



NEWS RELEASE

Kuala Lumpur

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**TM TURNS IN RESILIENT 2Q2020 PERFORMANCE;
DECLARES INTERIM DIVIDEND OF 6.8 SEN PER SHARE AMOUNTING TO RM256.1 MILLION**

- *Good underlying momentum amidst Covid-19 headwinds*
- *Cost optimisation programmes yielding results*
- *The Group committed to maintain all its 2020 performance targets*

2Q2020 QoQ Key Financial and Operational Highlights 2Q2020 (All comparisons refer to the first quarter of 2020 (Quarter-on-Quarter (QoQ) comparison), except as noted):

- ❖ **Group Revenue** grew 1.4% to RM2.59 billion from RM2.56 billion recorded in 1Q2020.
- ❖ **Group Reported Earnings Before Interest and Tax (EBIT)** increased by 30.7% QoQ to RM426.3 million, from RM326.1 million in 1Q2020.
- ❖ **Group Reported Profit After Tax and Non-controlling Interests (PATAMI)** rose 80.1% QoQ to RM274.7 million compared to RM152.5 million.
- ❖ **The total capital expenditure (capex)** Year-to-Date (YTD) stood at 9.3% of revenue or RM479.2 million.
- ❖ Declares **maximum interim dividend** of 6.8 sen per share totalling RM256.1 million.
- ❖ **Business operations and on ground sales activities fully resumed** to provide quality service experience for our customers.
- ❖ **unifi:** Continues convergence leadership with fixed broadband growth.
- ❖ **TM ONE:** Further cementing our leadership position in the enterprise and public sector with end-to-end cloud offerings.
- ❖ **TM Wholesale:** Continues to connect carriers, over-the-top (OTT) providers and content players in Malaysia and globally.
- ❖ **Addressing the digital divide:** Remain committed to increasing connectivity reach via fit-for-purpose technologies.

Robust 2Q2020 business performance

Despite the increasingly challenging operating environment and early consequences of the Covid-19 pandemic, Group Revenue grew 1.4 percent to RM2.59 billion from RM2.56 billion recorded in 1Q2020 despite the full quarter impact of Movement Control Order (MCO), with higher revenue from voice and data services.

Group Reported Earnings Before Interest and Tax (EBIT) for 2Q2020 increased by 30.7% QoQ to RM426.3 million, from RM326.1 million in 1Q2020, on the back of lower operating cost, from the Group's continued cost optimisation programmes. Consequently, Group Reported Profit After Tax and Non-controlling Interests (PATAMI) rose 80.1% QoQ to RM274.7 million compared to RM152.5 million.

In the first half of 2020, the company invested 9.3% of revenue for capex amounting to RM479.2 million - in line with guidance - focusing on broadband, data and mobile services to maintain service quality and availability nationwide. Of the amount invested, 59% was for network access, 23% for core network, and the balance 18% for support system.

Imri Mokhtar, Group Chief Executive Officer, TM, commenting on the results:

"I'm pleased to report a resilient quarter-on-quarter performance in these challenging times. We continued to maintain our commercial momentum supported by a proactive and well-coordinated business continuity management focus to meet our operational and customer needs. However, we did face delivery delays in our services to customers as we adhered to the MCO Standard Operating Procedures (SOPs). To mitigate the impact of the Covid-19 pandemic on our business, we will continue to actively evaluate various ways to meet our performance targets whilst optimising costs and capex across our operations. We have started to arrest the decline and we are positive that our cost optimisation initiatives will continue to bear fruit, translating into positive margins for the Group.

TM has fully resumed our business operations and on ground sales activities to provide quality service and experience for our customers. Our unifi subscribers recorded positive growth from more Malaysians working from home whilst TM Wholesale continues to see higher international and domestic revenue. TM ONE further cemented its leadership position with our end-to-end cloud offerings. In the meantime, we remain well positioned to lead in the Industrial Revolution 4.0 (IR4.0) towards enabling a more Digital Malaysia," Imri concluded.

Operational review: Maintaining commercial momentum

During the quarter, we made good progress against our strategic priorities through our performance improvement programmes which resulted in significant cost improvements, despite revenue challenges on the retail front.

- **unifi: Continues convergence leadership with fixed broadband growth**
 - ❖ Convergence penetration at 53% of TM Households
 - ❖ unifi customer base grew 4.0% to 1.55 million; total fixed broadband customer base grew to 2.23 million
 - ❖ Launched #unifiYourWorld campaign with a new convergence plan for an improved overall internet experience at home and beyond
 - ❖ Addressing the digital divide: committed to increasing connectivity reach via fit-for-purpose technologies
 - Upgraded the internet speed at Pusat Internet Kampung Pinggan-Pinggan, Pitas, Sabah, making it the first Pusat Internet in Sabah to enjoy speeds up to 300Mbps towards increasing reach and connectivity for the communities at the surrounding areas
 - Addressing rural connectivity via 4G and TM R&D's home-grown technology to deliver up to 50Mbps to Veveonah Mosibin in Kampung Sapatalang, Pitas, Sabah
- **TM ONE: Further cementing our leadership position in the enterprise and public sector with end-to-end cloud offerings**
 - ❖ Launched Cloud α (Cloud Alpha) to enable end-to-end cloud offerings for Malaysian enterprises and public sectors.
 - ❖ The only Malaysian end-to-end cloud AI infrastructure service provider with full data residency, locality and sovereignty subjected to regulations in Malaysia
- **TM Wholesale: Continues to connect carriers, over-the-top (OTT) providers and content players in Malaysia and globally**
 - ❖ **Domestic**
 - Signed with a mobile player to provide wholesale broadband nationwide
 - Expanded Next Generation Backhaul (NGBH) sites for mobile operators

❖ **International**

- Expanded content localisation services with North Asia-based customers
- Collaborated with China and US-based OTT players to fulfil their data centre requirements

- **TM Network remained stable** during MCO in handling a 39% increase of overall traffic, as a result of continuous network optimisation

Prospects for the Current Financial Year Ending 31 December 2020

The Group continues to provide our services to the nation amidst the uncertainty created by the Covid-19 pandemic. Since mid-May 2020, TM has resumed our on-the-ground sales activities together with service installation and restoration activities at customer premises. TMpoint outlets nationwide too have since reopened at full normal hours. We will continue to provide the best service and experience for our customers in the remaining quarters of 2020 as more sectors of the economy open up with less restrictions under the Recovery Movement Control Order (RMCO).

We continue our commitment to maintain business profitability for the coming quarters of 2020. This has been made evident through the resilient financial performance recorded in the current quarter ended, being a full quarter under MCO. In our unique role as the enabler of our country's Digital Malaysia aspiration, we continue to ensure that our network is always available to customers, so they can stay connected, productive, and continue to be served.

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