



NEWS RELEASE

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TM DELIVERS DOUBLE DIGIT REVENUE, EBIT AND PATAMI GROWTH IN Q2; ON TRACK TO ACHIEVE ITS 2022 MARKET GUIDANCE

2Q2022 Key Highlights (vs 2Q2021)

- Increased demand for Internet and Data translated to an 11.8% growth in **Operating Revenue**, at RM3.09 billion compared to RM2.76 billion
- Manpower and other OPEX cost optimisation contributed 81.3% **EBIT** growth, recorded at RM702.7 million
- **PATAMI** up 73.0% at RM378.0 million from RM218.5 million, as a result of higher operating profit and lower net finance cost
- Invested 15.7% of revenue in **CAPEX** or RM484.5 million in fibre expansion, network upgrades and support systems
- **Free Cash Flow** increased 36.4% at RM730.5 million, mainly attributed to increase in revenue and cost optimisation initiatives
- **Interim Dividend** of 9.0 sen per share declared with Dividend Reinvestment Scheme applicable (DRS)
- On track to achieve its 2022 market guidance, TM continues to strengthen core businesses while investing in new growth areas

Telekom Malaysia Berhad (TM) has sustained its growth trajectory, delivering an excellent set of financial results across all key metrics for the second quarter ended 30 June 2022, offering converged services and solutions and demonstrating its resilience against increasing competition from other telco and technology players.

The Group's operating revenue grew by 11.8% to RM3.09 billion, compared to RM2.76 billion in the same quarter last year (YoY), on a foundation of strong performance across every customer segment and a sharp increase in revenue from all lines of service, particularly Internet and Data.

Optimisation efforts enabled TM to record lower manpower and other OPEX costs, which led to higher Earnings Before Interest and Taxation (EBIT), up 81.3% at RM702.7 million compared to RM387.6 million YoY.

Profit After Tax and Non-controlling Interest (PATAMI) was up 73.0% at RM378.0 million from RM218.5 million YoY, on the back of accelerated demand for connectivity, services and digital solutions. The Group applied the 33% *Cukai Makmur* statutory tax rate accordingly for the current quarter.

In addition to Group-wide cost optimisation initiatives, the revenue jump helped drive an increase of Free Cash Flow by 36.4% to RM730.5 million YoY, putting TM in a solid position to make future investments and further reduce debt.

TM also declared an Interim Dividend of 9.0 sen per share in line with its policy to distribute yearly dividends of 40% - 60% from its PATAMI. The DRS is applicable for this dividend

tranche to provide flexibility to shareholders, enabling participation into the Group's continuous growth momentum.

unifi: Maintaining growth momentum

As the leading convergence provider in Malaysia, unifi recorded a 10.3% revenue increase from RM1,272.0 million to RM1,402.6 million in the current quarter, driven primarily by continuous growth of fixed broadband subscribers, which recorded a 14.1% increase from the same quarter last year.

unifi continues to innovate the home entertainment landscape, rapidly adapting to consumer consumption patterns through more attractive content that can be viewed both at home via high-speed broadband as well as on mobile devices via the playTV@unifi app. Its growing content ranges from Hollywood to Hallyu, offering variety for everyone.

unifi's focus also extended to local SME businesses with the month-long #BelanjaDiSME campaign, as well as the SME Digitalisation Grant (SDG), which provides entrepreneurs with up to 50% savings for internet subscriptions and digital solutions.

TM Wholesale (TMW): Leading the charge in positioning Malaysia as a digital hub

TMW continues its march to be the nation's preferred network infrastructure provider and to position Malaysia as a digital hub. Revenue for the current quarter increased by 26.4% from RM585.3 million YoY to RM739.9 million, contributed mainly by higher revenue from data and voice services.

TMW's compelling performance is underpinned by escalating domestic data demand and new deals secured on the international front. It recorded the highest installation for High-Speed Broadband (HSBB) Access in June 2022, driven by mobile network operators (MNOs) and content service provider under JENDELA. TMW also delivered more than 4,500 cumulative 4G and 5G backhaul sites in supporting the MyDIGITAL blueprint for enhanced digital inclusivity nationwide.

On the international front, TMW has secured new deals with a US-based hyperscaler and a North Asian digital provider. Simultaneously, its collaborative agreement with Globe Telecom will enable its customers to enjoy superior gaming experiences, a strategic move to expand its business beyond its telco offerings.

TM One: Stronger performance amidst market challenges

The Group's enterprise and public sector arm, TM One, recorded an increase in revenue of 4.1% YoY to RM854.6 million, with growth from recurring business across the enterprise and government sectors. Global supply chain challenges and delays, however, continued to impact its operations and subsequent delivery of several customer projects.

As the sole local provider for the Government's MyGovCloud initiative, TM through TM One, is the only hyperscale cloud provider to offer data residency, data locality and data sovereignty for the Malaysian Government and its citizens. This eliminates potential risks from international regulations, policy interventions, or risk of Malaysian data housed beyond Malaysia's borders.

Credence: Spearheading TM's growth into the digital tech space

Responding to the fast-growing market demand for the digitalisation of enterprises, Credence was recently launched to drive greater levels of digital capabilities and technology skills for the Group's corporate customers.

Established as a start-up, Credence is TM's new cloud and digital services company, focusing on becoming a trusted technology partner to accelerate the digital transformation of large enterprises and the public sector. Leveraging TM's existing technology partners and new ventures, Credence will also accelerate the Group's transformation in the digital tech space.

Commentary and Outlook from Imri Mokhtar, TM Group Chief Executive Officer

"At the mid-point of 2022, our financial performance and results demonstrate TM's ability to manage our businesses effectively despite the headwinds arising from a challenging and competitive business environment. These results are also a powerful testament of our transformation journey, and our commitment to deliver a sustainable and inclusive Digital Malaysia.

"unifi will continue its trajectory to provide converged solutions to both residential and SME customers. unifi Business, specifically, will double down on its efforts to provide new propositions to engage SME customers including promotional campaigns and financing options.

"TM One remains focused in enabling the digital transformation of the enterprise and public sectors. Complemented by its global partner ecosystem, TM One continues to make inroads on bespoke solutions engineered and supported by its in-house ICT capabilities.

"TM Wholesale is on course to provide a comprehensive suite of advanced wholesale communication services and solutions for both domestic and global fronts. TMW is poised to position Malaysia as a digital hub for the ASEAN region.

"As part of TM's commitment to empower businesses on their digital transformational journey, the Group will also address the digital and tech skills gap through Credence. This new digital services subsidiary will deliver a differentiated advantage for enterprise digital solutions, providing greater and faster time-to-value with customised options for enterprises.

"Looking ahead, 5G will level the playing field and move the industry away from network-based to service-based competition. TM welcomes the Government's call for the industry to take up equity stakes in DNB. 5G will open up and expand the opportunities and growth areas for all of TM's business segments – consumers, SMEs, enterprises, wholesale as well as digital services. We look forward to rolling out 5G-enabled products and solutions and unlocking value to meet customers' demands.

"As Malaysia's convergence champion, we believe 5G will strengthen our convergence proposition, and our customers will be encouraged to transition to 5G in the near term.

"Ultimately, TM's growth and differentiation, whether in 5G, fixed broadband or digitalisation, will hinge on creating and offering exceptional customer experience, as we continue on our evolution towards becoming a human-centred technology company."