

TM TURNS IN SOLID 1Q2021 PERFORMANCE; STRONG START TO TRANSFORMATION PROGRAMME

Key Highlights

1Q2021 YoY Financial Highlights *(All comparisons refer to the first quarter of 2020, Year-on-Year (YoY) comparison, except as noted):*

- ❖ The Group posted **revenue** of RM2.81 billion, 9.9% higher from RM2.56 billion in 1Q2020.
- ❖ Strong Group **Earnings Before Interest and Tax (EBIT)**, growth of 80.8% YoY to RM589.7 million, from RM326.1 million in 1Q2020.
- ❖ Group **Profit After Tax and Non-Controlling Interests (PATAMI)** more than doubled to RM325.5 million (growth of 113.4% YoY) compared to RM152.5 million in 1Q2020.
- ❖ Total **capital expenditure (CAPEX)** for 1Q2021 at 8.8% of revenue or RM247.0 million.

A Solid 1Q2021 Performance

Telekom Malaysia Berhad (TM) today reported its financial results for the first quarter ended 31 March 2021. The Group's revenue increased by 9.9% to RM2.81 billion compared to RM2.56 billion in the same quarter last year with an increase in revenue across all business lines – unifi, TM ONE and TM WHOLESALE.

Ongoing cost improvement initiatives continued to show results with total operating cost ratios (% cost to revenue) improving from 88.1% last year to 79.7%, supporting both revenue growth whilst optimising cost efficiency across direct costs, manpower, other operating costs and depreciation and amortisation.

Group EBIT for 1Q2021 rose by 80.8% YoY from RM326.1 million in 1Q2020 to RM589.7 million, on the back of higher revenue and better operating costs efficiency. This subsequently led to a strong 113.4% YoY growth in Group PATAMI from RM152.5 million last year to RM325.5 million.

In 1Q2021, the Company invested 8.8% of revenue in capex amounting to RM247.0 million as it continued to modernise its network and technology platforms towards delivering current and future solutions for customers. Of the amount invested, 69% was for network access including JENDELA (fibre broadband expansion), 12% for core network, and the balance 19% for support systems.

TM expects to meet the 2021 market guidance announced in February with revenue growth to be flat or single digit growth, EBIT to be more than RM1.6 billion and CAPEX guidance to be between 14% to 18% of revenue.

1Q2021 Business Highlights: A Strong Start to the New TM Transformation Programme

The 'New TM' Transformation Programme (2021-2023), anchored on 40+ Value Programmes focusing on customer experience, revenue, cost efficiency and a future proof organisation, has seen a strong start with quarterly growth across all lines of business and improved operations.

unifi maintains its strong momentum and convergence leadership with 11.9% YoY growth in fixed broadband customers to 2.44 million, with the highest ever quarterly fixed broadband customers net additions of 110k, driven by growth of unifi customer base. Whilst the MCO since 2020 has increased demand for fixed broadband, unifi has successfully converted this demand with its compelling unifi convergence proposition under the #unifiyourworld campaign, providing the best customer value for broadband, mobile and content via unifi Plus Box.

This growth was also supported by the higher number of ports deployed and wider fiber network roll-out under the JENDELA programme, which TM surpassed its 1Q targets achieving 141% of its commitment. TM is also expanding the pool of network contractors to increase the capacity of its fiber expansion programme in the coming quarters.

unifi also focused on continuously improving customer experience and accelerated its Streamyx migration programme in Q1 2021 to enable more customers enjoy higher speed broadband. WiFi optimisation is also an important part of getting the best internet experience, hence unifi also continues to promote the take up of Mesh WiFi to its new and existing customers. Meanwhile, its IT systems are also undergoing enhancements to provide better customer experience and cost optimisation via simplification and consolidation of platforms. Notably, unifi rolled out a new order management system that reduces order processing time by more than 60%, to improve customer experience across its sales touchpoints.

TM ONE continues to enable the digital transformation journey of enterprise and public sector customers with a comprehensive suite of connectivity, data centre, Cloud, cybersecurity and smart solutions. After cautious spending in 2020, customers are now accelerating their digitalisation, and this has translated into new sales and contract renewals to provide comprehensive digital solutions, especially in key verticals such as oil and gas, the banking and financial services industry (BFSI) as well as from higher broadcast, ICT and customer projects.

There is also greater traction seen for Cloud services from the Enterprise segment; whilst discussions are ongoing to support public sector data migration, as the Government's sole local Cloud Service Provider (CSP) under the MyDIGITAL blueprint.

TM WHOLESALE is the preferred network infrastructure provider supporting the technology industry and is positioning Malaysia as a digital hub with strong demand from domestic and international telco and technology operators; including hyperscalers.

On the home front, TM as the leading infrastructure partner for High Speed Broadband wholesale services, leveraged its superior network nationwide to support the industry's broadband growth. It is also the primary mobile backhaul infrastructure provider for the industry, which saw growth in coverage and capacity through dynamic offerings of these services. TM also recorded growth in terms of its Wholesale Data Services.

Towards establishing Malaysia as an ASEAN digital hub, TM strengthened its partnership ecosystem with international carriers and hyperscalers registering higher revenue for International Data Services as compared to last year. TM expanded its portfolio of data centre customers with more major Asian and US hyperscalers co-locating at the nation's only Tier III twin core data centres at Iskandar Puteri (IPDC) and Klang Valley (KVDC). Its wholesale Content Delivery Network (CDN) services also expanded its digital media delivery network ecosystem with more new customers in 1Q2021.

TM remains committed to sustainable growth, with continued emphasis on Environmental, Social and Governance (ESG), maintaining its strong track record as one of the 75 Bursa companies on the FTSE4Good Bursa Malaysia Index, with the full rating of 4/4.

- ❖ **Environment:** TM complies with the Environmental Quality Act 1974, and has reduced its annual carbon emissions by 13%; integrating sustainable practices in all areas of operations.
- ❖ **Social:** TM ensures the safety and health of customers and Warga TM with special working arrangements implemented and enhanced Standard Operating Procedures (SOPs) towards business and customer service continuity. TM also supports the nation and communities in need through connectivity initiatives such as Jaringan Prihatin, CERDIK, MYBAIKHATI and other humanitarian aid.
- ❖ **Governance:** Committed to uncompromising integrity, TM continuously assesses the Group's corruption risk and ensures its corruption mitigation practices are independently certified.

Imri Mokhtar, Managing Director & Group Chief Executive Officer commented:

"We began 2021 with a positive momentum and a strong start to our 'New TM' 2021-2023 Transformation Programme. We are pleased to report a solid year-on-year performance despite these unprecedented times. We delivered good growth with our revenue up 9.9% YoY to RM2.81 billion, contributed by strong demand from our unifi, TM ONE and TM WHOLESALE customers. Coupled with our continuous cost efficiency initiatives, EBIT significantly improved 80.8% YoY to RM589.7 million and PATAMI doubled to RM325.5 million as compared to the first quarter of 2020.

Under the 40+ Value Programmes, TM is reshaping our workforce into a stronger execution engine, embracing a more agile work culture with future-ready skills; focused on growing with our customers towards a more digital society, businesses, public sector services and technology industry.

TM reiterates our leading role in accelerating Digital Malaysia through digital connectivity, digital infrastructure and a digital workforce. As an essential enabler, we are ready to play a leading role in the execution of both, the JENDELA implementation plan and the realisation of the Malaysia Digital Economy Blueprint (MyDIGITAL); leveraging on our comprehensive connectivity, digital infrastructure and innovative solutions.

We are also committed towards sustainable growth, with increased emphasis on ESG by our Board and management. We remain focused on our ESG sustainability journey. I am pleased to update that we maintained our track record as one of the 75 Bursa companies on the FTSE4Good Bursa Malaysia Index, with a full rating of 4/4.

With this encouraging set of overall results, we are on track to meet our 2021 market guidance and look forward to delivering greater customer experience and shareholder value with our New TM Transformation Programme."

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