



NEWS RELEASE

Kuala Lumpur

25 Aug 2015

**TM TURNS IN STEADY 2Q 2015 PERFORMANCE –
GROUP REVENUE UP 2.4% QoQ TO RM2.84 BILLION;
GROUP PATAMI HIGHER BY 64.5% QoQ TO RM212.1 MILLION**

Key Highlights of 2Q2015:

- **Group Revenue grew 2.4% QoQ to RM2.84 billion**
- **Group Reported Operating Profit (EBIT) rose 25.5% QoQ to RM305.5 million**
- **Group Reported Profit Before Tax (PBT) was 48.8% higher QoQ to RM256.1 million**
- **Group Reported Profit or Profit After Tax and Non-controlling Interest (PATAMI) up by 64.5% QoQ to RM212.1 million**
- **Maintains position as Malaysia’s Broadband Champion; Moving towards Convergence Champion;**
 - **Steady broadband customer base growth 1.0% QoQ to 2.29 million, led by UniFi**
 - **Steady UniFi growth with 25,000 net adds in 2Q2015 to 782,000 customers**
- **Continues delivering on dividend commitment; declared a single-tier interim dividend of 9.3 sen per share or approximately RM349.5 million**

Telekom Malaysia Berhad (TM) delivered steady revenue, healthy Group Operating Profit (Earnings Before Interest and Tax (EBIT)) and stronger Group Reported Profit Before Tax (PBT) for the second quarter ended 30 June 2015.

Group Revenue rose 2.4% QoQ to RM2.84 billion from RM2.77 billion recorded in the preceding quarter. This was mainly due to higher contribution from voice and other telecommunication related services revenue.

Group Reported EBIT for 2Q2015 was higher by 25.5% to RM305.5 million. Group Normalised EBIT was higher by 22.0% to RM297.8 million on the back of higher revenue and better cost management.

Correspondingly, Group Reported PBT also increased 48.8% QoQ at RM256.1 million in 2Q2015 from RM172.1 million in 1Q2015 due to the higher revenue growth and lower foreign exchange losses on borrowings in the recent quarter.

Group Reported PATAMI surged 64.5% to RM212.1 million in the current quarter from RM128.9 million in the preceding quarter attributable to higher PBT. Group Normalised PATAMI was 28.2% higher, at RM219.6 million.

Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer of TM, said, “2015 has been a challenging year thus far but I’m pleased to report that we closed the second quarter with better performance as compared to the preceding quarter - both in terms of revenue and profitability. Our operating revenue increased by 2.4% QoQ from higher voice and other telecommunication services. Our reported EBIT was higher by more than 25%, at RM305.5 million on the back of lower opex, whilst our reported and normalised PATAMI both grew in the current quarter, increasing by 64.5% and 28.2% respectively.

We also continue to maintain our position as Malaysia’s Broadband Champion. Our total broadband customer base grew 1.0% to close to 2.29 million customers. In line with increasing demand for higher bandwidth, we crossed the halfway mark with 51% of our broadband customers now on packages above 4Mbps. UniFi continues to see a healthy growth of 3.3% from the preceding quarter, with a quarterly net addition of about 25,000 customers to close to 782,000 customers activated as at 2Q2015. At 1.708 million available ports, this translates into a takeup rate of about 46%. Over recent months, we began to introduce more exciting UniFi packages, which began with 8 exchange areas and then expanded nationwide in July. We now offer more choices to our customers according to their needs, i.e., giving options for higher speeds, wireless connectivity via P1 Wimax or an attractive voice plan. These will be add-ons to an attractive 30Mbps UniFi package. This is on top of the recent introduction of our new 1Mbps Streamyx package at RM38 per month (excluding GST), and the lower-priced UniFi 10Mbps service. We are striving to demonstrate our focus on our brand promise of “Life Made Easier” and “Business Made Easier” and we expect to introduce more exciting services to our customers across all segments. As we progress through the second-half of the year, we expect UniFi to continue to experience positive take up as we continue to expand our high speed broadband (HSBB) coverage.”

“On P1, we are happy to update that things are progressing well. We have commenced the physical rollout of our network and have advanced in the commercial planning of the products we intend to introduce. This entails refining the product features and carrying out testing with customer focus groups. Most importantly, we are executing our plans to develop the ecosystem for convergence, by leveraging on our assets and capabilities throughout the entire TM service delivery chain,” added Tan Sri Zam.

The total capital expenditure for 1H2015 was RM686 million or 12.2% of revenue, of which RM428 million was spent in 2Q2015.

TM remains strong in its commitment to shareholders and in line with its dividend policy, the Company is proposing a single-tier interim dividend of 9.3 sen per share or approximately RM349.5 million.

Prospects for the Current Financial Year Ending 31 December 2015

The Malaysian Institute of Economic Research (MIER) is forecasting Malaysia’s GDP growth to be 4.8% for 2015, as our country faces the current challenging times and acknowledges the need for a new “optimal policy framework” with focus on putting greater efforts at renewing Government’s commitment, restoring market sentiments and confidence, enhancing policy credibility and protecting Malaysia’s good reputation overseas. MIER is forecasting a more positive economic outlook for 2016 with a growth forecast of 5.3% - 5.8%. (*Source: Malaysian Economic Outlook, MIER, 4 August 2015*).

In support of the Government's call for greater industry alliance and to promote healthy competition amongst the players, we have continued to engage in several key strategic collaborations such as the leasing out of fibre mobile backhaul connectivity covering Central, Southern, Eastern & Northern Malaysia, via TM Next-Gen Backhaul™ Services (NGBH) that is specially optimised to support 4G Long Term Evolution (LTE) rollout. TM also extended its Partnership Agreement with state-backed companies (SBCs) supporting TM's plans of delivering LTE services by leveraging on SBC's towers nationwide, whilst enabling other network operators in the towers to utilise TM's network. These strategic partnerships illustrate that TM as a neutral wholesale service provider is committed in supporting the growth of the telecommunications industry and in delivering enhanced service experience to end customers.

TM has also collaborated with third parties to engage in ongoing efforts such as bringing together a wider scope of smart services and an enhanced Internet of Things (IoT) strategy, creation of differentiated enterprise solutions (e.g. business intelligence, big data, cloud computing) and offering SMEs cloud-based customer relationship management (CRM) capabilities.

In terms of business priorities, TM remains committed as Malaysia's Convergence Champion and No. 1 Converged Communications Services Provider whilst delivering its promise of 'Life Made Easier' and 'Business Made Easier'. Anchoring on its Information Exchange and Innovation Exchange vision, TM has undertaken many initiatives be it in the local front vide its numerous industry collaborations and partnerships to enhance its offerings to customers across segments. On the global front, TM has also proceeded to strengthen its regional presence in forming a consortium to establish a new cable system, spanning approximately 1,300km linking Malaysia to Cambodia and Thailand, called Malaysia – Cambodia – Thailand (MCT) submarine cable system with further access to Laos, Myanmar and Vietnam via terrestrial links.

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About TM

Telekom Malaysia Berhad (TM), Malaysia's Convergence Champion and No. 1 Converged Communications Services Provider, 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.

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

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