



NEWS RELEASE

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TM DELIVERS STEADY PERFORMANCE FOR FY 2014 – GROUP REVENUE UP 5.7% TO RM11.24 BILLION; GROUP REPORTED PROFIT BEFORE TAX UP 5.7% TO RM1.11 BILLION; DECLARES TOTAL DIVIDEND PAYOUT OF 22.9 SEN PER SHARE OR RM846.8 MILLION

Key Highlights of Financial Year 2014:

- **Group Revenue grew 5.7% to RM11.24 billion**
- **Group Reported Profit Before Tax (PBT) rose 5.7% YoY to RM1.11 billion**
- **Customer satisfaction score of more than 72, above global average**
- **Group Normalised Net Profit (PATAMI) stood at RM941.2 million**
- **Maintains position as Malaysia’s broadband champion; Moving towards Convergence Champion**
 - **Broadband customer base grew to 2.23 million, led by UniFi**
 - **Healthy UniFi take up rate at 45% with over 750,000 customers to date**
- **Meets dividend commitment - declares final dividend of 13.4 sen per share; total dividend payout of 22.9 sen per share or RM846.8 million**

Telekom Malaysia Berhad (TM) delivered a steady performance despite a challenging economic environment and intense competition faced last year. For the financial year ended 31 December 2014, TM Group revenue grew 5.7% to RM11.24 billion from RM10.63 billion recorded in 2013, boosted by the increase in revenue for Internet, Data and Others services, which now collectively represent 69.0% of Group revenue.

Group Operating Profit (Earnings Before Interest and Tax (EBIT)) for FY 2014 was RM1.29 billion, lower by 5.7% against RM1.37 billion in FY 2013. Excluding one-off items such as the optional early retirement plan (Skim MESRA), Group Normalised EBIT registered a 2.0% growth to RM1.39 billion from RM1.36 billion in 2013.

Group Reported Profit Before Tax (PBT) was higher by 5.7% YoY to RM1.11 billion, against RM1.05 billion in the corresponding period last year on the back of higher operating revenue.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY 2014 was 2.9% higher against FY 2013 at RM3.64 billion.

Group Reported Net Profit or Profit After Tax And Minority Interest (PATAMI) stood at RM831.8 million due to the absence of High Speed Broadband (HSBB) tax incentives in 2014. Group Normalised PATAMI stood at RM941.2 million.

Speaking at the press conference after announcing the Company's 2014 full-year financial results, Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer of TM, said, "2014 was a mixed year for TM, both exciting and challenging. Despite the increasingly competitive operational environment, we successfully delivered stable revenues. We continue to maintain our position as Malaysia's Broadband Champion. Last year, our broadband customer base grew to 2.2 million customers. I'm pleased to note that more customers have chosen to upgrade their packages to speeds of 4Mbps and above. This resulted in 48%, or more than 1.1 million of our customers now being high speed broadband users. UniFi continues to see a healthy growth of 14.8%, with more than 750,000 customers to date, representing a takeup rate of approximately 45%. Average Revenue Per User (ARPU) was also higher due to successful upselling activities and increased content buys."

TM also improved its capex/revenue ratio at 16.3% against 17.5% in FY 2013. Total capex spend for FY 2014 was RM1.84 billion.

The Group achieved a TRI*M index score of more than 72 - higher than the global telco average score of 68.

With this set of results, excluding the impact of Packet One, TM Group has achieved all its 3 Headline Key Performance Indicators (KPI) target of a revenue growth of 5 to 5.5%, EBIT growth of 5% and customer satisfaction measure based on the TRI*M index of 72.

Staying true to its commitment to grow TM's value creation through sustainable return on capital, the Group is proposing a final dividend of 13.4 sen per share subject to shareholders' approval at the forthcoming Annual General Meeting. Together with the interim dividend of 9.5 sen per share amounting to RM348.4 million which was paid in October 2014, the total dividend payout will be 22.9 sen per share, or RM846.8 million.

"2014 was indeed an eventful year for the Company. Guided by our "Information and Innovation Exchange" aspirations, the year witnessed the acquisition of P1 and the launch of TMgo, our first 4G broadband offering. We will continue to pursue our transformation journey in 2015 to become the nation's true Convergence Champion. We intend to deliver convergence as a seamless experience beyond technology, products and services and devices, to enrich, improve and impact the lives of Malaysians everywhere; true to our mantra - "Life and Business Made Easier". There will be many challenges and much excitement, and we are well positioned to take advantage of the many opportunities to deliver shareholders' value for the longer term," Tan Sri Zam added.

"Yesterday we announced the acceptance of the High Speed Broadband Phase 2 (HSBB2) Project and the Sub Urban Broadband (SUBB) Project awards in collaboration with the Government, to deploy the access, domestic core networks to deliver an end-to-end broadband network infrastructure and services. The total cost of the HSBB2 investment for a period of ten (10) years is RM1.8 billion whilst the total cost of the SUBB investment for a period of ten (10) years is RM1.6 billion. We would like to take this opportunity to thank the Government for their continued trust in TM in nation building," he concluded.

TM is currently offering its UniFi and Streamyx customers the opportunity to boost their broadband speed for an enhanced Internet experience and wholesome family entertainment with its latest promotion, "Ja-Jumbo Deal". Under this promotion, customers who sign up to the new *HyppTV Jumbo Pack*, can upgrade their broadband speeds to up to 20Mbps at a special, exclusive price whilst enjoying 31 Premium Channels and 7 Video On Demand (VOD) in addition to 21 free channels, featuring the best of HyppTV's Entertainment, News, Kids, Sports and Lifestyle channels. In addition to the Jumbo Pack, TM also recently unveiled two (2) new vernacular packages targeted at Malay and Indian viewers - HyppTV Aneka Pack and HyppTV Varnam Pack.

TM also enhanced its HyppTV offerings by making it available to all members of the public via the new HyppTV Everywhere mobile app. It enables customers to use their mobile devices to enjoy the exclusive world-class channels available on HyppTV platform anywhere and anytime even though they are not subscribing to TM's UniFi or Streamyx packages.

Comparison: Year-on-Year (4Q 2014 vs 4Q 2013 Results)

For the current quarter under review, Group revenue increased by 6.0% YoY from RM2.98 billion to RM3.16 billion on the back of higher contribution from Data, Others and Internet.

EBIT was lower by 13.1% YoY to RM379.2 million compared to RM329.4 million in the previous quarter mainly due to higher operating cost. Stripping out one-off items such as the optional early retirement plan (Skim MESRA), Group Normalised EBIT was 16.6% higher YoY at RM442.7 million in 4Q 2014, from RM379.8 million in 4Q 2013.

Group Reported PBT stood at RM253.7 million in 4Q 2014 compared to RM309.7 million in 4Q 2013, whilst Group Normalised PBT was 28.8% higher at RM411.9 million in 4Q 2014, against RM319.7 million in 4Q 2013.

Group EBITDA improved from RM958.0 million in 4Q 2013 to RM960.4 million in 4Q 2014.

Group Reported PATAMI was lower at RM218.3 million in 4Q 2014 attributed to absence of High Speed Broadband (HSBB) tax incentives in 2014. Normalised PATAMI rose 20.9% YoY to RM350.2 million against RM289.7 million in 4Q2013.

Comparison: Quarter-on Quarter (4Q 2014 vs 3Q 2014 Results)

For the current quarter under review, Group operating revenue increased by 19.8% QoQ, from RM2.64 billion to RM3.16 billion due to higher contribution from all services.

EBIT was higher by 6.5% QoQ to RM329.4 million compared to RM309.2 million in the previous quarter. Excluding one-off items such as the early retirement plan (Skim MESRA), Group Normalised EBIT was higher by 44.9% QoQ to RM442.7 million in 4Q 2014, from RM305.6 million in 3Q 2014.

Group Reported PBT was slightly lower QoQ at RM253.7 million in 4Q 2014 compared to RM262.8 million in 3Q 2014, whilst Group Normalised PBT was 55.1% higher at RM411.9 million in 4Q 2014, against RM265.6 million in 3Q 2014.

Group EBITDA registered a 9.2% rise QoQ from RM879.4 million in 3Q 2014 to RM960.4 million in 4Q 2014.

Group Reported PATAMI of RM218.3 million was 15.6% higher than RM188.8 million recorded in 3Q 2014. Excluding one-off items, the 4Q 2014 Group Normalised PATAMI of RM350.2 million was a healthy 82.8% higher compared to RM191.6 million recorded in the previous quarter.

Prospects for the Current Financial Year Ending 31 December 2015

2014 was an eventful year for TM. We continue to experience positive take-up of our broadband offerings with more than 750,000 UniFi customers to date, despite an increasingly competitive broadband market. Guided by our “Information and Innovation Exchange’ aspirations, the year witnessed our acquisition of P1 and the launch of TMgo, our first 4G broadband offering as we continue our transformation journey to become the No. 1 Converged Communications Service Provider, by strengthening our broadband offerings with LTE wireless broadband services. We had also entered into several strategic partnerships such as the agreement signed with IBM Malaysia Sdn Bhd to launch Malaysia’s first Virtual Private Cloud (VPC), addressing the needs of large enterprises for customized and flexible cloud computing solutions. Always committed to support our Government’s initiatives to increase the capacity of high-speed broadband, we are proud that the year ended with TM being awarded a landmark contract by the Malaysian Communications and Multimedia Commission (MCMC) to establish a new submarine cable system, *Sistem Kabel Rakyat 1Malaysia* (SKR1M) linking Peninsula Malaysia with Sabah and Sarawak, further enhancing our nation’s broadband connectivity to meet the industry’s growing demands for IP applications. We are also pleased to announce yesterday that we have accepted the awards of the High Speed Broadband Phase 2 (HSBB2) Project and the Sub Urban Broadband (SUBB) Project in collaboration with the Government; to deploy the access, domestic core networks to deliver an end-to-end broadband network infrastructure and services, and increasing coverage for the nation.

In 2015, the Malaysian telecommunications industry is expected to be challenging although remaining generally stable. It is anticipated that increased competition may put pressure on profit margins whilst revenue growth will be limited as fast growing data services will continue to offset decline in traditional voice revenues. According to the Malaysian Institute of Economic Research (MIER), 2015 will be a challenging year for the Malaysian economy with real GDP growth projected to moderate to 5.0% depending on the magnitude of fluctuations in crude oil prices and movements of the ringgit exchange rate against currencies of Malaysia major trading partners. (Source: *Malaysian Economic Outlook, MIER, 28 January 2015*).

For TM, we welcome healthy competition amongst key market players and in 2015 we intend to stay the course with our established visions amidst an increasingly challenging environment. We will remain steadfast in our commitment to an enhanced broadband lifestyle for Malaysians, whilst maximising revenues from our existing HSBB network. We look forward to an exciting year ahead as we open up to new opportunities for growth through partnerships and innovation, while further strengthening our foundation in connectivity services. We believe there is big potential in the Internet of Things (IoT) trends as illustrated in our recent move into smart services by tapping into the real estate vertical in Nusajaya through our partnership with UEM Sunrise Berhad and Iskandar Investment Berhad. Furthermore, with the establishment of our TM Innovation Exchange (IX) Accelerator Programme, we are keen to share our resources in the year ahead in support of Malaysia’s start-up eco-system by enabling the development of creative and innovative solutions for the growth of our industry and country.

TM will continue to focus on executing its ongoing transformation journey towards becoming a Convergence Champion, which will enable the Company to deliver its promise of 'Life Made Easier' and 'Business Made Easier' with TM.

Barring unforeseen circumstances, the Board of Directors expects 2015 to be a positive year for the Group.

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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 behavior 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 2014, as well as in 2013, 2011 and 2006, and the Industry Excellence Award for Main Board Companies under the Trade & Service category for the 18th consecutive year. In addition, TM has been awarded the NACRA 2014 Platinum Award for Best Corporate Social Responsibility Reporting, and 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.

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