



NEWS RELEASE

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**TM REPORTS FIRST-QUARTER 2020 FINANCIAL RESULTS AND PROVIDES AN UPDATE
ON MEASURES TAKEN IN RESPONSE TO COVID-19 PANDEMIC;
POSTS REVENUE OF RM2.56 BILLION FOR 1Q2020**

Telekom Malaysia Berhad (TM) today announced its financial results for the first quarter ended 31 March 2020 and provided an overview of the measures undertaken by the Group to manage the business through the novel coronavirus (Covid-19) pandemic.

Dato' Noor Kamarul Anuar Nuruddin, Group Chief Executive Officer, TM, commenting on the results:

“Following our commendable performance in 2019 through the execution of performance improvement initiatives, we began 2020 with a positive momentum. However, we are faced with new challenges with the global outbreak of Covid-19. These are truly unprecedented times that are affecting everyone globally – members of the public, businesses, corporates; and TM is also not spared. Determination and perseverance to overcome this crisis is critical for the nation and TM to bounce back quickly. As the nation’s telecommunication infrastructure provider, TM is ready alongside with the Government to support the country’s telecommunication needs ensuring seamless high speed and uninterrupted connectivity solutions for the nation. The Government’s Movement Control Order (MCO) and stay-at-home orders have been effective in slowing the spread of the virus. We at TM have to adapt to a new normal in its aftermath and have also taken decisive actions to prioritise the safety of our employees and customers while protecting our business. Befitting our role as the enabler of Malaysia’s Digital Nation aspiration, we are committed to ensure that our network is always-on and available to customers, so they can stay connected, entertained, productive, informed and continue to be served throughout the MCO, and beyond.

While the disruption means our business is faced with immediate challenges, we believe our agility has positioned us well to adapt and continue to serve customers where it is safe to do so. We are drawing on the strengths of our strong network and our people to manage through the crisis and position us for long-term growth. Given the uncertainty surrounding the scope, duration and eventual economic impact of the pandemic, the extent to which it will continue to impact our financial results this year remains uncertain. Due to this, the Company does not believe it can estimate the full financial impact with reasonable accuracy at this time and believes it prudent to revisit its 2020 guidance when there is better clarity.

As we look to mitigate the impact of Covid-19 on our business, we will continue to monitor the situation closely, actively evaluating various ways to optimise costs and CAPEX across our operations. We will continue to focus on optimising our balance sheet structure in the coming quarters. Despite these challenges, it is important that we do not lose focus on our planned operational improvements throughout the balance of the year, which will stand us in good stead for the medium term. As we navigate through this unprecedented crisis, we will continue to operate with a long-term mindset, in order to best position ourselves for the future.

As expected, revenue challenges continued to persist into the first quarter of the year. However, I'm pleased to report that our cost optimisation program continued to yield results. Our CAPEX spending was lower compared to 4Q2019 and within our guidance, as we continued to sweat our assets and optimise our network. The enhancement of our network optimisation and capacity expansion has resulted in a downward trend of network congestion which translates to better speeds for our customers. We will continue to address operational challenges whilst maximising on opportunities that come our way. We remain well positioned to lead in the Industrial Revolution 4.0 (IR4.0) and be 5G ready towards enabling Digital Malaysia.

Moving forward, we are committed to maintaining our business profitability, leveraging on new avenues at the onset of a 'new normal' and adapting to the new challenges. We will continue with the promotional packages for our unifi customers as well as Infrastructure-as-a-Service (IaaS) and Software-as-a-Service (SaaS) solutions, for our enterprise and public sector customers - to ease their journey towards cloud adoption and particularly to boost their resilience. We remain focused on delivering our strategies - going back to basics and embracing customer experience in strengthening our foundation to serve a more digital lifestyle and society, digital businesses and digital Government – now so more than ever; towards making “Life and Business Easier for a Better Malaysia”,” Dato' Noor Kamarul concluded.

- **Financial and Operational Highlights 1Q2020** *(All comparisons refer to the first quarter of 2019, except as noted):*
 - ❖ Group Revenue of RM2.56 billion, 8.0% lower against 1Q2019 mainly due to lower revenue contribution from all lines of products.
 - ❖ The reduction in revenue, led to the Group recording lower Group Reported Earnings Before Interest and Tax (EBIT) of RM326.1 million, 35.4% lower from RM504.8 million recorded in the corresponding period of 2019.
 - ❖ Consequently, Group Reported Profit After Tax and Non-controlling Interests (PATAMI) decrease 50.5% from RM308.3 million to RM152.5 million year-on-year (YoY). TM's core net profit, or Normalised PATAMI which excludes non-operational items including the RM80.1 million unrealised foreign exchange translation loss on borrowings, stood at RM240.8 million, a 18.8% reduction from RM296.4 million versus prior year.
 - ❖ The total capital expenditure (CAPEX) stood at 10.2% of revenue or RM262.3 million. Out of the amount spent, 19% was made for Core Network, 68% for Access and the balance 13% was made for Support System.

- **unifi updates:**
 - ❖ Convergence penetration of TM Household base at 55%.
 - ❖ 2.18 million broadband customer base; unifi customer base continues to grow, whilst the drop in Streamyx was partly due to customer migration to unifi
 - ❖ Introduced unifi Plus Box, the first 4K Android-based TV Box to provide its subscribers access to all unifi's digital entertainment services as well as view their preferred over-the-top (OTT) content.
 - ❖ Launched of Try Me Campaign which offers a 30-day risk-free trial period for all NEW unifi Home plan subscription.
 - ❖ Started proof of concept on 5G service for selected home and business customers in Langkawi.

- **TM ONE updates:**
 - ❖ Signed a series of MoUs and strategic digital collaborations with local universities – Universiti Teknologi MARA (UiTM) and Universiti Utara Malaysia (UUM) to help realise their Digital Campus aspirations; and Universiti Sultan Zainal Abidin (UniSZA) to embark on a digital manuscript facility for its university library.
 - ❖ Appointed by FNS Value Co., Limited (FNSV) of Korea as the sole distributor of its Blockchain Secure Authentication (BSA) products and solutions for Malaysia and ASEAN region.
 - ❖ Launched a new cloud services campaign called Cloud α [Cloud Alpha], to boost its end-to-end digital offerings for Malaysian enterprises and public sectors.
 - ❖ Hosted its first ever City LEAP Summit 2020 in collaboration with the Ministry of Housing and Local Government (KPKT) for local city and municipal councils towards propelling Smart City transformation throughout Malaysia.

- **TM WHOLESALE updates:**
 - ❖ Continued to be the preferred telecom infrastructure provider through provisioning of Wholesale Ethernet and High-Speed Broadband Access (HSBA) solutions.
 - ❖ Successfully deployed 5G trial and Proof of Concept (PoC) while concurrently supporting other mobile operators to deploy their 5G trials and its use cases in Langkawi through Next Generation Backhaul (NGBH) solutions.
 - ❖ Secured two (2) new Indefeasible Right of Use (IRU) deals with major Hong Kong-based and Indian-based service providers.
 - ❖ Captured 200GB International Ethernet Private Line (IEPL) business deal with an US-based digital service providers with additional 600GB confirmed additional capacity requirements to be deployed in May 2020.
 - ❖ Expanded Content Delivery Network (CDN) presence and network coverage in Japan and Bangladesh and in ongoing discussions with several major content service providers in strengthening global partnership ecosystem in content delivery solutions.
 - ❖ TM WHOLESALE's regional office in Singapore has been certified as a Zero Outage Supplier for 2020 by T-Systems International, a Deutsche Telekom subsidiary - demonstrating TM's unparalleled service delivery quality standard and uncompromised effort to enhance customers' satisfaction.

- **The Group's Comprehensive Response to Covid-19**
 - ❖ TM also outlined its response to address the challenges of the ongoing Covid-19 global pandemic outbreak to ensure the continuity of its business with the implementation of the following initiatives; and in support of the Pakej Rangsangan Ekonomi Prihatin Rakyat 2020:
 - ❖ **Business Operations Update under the Conditional MCO (CMCO)**
 - Set up a TM Covid-19 Crisis Response Team and activated its Crisis Communications Management Team to actively monitor and support TM's operations and help ensure business continuity and timely support to meet customers' need.
 - Launched its **"Digital Economy Special Programme"** focusing on SMEs, and individuals belonging to M40 and B40 groups in the rural and suburban areas.
 - Resumed **further service operations at all zones** to including service installations and restorations at customers' premises in all areas and **reopened 182 TMpoint outlets**
 - **unifi, in addition to its unlimited plans, launched support packages** to help customers #sTayhoMe #stayconnected #stayproductive #stayentertained.
 - **TM ONE's strong support of the Nation's command centres and essential services for public sector and enterprises;** with hundreds of upgrades through its scalable solutions enabling them to run their critical operations from both home and onsite.
 - **TM WHOLESALE** continues to support the industry to ensure seamless and uninterrupted connectivity.

- **TM Research & Development Sdn Bhd (TM R&D)**
 - Deployed its innovative solution called Early Warning, Alert & Response or “EWAR” at the quarantine and treatment centre for Covid-19 cases at Malaysia Agro Exposition Park (MAEPS), Serdang to help in the screening of high temperature amongst medical teams and frontliners.
 - Launched a Data Exchange Platform as a one-stop data exchange centre that will facilitate and accelerate data sharing in order to bolster research efforts in combating the COVID-19 pandemic.
- **Developed and launched the StayAlert.my portal** – a one-stop authentic information resource and TM Corporate Responsibility initiative, to help Malaysians #stayinformed on the latest news and developments on Covid-19.
- ❖ **Community and Nation Building Response** – Contributed over RM5.56 million overall for CR related efforts during this Covid-19 outbreak.
- ❖ **Proactive measures for Warga TM to #staysafe #stayhealthy and #stayalert in the service of the Nation**
 - Implemented Special Working Arrangements for TM workforce (Warga TM) nationwide.
 - Special allowance for all TM customer service frontliners who have to work during the MCO period.
 - Frequent alerts and awareness on the COVID-19 pandemic to all TM employees and building tenants.
 - Enhanced the already rigorous cleaning protocols by conducting routine and thorough sanitisation of TM office buildings and premises.

Prospects for the Financial Year Ending 31 December 2020

The ongoing COVID-19 pandemic and the resulting movement restriction measures are expected to have a significant impact across all sectors of the economy. The Malaysian Gross Domestic Product (GDP) for 2020 is expected to range between -2.0% to +0.5%¹ whilst globally the growth projections were at -3.0%².

While there are many uncertainties as the crisis is still unfolding, TM is committed to maintain business profitability, leveraging on new avenues at the onset of a ‘new normal’ and adapting to the new challenges. The Group continues to monitor the current situation closely and will take appropriate actions accordingly to mitigate the impact of the pandemic on the businesses of the Group.

¹Bank Negara Malaysia, April 2020

²IMF World Economic Outlook: The Great Lockdown, April 2020

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