of results as compared to the corresponding period last year. We recorded group revenue of RM5.44 billion, an increase of 8.0% against the corresponding period last year. Our Group Profit Before Tax rose 24.9% to RM589.0 million whilst our Group Reported Operating Profit (EBIT) improved by 4.4% to RM655.7 million. Our PATAMI stood at RM424.7 million impacted by tax. We also reported an improved capex/revenue ratio, which reduced from 12.5% to 10.0%. The continued growth affirms the progress of our current and past marketing, operational and financial initiatives which were well

planned and executed. We have identified key areas which are pivotal to our continued growth and are pleased to see that our performance has justified our focused efforts in those segments.”

Tan Sri Zam went on to comment, "Our total broadband customer base continues to grow with an increase of 4.6% YOY from 2.153 million in 1H2013 to 2.251 million customers this year. UniFi continues to drive this growth with close to 674,000 customers. UniFi is now available via 1.54 million ports providing coverage to 2.56 million premises on the back of 105 exchanges. To date, we have more than 685,000 UniFi customers. This translates to about 44% take-up rate. High speed broadband in non-UniFi areas is also growing strongly with high take up of Streamyx 8Mbps. I'm pleased to note that as at 1H2014, 45% or more than 1.0 million of our total broadband customers are subscribing to 4Mbps and higher packages. In addition, true to our position as Malaysia's Broadband Champion, we are now able to provide high speed broadband to customers in underserved areas progressively with the recent launch of our first 4G service TMgo. Meanwhile, our Streamyx customer base has also increased to 1.578 million.

Group revenue growth was driven primarily by Internet and multimedia, and other telco services. In the first half 2014, Internet services turned in a revenue of RM1.45 billion, a growth of 13.3% from RM1.28 billion recorded in 1H2013, in line with increased broadband customer base. Data revenue increased by 5.0% to RM1.25 billion from RM1.19 billion, driven by customer projects and higher subscription by customers.

TM also sustained its capital and cost efficiencies, with capex/revenue ratio improved to 10.0% against 12.5% in 1H2013 as a result of higher revenue and lower capex incurred. Total capex spent for 1H2014 was RM545.0 million.

TM remains strong in our commitment to grow its enterprise value through improving return on capital, maintaining a stable profitability margin and a positive dividend yield. To demonstrate this, as a reward to our shareholders and in line with our dividend policy, we are proposing a single-tier interim dividend of 9.5 sen per share or approximately RM348.4 million.

In recent months, TM has launched several new products and services to realise the Company's goal of Life and Business Made Easier for its customers. TM continued to fulfil customers' increasing demand for high speed broadband services through its latest marketing campaign called "*Stream Champion Deal*" – in which customers can decide what to watch, when to watch, where to watch and on which device – giving them total control of their and families' entertainment needs. TM's Stream Champion initiative gives Malaysians an unmatched value proposition of the most reliable broadband coupled with the best in class content to stream on any device, anywhere and anytime they want.

In addition, TM has also proactively embarked on a nationwide roadshow to expose local communities on how their lives can be further enriched with broadband connectivity in line with the Company's aspiration of bringing an enhanced integrated digital lifestyle to all Malaysians. Aptly called "Jelajah Hidup Lebih Mudah", the series of "Life Made Easier" roadshows, aimed at increasing the ICT awareness among the rural communities and bridging the digital divide, is held in collaboration with Community Service Centres (Pusat Khidmat Masyarakat) and leaders of the local communities (Ketua Kampung) in the areas.

Earlier this month, TM started offering its first 4G broadband offering, TMgo at selected areas Kedah and Melaka, with the priority to the underserved areas. This latest product is a technology refresh of its CDMA network, reflecting TM's continuous efforts in providing broadband services to the nation across all segments and locations. This is consistent with the National Broadband Plan to deliver High Speed Broadband (HSBB), Suburban Broadband (SUBB) and Broadband for General Population (BBGP) to all Malaysians.

In June, TM launched its first voice and mobile messaging application service called HyppMe, marking its entry in the smart phone communication landscape. *HyppMe* provides voice, instant messaging and SMS over Internet Protocol (IP), with call through functionality utilising TM's WiFi infrastructure with secondary premise over current mobile data on 3G. This will be further expanded to Long-term Evolution (LTE) network infrastructure in the future.

TM has also continuously added on new content offerings 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.

Via HyppTV, TM launched Malaysia's first 24-hour dedicated home shopping channel, *TV Direct Showcase (HyppTV Channel 121)*. Customers can now purchase quality products according to their needs from the convenience of their living room, 24 hours a day. In addition, TM's SME customers can now venture into business over TV with TV Direct as a way of enhancing their market reachability opportunities.

TM also partnered with a leading local production house to bring the best and latest local blockbuster movies to its growing HyppTV customers via its Video On Demand (VOD) channel, HyppFlicks+. This is in line with its strategy to offer more local content and to reach out to wider market while at the same time supporting budding local talents in the Malaysian movie industry.

In July, TM launched Malaysia's first Islamic On Demand content - AlHijrah On Demand channel which provides quality Islamic content in high definition (HD) for the first time on the platform.

"As we have highlighted earlier this year, 2014 is a Game Changing year for TM, in continuing to actively address the rising demand for an enhanced Internet experience and delivering the digital lifestyle to all Malaysians. We acknowledge that there are many challenges but there is also much excitement, and we are well positioned to take advantage of the many opportunities to deliver shareholders' value for the longer term. All these new products and services offerings are just part of our continuous efforts towards providing better connectivity to all Malaysians regardless of locations to empower these communities, making their lives easier, more engaging, enriching and exciting; hence contributing to the nation's development. The recent launch of TMgo and the soon to be completed transaction on P1 is also part of TM's roadmap towards becoming the No. 1 converged communications service provider," added Tan Sri Zam.

## **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.

2014 is a Game-Changing Year for TM, as the Company progresses on its journey towards becoming the Information and Innovation Exchange. In March, TM announced a partnership with Green Packet Berhad and SK Telecom to develop next generation converged communications services on Long Term Evolution (LTE). This has been progressing well, with numerous conditions precedent having been met. TM expects the transaction to be completed by the end of 3Q2014.

In addition to the innovative consumer products and services offerings highlighted earlier; through strategic partnerships, TM is also striving to provide innovative solutions to its business customers. In June 2014, TM launched Malaysia's first Virtual Private Cloud (VPC) to address the needs of large enterprises for customised and flexible cloud computing solutions, without the need for high upfront investments and skilled resources. TM also established a joint venture company with UEM Sunrise and Iskandar Investment Berhad to design and build smart city infrastructure and provide smart city services in Nusajaya. This is a testament of TM's support and commitment towards realising the Smart and Connected Nusajaya aspiration, thus strengthening its position as Malaysia's leading integrated telecommunication and ICT service provider, in line with its aspiration of becoming an Information Exchange.

TM will stay the course and continue to focus on executing our Performance Improvement Programme 3.0 (PIP 3.0) ongoing transformation journey towards becoming an Information and Innovation Exchange, which will enable us to meet our commitment of delivering our promise of '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 for the 3rd time at the 2014 Frost & Sullivan Malaysia Excellence Awards as well as the Best Broadband Service Provider of the Year for the 8th time and the Data Communications Service Provider of the Year for the 10th consecutive year.

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](http://www.tm.com.my).

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