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# **1H 2015 RESULTS**

## **ANALYST BRIEFING**

**25 August 2015**

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A blue rounded rectangular box containing the text 'Performance Overview'. A yellow line connects the right side of this box to the right side of the 'Financial Review' box.

Performance Overview

A blue rounded rectangular box containing the text 'Financial Review'. A blue line connects the right side of this box to the right side of the 'Operating Highlights' box.

Financial Review

A blue rounded rectangular box containing the text 'Operating Highlights'. A blue line connects the right side of this box to the right side of the 'Concluding Remarks' box.

Operating Highlights

A blue rounded rectangular box containing the text 'Concluding Remarks'.

Concluding Remarks

## 2Q 2015 Highlights

- Revenue up 2.4% vs. 1Q2015 driven by Voice & Others
- Reported EBIT higher by 25.5% to RM305.5mn  
Normalised EBIT higher by 22.0% to RM297.8mn
- Reported PATAMI higher by 64.5% to RM212.1mn  
Normalised PATAMI higher by 28.2% to RM219.6mn
- Higher revenue growth QoQ at Managed Accounts and Global & Wholesale
- Unifi saw 25,000 net adds, from 757,000 to 782,000 customers.

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Hidup Lebih Mudah

**unifi**

**Business**  
Made **Easier**  
Perniagaan Lebih Mudah

**Streamyx**



**TMgo**

**Shop In A Box™**



The background of the slide is an aerial photograph of the Telekom Malaysia Tower (TM Tower) in Kuala Lumpur, Malaysia. The tower is a tall, modern skyscraper with a distinctive triangular top and a large circular observation deck. The city of Kuala Lumpur is visible in the background, with a mix of urban development and greenery.

Performance Overview

Financial Review

Operating Highlights

Concluding Remarks

# Group Results 1H 2015



RM mn	Reported							
	2Q15	1Q15	% Change QoQ	2Q14	% Change YoY	1H15	1H14	% Change 1H15 vs 1H14
Revenue	2,840.6	2,774.1	+2.4	2,821.8	+0.7	5,614.7	5,441.8	+3.2
Other Operating Income	29.4	32.4	-9.3	30.5	-3.6	61.8	80.7	-23.4
EBITDA	929.4	847.6	+9.7	899.1	+3.4	1,777.0	1,795.8	-1.0
Depn & Amort.	623.9	604.2	+3.3	560.2	+11.4	1,228.1	1,140.1	+7.7
EBIT	305.5	243.4	+25.5	338.9	-9.9	548.9	655.7	-16.3
Other Gains / (Loss)	(0.8)	(0.6)	+33.3	(1.2)	-33.3	(1.4)	(1.7)	-17.6
Net Finance Cost*	40.4	35.0	+15.4	37.4	+8.0	75.4	77.9	-3.2
FX Gain / (Loss)	(14.5)	(41.2)	-64.8	7.1	->100.0	(55.7)	10.0	->100.0
Profit Before Tax (PBT)	256.1	172.1	+48.8	309.4	-17.2	428.2	589.0	-27.3
PATAMI	212.1	128.9	+64.5	214.1	-1.0	341.0	424.7	-19.7
Normalised PATAMI	219.6	171.3	+28.2	214.1	+2.6	390.9	399.4	-2.1

**Note:**

Unless stated otherwise all figures shall be inclusive of P1

*For Normalised EBIT and Normalised PBT refer Slides 7 and 8*

•Excludes FX Gain/(Loss)

In RM mn	2Q15	1Q15	2Q14	1H15	1H14
Reported EBIT	305.5	243.4	338.9	548.9	655.7
Non Operational					
FX (Gain)/Loss on International Trade Settlement	(7.9)	0.4	5.8	(7.5)	4.6
Loss on Sale of Assets	0.2	0.2	0.1	0.4	0.3
Negative Goodwill on acquisition of a new subsidiary	-	-	-	-	(21.9)
Normalised EBIT	297.8	244.0	344.8	541.8	638.7
Normalised EBIT Margin	10.4%	8.7%	12.1%	9.5%	11.6%
Reported EBIT Margin	10.6%	8.7%	11.9%	9.7%	11.9%

*EBIT is calculated as Total Revenue (Operating Revenue + Oth. Operating Income) less Operating Cost*

*EBIT Margin is calculated as percentage of EBIT against Total Revenue*

*Normalised EBIT Margin is calculated as percentage of Normalised EBIT against Normalised Total Revenue (Operating Revenue + Oth. Operating Income – Loss on Sale of Assets – Negative Goodwill on acquisition of new subsidiary)*

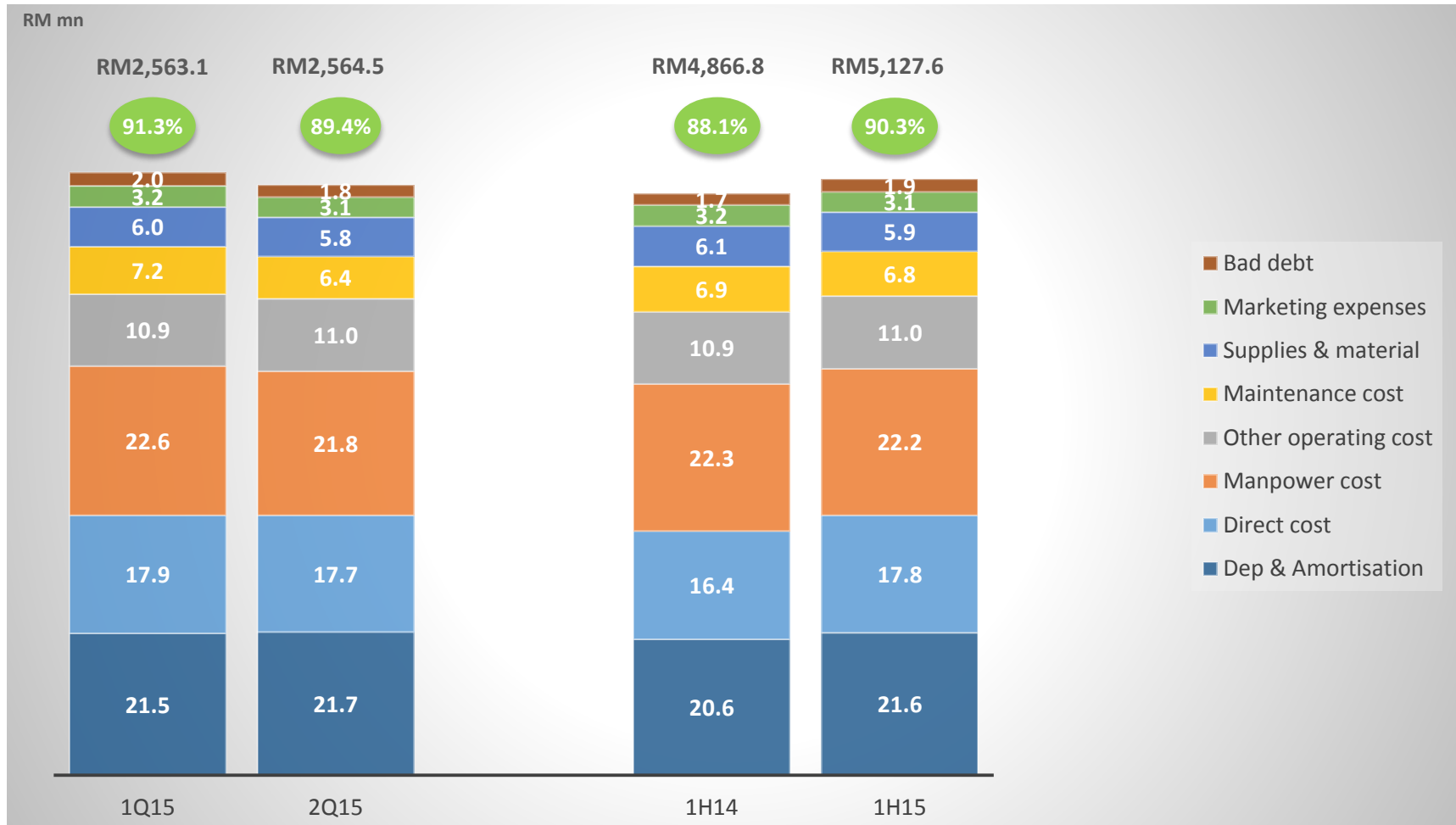
In RM mn	2Q15	1Q15	2Q14	1H15	1H14
<b>Reported PBT</b>	<b>256.1</b>	<b>172.1</b>	<b>309.4</b>	<b>428.2</b>	<b>589.0</b>
<b>Non Operational</b>					
FX (Gain)/Loss on International trade settlement	(7.9)	0.4	5.8	(7.5)	4.6
Other (Gain)/Losses & Impairment*	0.9	0.8	1.3	1.7	2.0
Unrealised FX (Gain)/Loss on Long Term loans	14.5	41.2	(7.1)	55.7	(10.0)
Negative Goodwill on acquisition of a new subsidiary	-	-	-	-	(21.9)
<b>Normalised PBT</b>	<b>263.6</b>	<b>214.5</b>	<b>309.4</b>	<b>478.1</b>	<b>563.7</b>

\* Comprise of fair value (FV) changes of FVTPL (FV through P&L) investment and gain/loss on disposal for AFS (available for sale) investments.



## Cost % of Revenue<sup>1</sup>

Better cost management QoQ



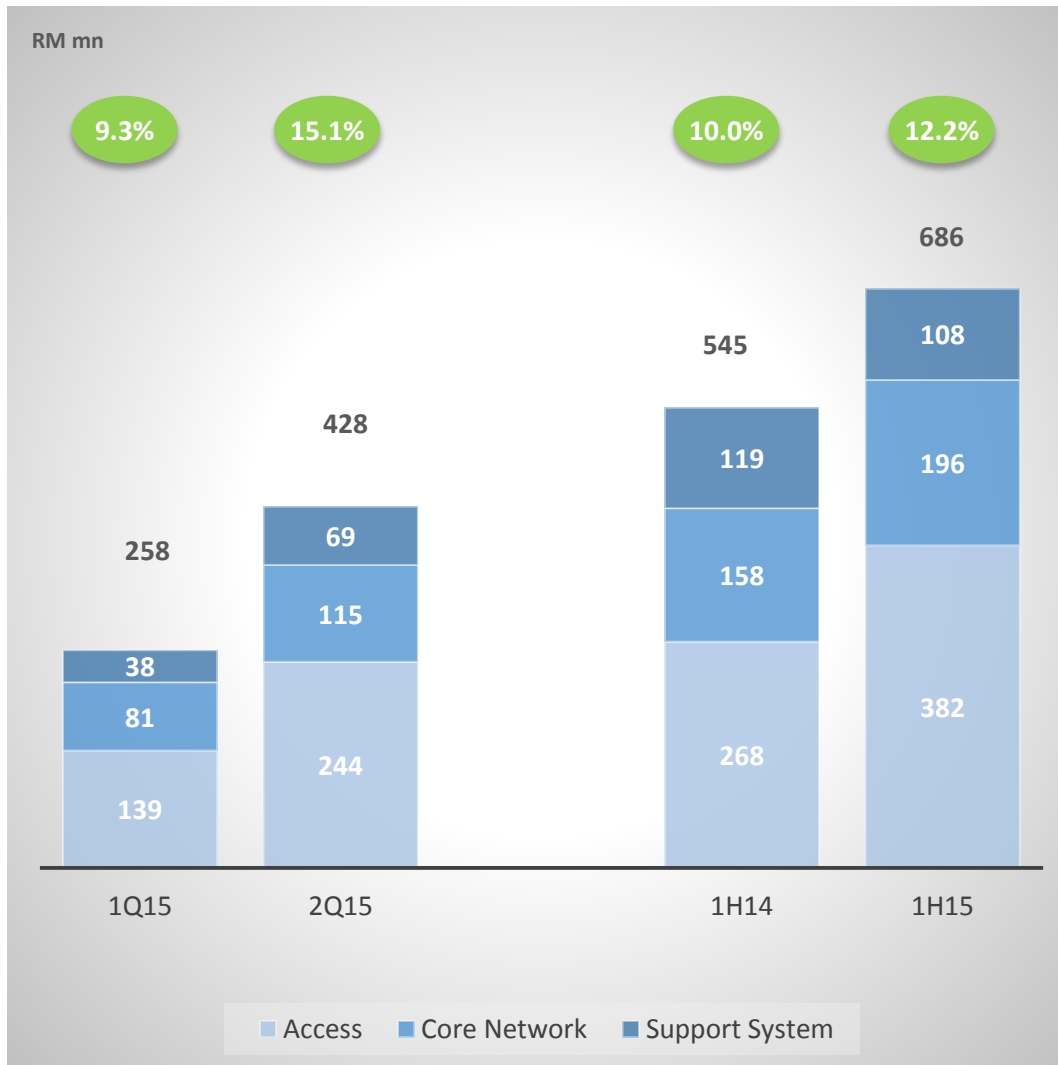
Total Cost / Revenue (%)

<sup>1</sup> Revenue = Operating Revenue + Other Operating Income

Note: The classification of cost is as per financial reporting

(Please refer to Appendix for quarterly details & breakdown)

## Group Capital Expenditure



- 12.2% of revenue
- 28% Access  
56% Core Network  
16% Support Systems

Capex / Revenue (%)

## Group Cash Flow



RM mn	1H15	1H14
Cash & cash equivalent at start	2,975.0	2,514.5
Cashflows from operating activities	833.4	822.6
Cashflows used-in investing activities	(1,016.8)	(808.4)
Capex	685.7	545.0
Cashflows from financing activities	56.3	490.3
Effect of exchange rate changes	0.1	(0.3)
Cash & cash equivalent at end	2,848.0	3,018.7
Free cash-flow (EBITDA – Capex)	1,091.3	1,250.8

## Key Financial Ratios

	30 Jun 15	31 Dec 14
Return on Invested Capital <sup>1</sup>	5.77%	7.72%
Return on Equity <sup>2</sup>	10.24%	12.80%
Return on Assets <sup>1</sup>	4.76%	6.34%
Current Ratio <sup>3</sup>	1.47	1.33
WACC	7.41%	7.54%

	30 Jun 15	31 Dec 14
Gross Debt to EBITDA	1.88	1.77
Net Debt/EBITDA	1.05	1.02
Gross Debt/Equity	0.89	0.85
Net Debt/Equity	0.52	0.46
Net Assets/Share (sen)	204.8	203.6

<sup>1</sup> Based on Normalised EBIT

<sup>2</sup> Based on Normalised PATAMI

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Performance Overview

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Financial Review

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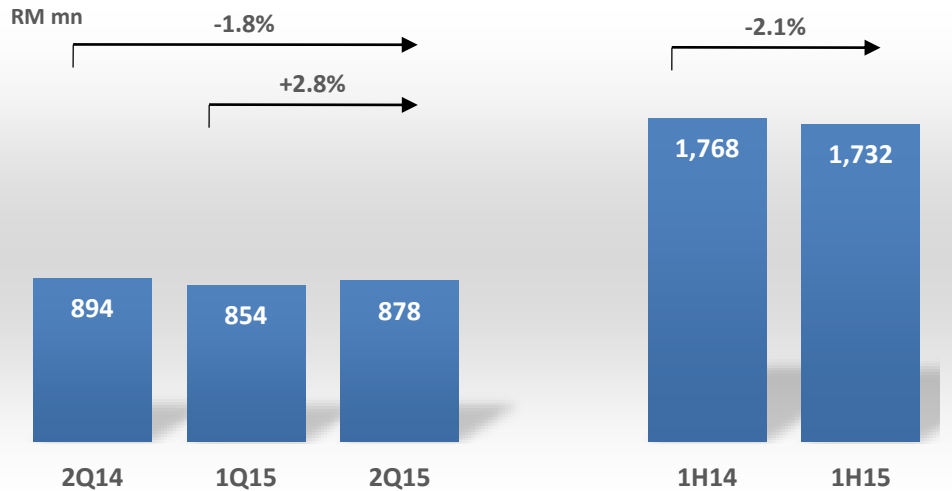
Operating Highlights

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Concluding Remarks

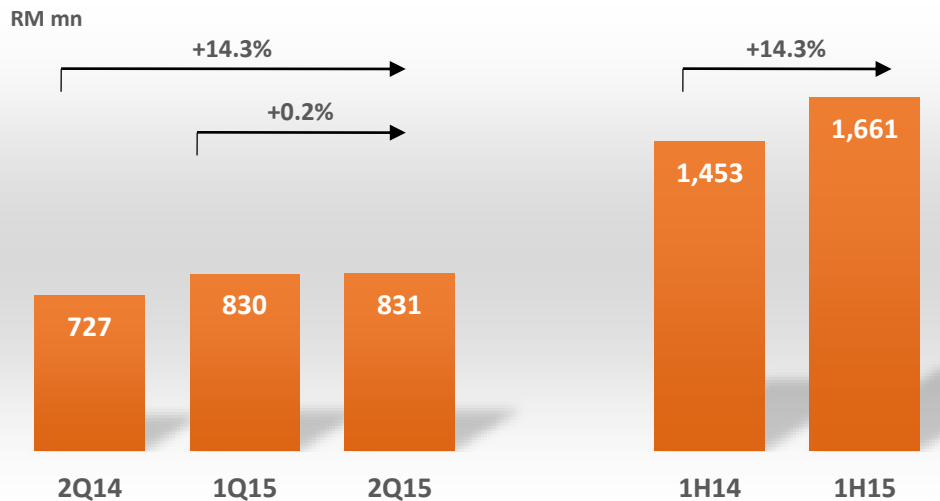
## Group Total Revenue by Product

### Voice



- 31% of Group revenue
- Lower by 2.1% YTD due to lower customer base and usage at Mass Market
- Higher wholesale minutes

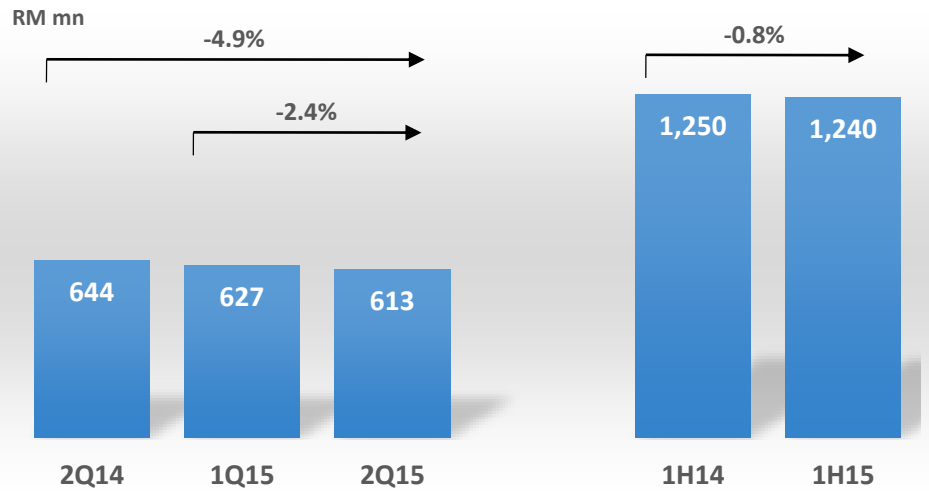
### Internet



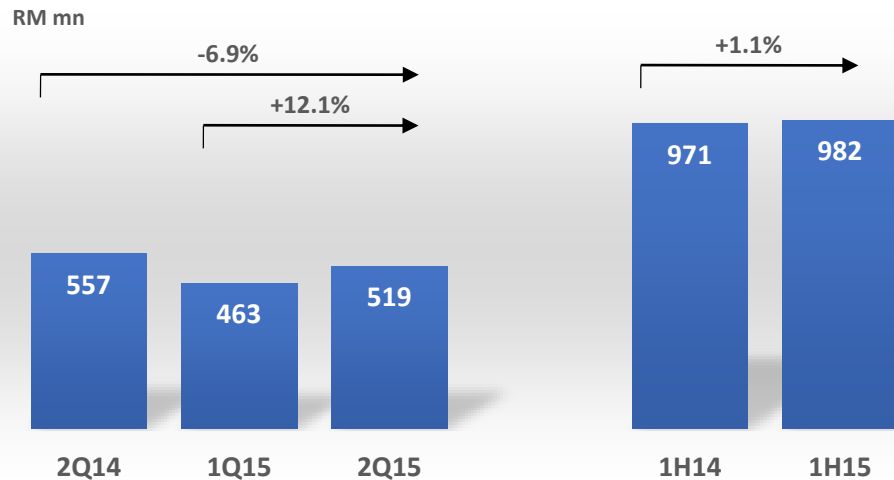
- 30% of Group Revenue
- Higher Unifi customer and total broadband base
- Higher HyppTV takeup
- Contribution from P1

## Group Total Revenue by Product

### Data



### Others\*



\*Others comprise other telco and non-telco services  
(i.e ICT-BPO, MMU tuition fees, customer projects)

- 22% of Group Revenue
- Lower leased services revenue at G&W, cushioned by higher data services revenue at Managed Accounts

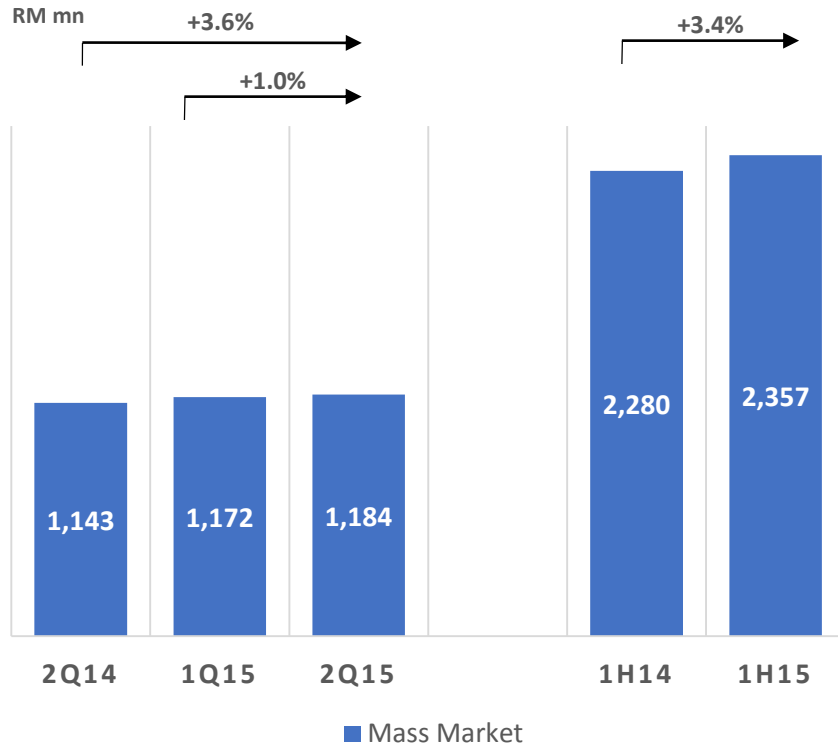
- 17% of Group Revenue
- Higher revenue from Managed Accounts customer projects and USP



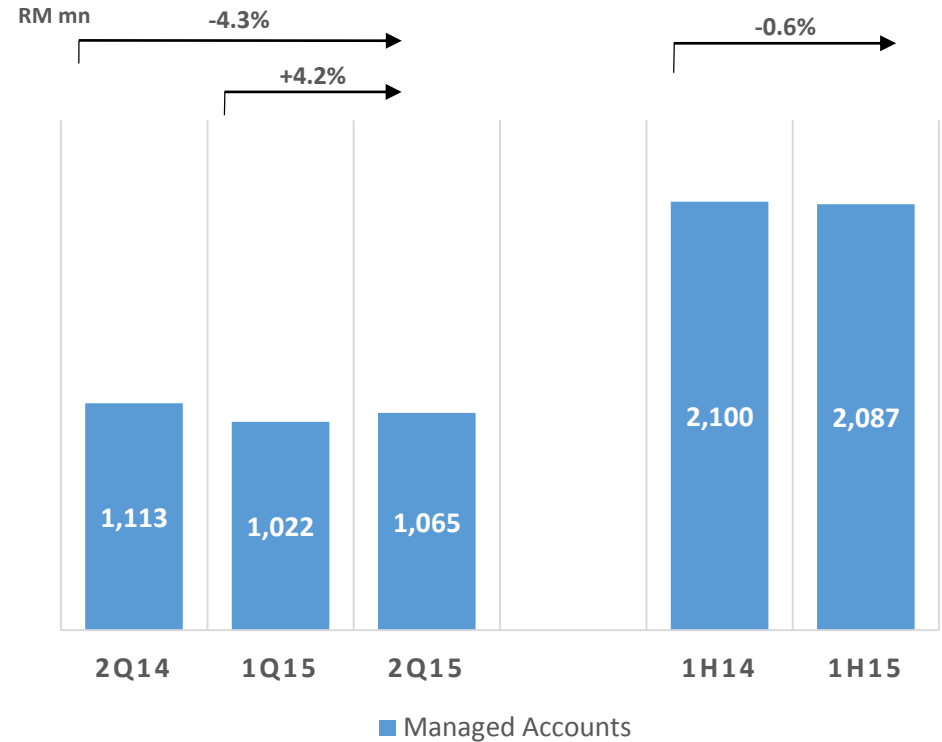
## Group Total Revenue by Lines of Business



### Mass Market



### Managed Accounts

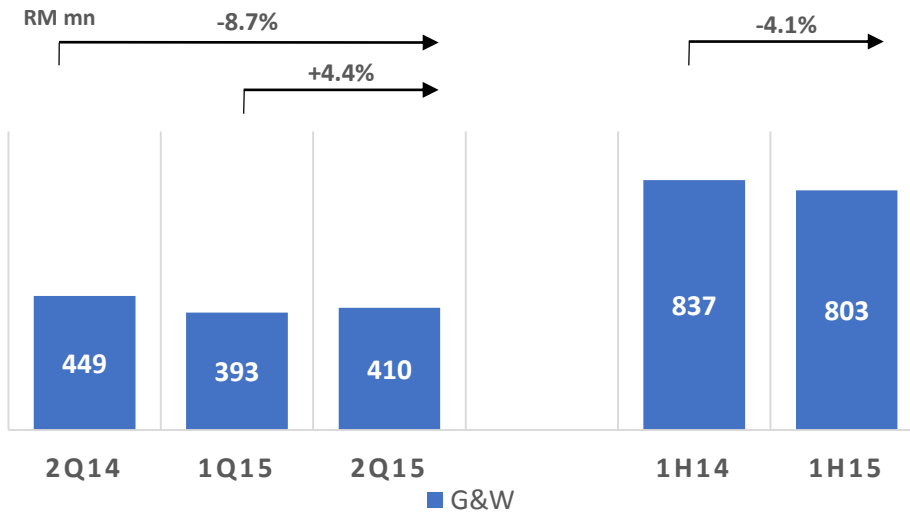


- 3.4% growth driven by Internet revenue at Consumer segment
- Higher Unifi customer base and HyppTV takeup
- Higher at TSSSB due to customer project

- Higher revenue at Enterprise & Government, but lower at GTC

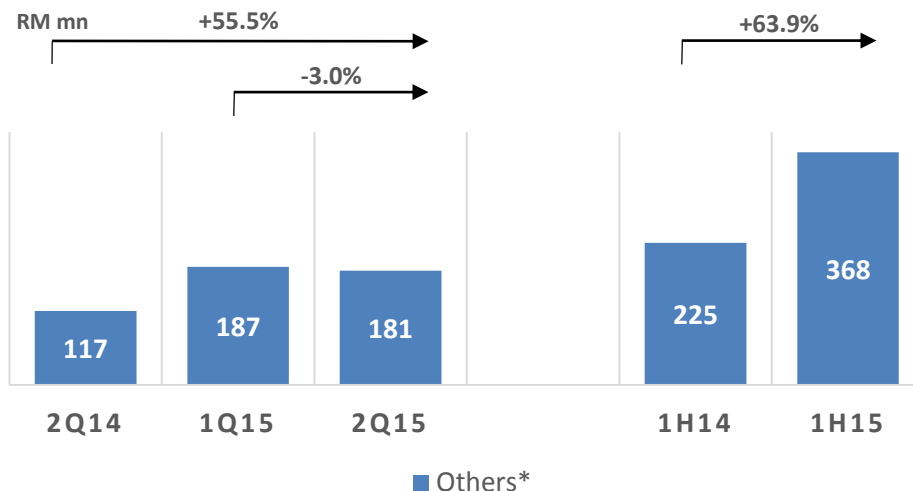
## Group Total Revenue by Lines of Business

### Global & Wholesale



- 4.1% lower YTD
- Lower data revenue due to reduced usage and terminations

### Others\*



- 63.9% higher YTD
- Contribution from P1
- Higher revenue at UTSB

\* Others comprise revenue from Property Development, TM R&D, UTSB, MKL & P1

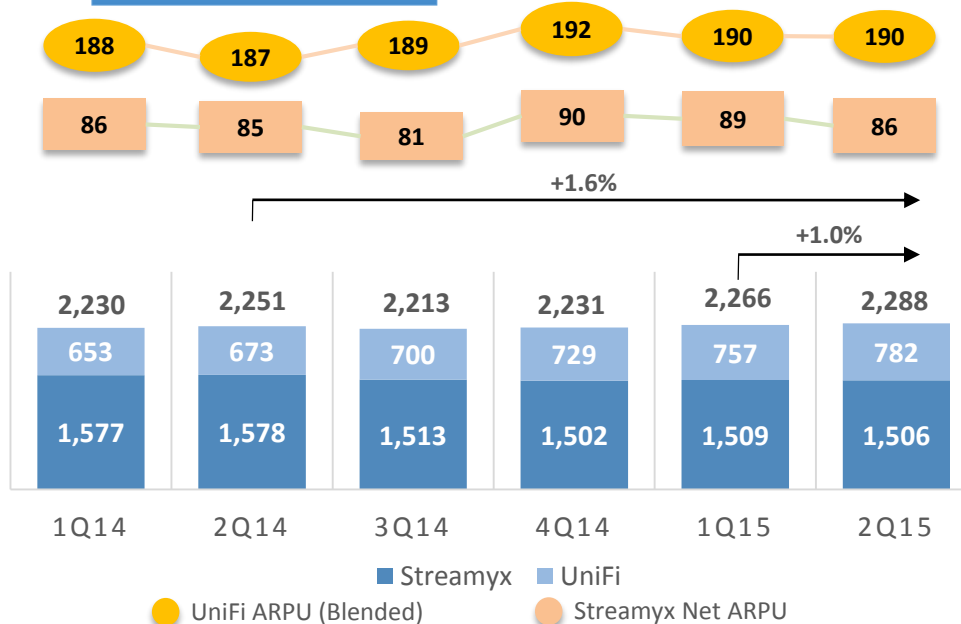
Note : Unless stated otherwise all figures shall be inclusive of P1

## Physical Highlights

### Broadband

ARPU (RM)

Customers (In thousand)

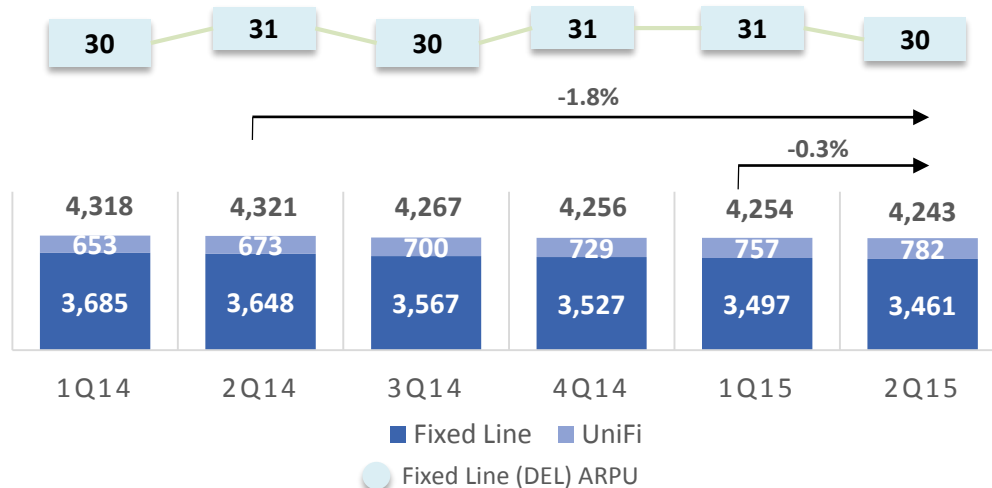


- Customer base higher by 1.6% driven by Unifi
- Unifi grew by 16% vs YTD 2014, at 782,000 customers activated
- Unifi ARPU stable at RM190; Streamyx ARPU at RM86

### Fixed Line

ARPU (RM)

Customers (In thousand)



- ARPU stable at RM30

The background of the slide is an aerial photograph of the TM Tower in Kuala Lumpur, Malaysia. The tower is a tall, modern skyscraper with a distinctive triangular top and a large circular observation deck. The city of Kuala Lumpur is visible in the background, with a mix of urban development and greenery.

Performance Overview

Financial Review

Operating Highlights

Concluding Remarks

## Product updates

CHOOSE	  		
GET			
YOU PAY	RM <b>199</b> /mth	RM <b>209</b> /mth	RM <b>229</b> /mth
YOU'LL ENJOY	<p><b>FREE</b></p> <ul style="list-style-type: none"> <li>HyppTV Everywhere on 2 devices</li> <li>Installation &amp; activation</li> <li>DECT phone</li> <li>TM WiFi ID</li> <li>HyppTV Set-Up Box (STB)</li> <li>Residential Gateway</li> </ul> <p><b>VOICE CALLS</b></p> <ul style="list-style-type: none"> <li>Fixed to fixed and fixed to mobile at 20sen/min</li> </ul>		

**+**  
AMAZING  
ADD-ONS  
for  
even better  
connectivity  
and value

### Want faster internet speed?

#### UniFi 50Mbps

- Speed upgrade to 50Mbps

RM50/mth

### Want more data on the go?

#### P1 ToGo® Plan (Postpaid)

- Speed 1Mbps
- Quota 5GB
- FREE Registration & Activation RM150

RM29/mth

### Want to talk more?

#### Voice Pack

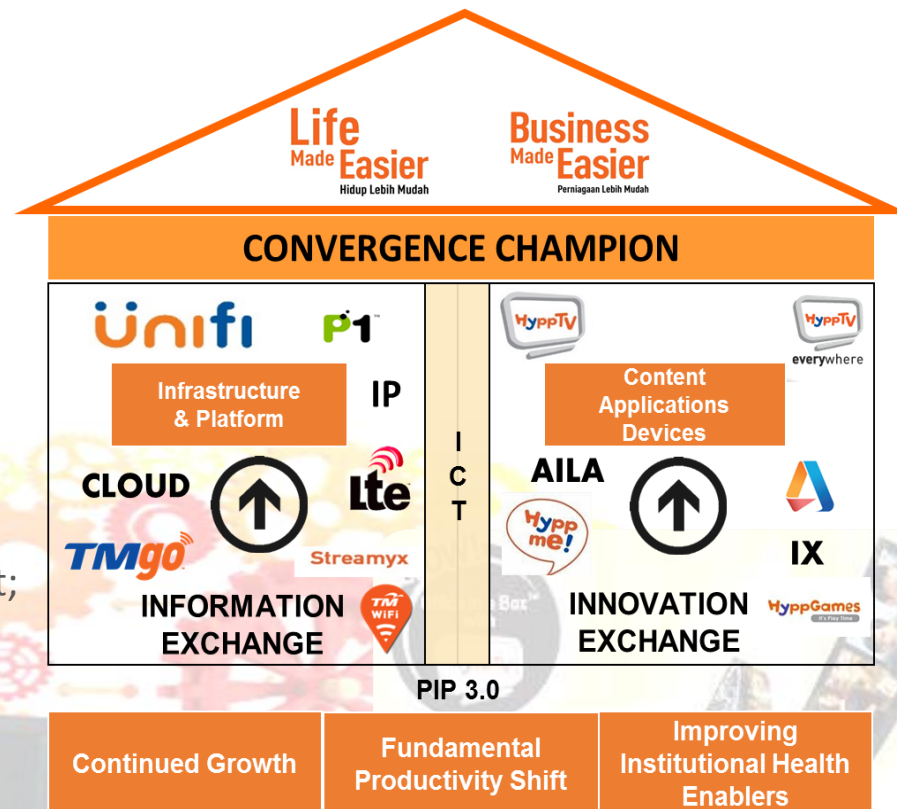
- FREE 600 Minutes
- Beyond 600 Minutes
  - FREE TM Fixed to TM Fixed calls nationwide
  - Flat rate from TM Fixed to Mobile is 11sen/min

RM20/mth

- All price are exclusive of GST
- Only applicable through selected channels

- Good QoQ performance
  - Revenue up 2.4% vs. 1Q2015 driven by Voice & Others
  - Reported EBIT higher by 25.5% to RM305.5mn
  - Reported PATAMI higher by 64.5% to RM212.1mn
- Unifi grew by 16% vs. 1H2014, to 782,000; stable ARPU
- Continues delivering on dividend commitment; declared an interim dividend of 9.3 sen per share or approximately RM349.5mn

**CONVERGENCE CHAMPION**  
delivering  
**LIFE and BUSINESS MADE EASIER**





# Appendices

## Normalised EBITDA

Normalised EBITDA higher by 8.7% QoQ 

In RM mn	2Q15	1Q15	2Q14	1H15	1H14
<b>Reported EBITDA</b>	<b>929.4</b>	<b>847.6</b>	<b>899.1</b>	<b>1,777.0</b>	<b>1,795.8</b>
<b>Non Operational</b>					
FX (Gain)/Loss on International trade settlement	(7.9)	0.4	5.8	(7.5)	4.6
Loss on Sale of Assets	0.2	0.2	0.1	0.4	0.3
Negative Goodwill on acquisition of a new subsidiary	-	-	-	-	(21.9)
<b>Normalised EBITDA</b>	<b>921.7</b>	<b>848.2</b>	<b>905.0</b>	<b>1,769.9</b>	<b>1,778.8</b>
<b>Normalised EBITDA Margin</b>	<b>32.1%</b>	<b>30.2%</b>	<b>31.7%</b>	<b>31.2%</b>	<b>32.3%</b>
<b>Reported EBITDA Margin</b>	<b>32.4%</b>	<b>30.2%</b>	<b>31.5%</b>	<b>31.3%</b>	<b>32.5%</b>

*EBITDA is calculated as Total Revenue (Operating Revenue + Oth. Operating Income) less Operating Cost (Exc. Depreciation, Amortisation & Impairment).*

*EBITDA Margin is calculated as percentage of EBITDA against Total Revenue*

*Normalised EBITDA Margin is calculated as percentage of Normalised EBITDA against Normalised Total Revenue (Operating Revenue + Oth. Operating Income – Loss on Sale of Assets – Negative Goodwill on acquisition of a new subsidiary )*

In RM mn	2Q15	1Q15	2Q14	1H15	1H14
<b>Reported PATAMI</b>	<b>212.1</b>	<b>128.9</b>	<b>214.1</b>	<b>341.0</b>	<b>424.7</b>
<b>Non Operational</b>					
FX (Gain)/Loss on International trade settlement	(7.9)	0.4	5.8	(7.5)	4.6
Other (Gain)/Losses & Impairment*	0.9	0.8	1.3	1.7	2.0
Unrealised FX (Gain)/Loss on Long Term loans	14.5	41.2	(7.1)	55.7	(10.0)
Impact of tax rate changes	-	-	-	-	-
Negative Goodwill on acquisition of a new subsidiary	-	-	-	-	(21.9)
<b>Normalised PATAMI</b>	<b>219.6</b>	<b>171.3</b>	<b>214.1</b>	<b>390.9</b>	<b>399.4</b>

*\* Comprise of fair value (FV) changes of FVTPL (FV through P&L) investment gain/loss on disposal for AFS (available for sale) investments and gain/loss Sale of Assets*

## Cost % of Revenue

	2Q15	1Q15	2Q14	1H15	1H14	Comments (1H2015 vs. 1H2014)
Operating Revenue (RM mil)	2,840.6	2,774.1	2,821.8	5,614.7	5,441.8	-
Other Operating Income (RM mil)	29.4	32.4	30.5	61.8	80.7	-
Direct Costs %	17.7	17.9	16.0	17.8	16.4	Higher traffic minutes as well as higher infra & VOIP costs
RM mil.	507.5	502.3	455.8	1,009.8	903.6	
Manpower %	21.8	22.6	22.1	22.2	22.3	Higher staff benefits
RM mil.	624.7	633.1	631.6	1,257.8	1,231.0	
Supplies & Materials %	5.8	6.0	6.5	5.9	6.1	-
RM mil.	167.8	167.1	184.1	334.9	336.4	
Bad & Doubtful Debts %	1.8	2.0	2.0	1.9	1.7	Higher provision at TM Enterprise
RM mil.	51.0	57.3	57.6	108.3	94.0	
Marketing Expenses %	3.1	3.2	3.3	3.1	3.2	Higher A&P spend
RM mil.	89.0	89.1	95.5	178.1	174.3	
Maintenance Cost %	6.4	7.2	7.1	6.8	6.9	Consolidation of P1
RM mil.	183.8	202.9	202.0	386.7	383.1	
Other Operating Costs %	11.0	10.9	11.5	11.0	10.9	Consolidation of P1
RM mil.	316.8	307.1	326.6	623.9	604.3	
Depreciation & Amortisation %	21.7	21.5	19.6	21.6	20.6	Higher D&A at TM; and consolidation of P1's 6 months results
RM mil.	623.9	604.2	560.2	1,228.1	1,140.1	
Total (RM mil)	2,564.5	2,563.1	2,513.4	5,127.6	4,866.8	
Total (%)	89.4	91.3	88.1	90.3	88.1	

Note : Unless stated otherwise all figures shall be inclusive of P1

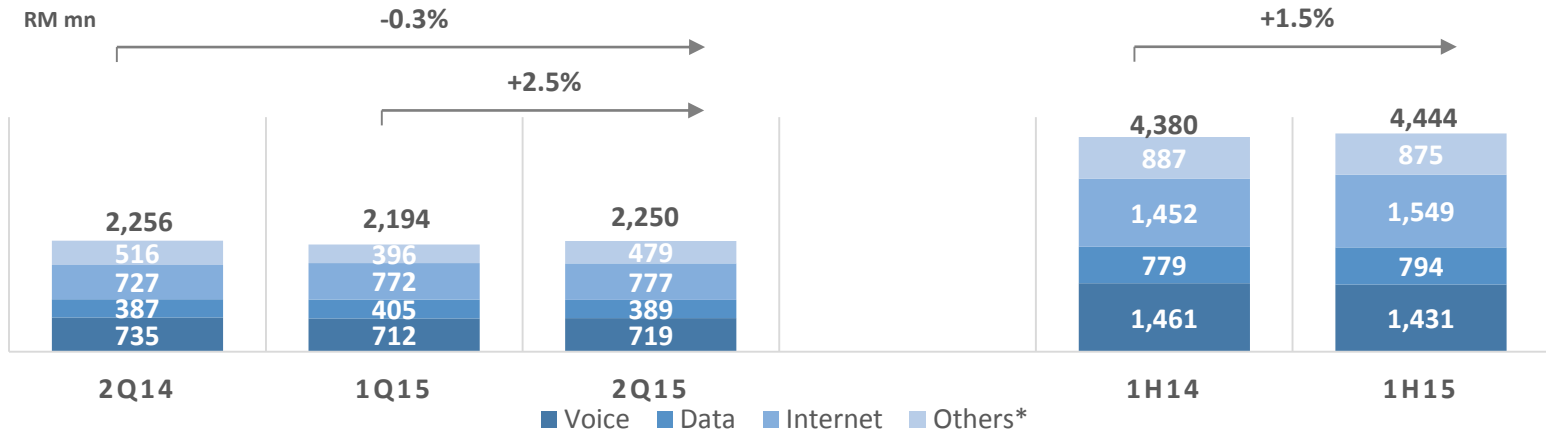
## Group Balance Sheet



RM Million	At as 30 June 2015	As at 31 Dec 2014
<b>Shareholders' Funds</b>	<b>7,695.5</b>	<b>7,571.1</b>
<b>Non-Controlling Interests</b>	<b>324.2</b>	<b>388.8</b>
<b>Deferred &amp; Long Term Liabilities</b>	<b>10,233.7</b>	<b>9,806.1</b>
<i>Long Term Borrowings</i>	<i>6,644.8</i>	<i>6,251.4</i>
<i>Deferred Tax</i>	<i>1,326.0</i>	<i>1,258.0</i>
<i>Deferred Income</i>	<i>1,839.1</i>	<i>1,823.1</i>
<i>Derivative financial instruments</i>	<i>331.5</i>	<i>337.8</i>
<i>Trade and other payables</i>	<i>92.3</i>	<i>135.8</i>
	<u><b>18,253.4</b></u>	<u><b>17,766.0</b></u>
<b>Current Assets</b>	<b>6,923.4</b>	<b>6,481.2</b>
<i>Trade Receivables</i>	<i>2,668.9</i>	<i>2,237.2</i>
<i>Other Receivables</i>	<i>659.7</i>	<i>588.1</i>
<i>Cash &amp; Bank Balances</i>	<i>2,858.8</i>	<i>2,985.8</i>
<i>Others</i>	<i>736.0</i>	<i>670.1</i>
<b>Current Liabilities</b>	<b>4,697.1</b>	<b>4,857.2</b>
<i>Trade and Other Payables</i>	<i>3,395.1</i>	<i>3,605.2</i>
<i>Short Term Borrowings</i>	<i>238.6</i>	<i>197.0</i>
<i>Others</i>	<i>1,063.4</i>	<i>1,055.0</i>
<b>Net Current Assets/(Liabilities)</b>	<b>2,226.3</b>	<b>1,624.0</b>
<b>Property Plant &amp; Equipment</b>	<b>14,344.5</b>	<b>14,785.1</b>
<b>Other Non-Current Assets</b>	<b>1,682.6</b>	<b>1,356.9</b>
	<u><b>18,253.4</b></u>	<u><b>17,766.0</b></u>

## Mass Market & Managed Accounts

### Revenue by Product

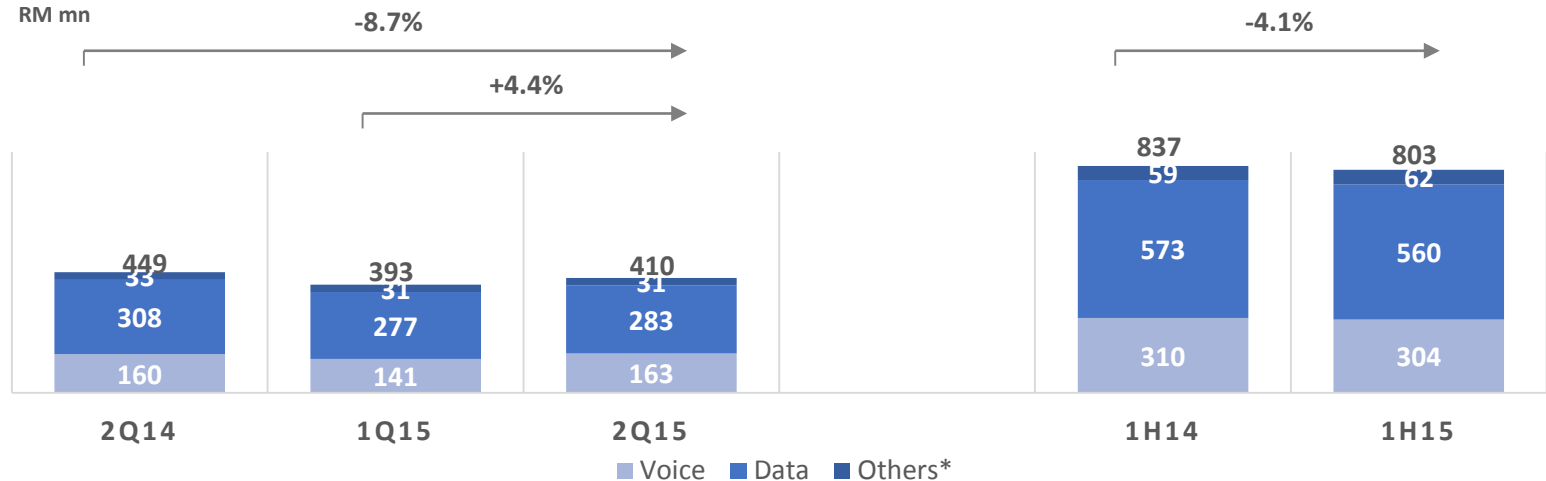


Note: Total revenue is after inter-co elimination. Revenue by product is before inter-co elimination

\*Others comprise other telco and non-telco services (i.e ICT-BPO, customer projects)

## Global & Wholesale

### Revenue by Product



Note: Total revenue is after inter-co elimination. Revenue by product is before inter-co elimination

\*Others include Internet





# THANK YOU

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Jalan Pantai Baharu  
50672 Kuala Lumpur  
Malaysia  
Tel: (603) 2240 4848/ 7366 / 7388  
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