



FY 2012 RESULTS

ANALYST BRIEFING

27 February 2013

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❖ Performance Overview

- ❖ Financial review

- ❖ Operating highlights

- ❖ Concluding remarks

Key Highlights FY2012

Met all Headline KPI's

	FY2012 Headline KPI	FY2012 Achievement	
• Stronger Revenue growth	5%	9%	✓
• Normalised EBITDA Margin in line with Headline KPI	32%	32%	✓
• Higher Customer Satisfaction Index	72	> 72	✓

- PATAMI grew by 6.1% to RM1.26bn, EBITDA by 4.7% to RM3.23bn
- Positive growth across Internet, Data and Other telco services revenue
 - Total Capex/Revenue continued to improve

Broadband leadership:

- 7.4% growth in total broadband customers
- UniFi continued to grow to more than 482,000 customers

- Final dividend of 12.2 sen per share
- Total dividend payout of 22 sen per share or RM787mn

Financial Performance

- Operating revenue increased by 14.8% YoY and 18.3% QoQ, to RM2.8bn
- Normalised EBITDA increased by 5.8% YoY and 12.2% QoQ, to RM855.2mn;
Reported EBITDA increased by 13.1% YoY and 19.8% QoQ, to RM900.1mn
- Normalised PATAMI grew by 20.1% YoY and 55.0% QoQ, to RM288.4mn;
Reported PATAMI lower by 39.3% YoY due to lower tax incentives but higher by 20.5% QoQ, to RM363.2mn

Key Operating Indicators

- Internet revenue up by 15.7% YoY and 4.2% QoQ, to RM626mn driven by UniFi growth and HyppTV content.
- Data revenue up by 18.3% YoY and 19.0% QoQ, to RM646mn due to higher bandwidth demand and higher installations.
- UniFi customer base up 104.0% YoY and 13.0% QoQ, to 482,513 customers. Overall broadband customer base grew by 7.4% YoY and 1.9% QoQ, to 2.07mn

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❖ Performance Overview

❖ **Financial review**

❖ Operating highlights

❖ Concluding remarks

Group Results 4Q2012 & FY2012



RMmn	Reported								Comments (FY12 vs. FY11)
	4Q12	3Q12	% Change QoQ	4Q11	% Change YoY	FY12	FY11	% Change FY12 vs FY11	
Revenue	2,809.3	2,375.4	▲ +18.3	2,447.2	▲ +14.8	9,993.5	9,150.7	▲ +9.2	Positive growth in Internet, Data & Other Telco Services
Other Operating Income	74.2	20.5	▲ +262.0	37.0	▲ +100.5	165.4	120.9	▲ +36.8	Higher to realisation of tax refund related to a previous RM bond and disposal of assets
EBITDA	900.1	751.5	▲ +19.8	796.1	▲ +13.1	3,231.6	3,086.4	▲ +4.7	-
EBITDA margin	31.2%	31.4%	▼ -0.2pp	32.0%	▼ -0.8pp	31.8%	33.3%	▼ -1.5pp	-
Normalised EBITDA	855.2	762.3	▲ +12.2	808.1	▲ +5.8	3,194.6	3,108.4	▲ +2.8	-
Normalised EBITDA Margin	30.1%	31.8%	▼ -1.7pp	32.5%	▼ -2.4pp	31.6%	33.5%	▼ -1.9pp	In line with Headline KPI
Depn & Amort.	506.3	529.9	▼ -4.5	535.9	▼ -5.5	2,044.7	2,128.0	▼ -3.9	Lower due to revision of useful life of certain assets and lower capex spend
Other Gains / (Loss)	0.5	0.8	▼ -37.5	5.5	▼ -90.9	0.3	286.5	▼ -99.9	FY12 included gain on sale of Axiata shares
Net Finance Cost*	54.7	48.7	▲ +12.3	50.6	▲ +8.1	191.9	185.2	▲ +3.6	Higher interest expense in line with higher borrowings
FX (Gain) / Loss	(5.4)	(64.8)	▼ -91.7	(14.4)	▼ -62.5	(73.4)	58.6	▲ +225.3	Due to strengthening of RM against USD by 3.5%
Profit Before Tax (PBT)	346.2	238.5	▲ +45.2	229.6	▲ +50.8	1,069.6	1,001.2	▲ +6.8	-
Normalised PBT	295.4	183.7	▲ +60.8	221.6	▲ +33.3	958.9	795.1	▲ +20.6	
PATAMI	363.2	301.4	▲ +20.5	598.3	▼ -39.3	1,263.7	1,191.0	▲ +6.1	Higher due to higher revenue, recognition of deferred tax income & unrealised forex gain
Normalised PATAMI	288.4	186.1	▲ +55.0	240.1	▲ +20.1	881.0	634.8	▲ +38.8	-

Note: EBITDA Margin is calculated as percentage of EBITDA against Revenue + Other Operating Income

For Normalised EBITDA and Normalised PATAMI refer Slides 8 and 9

*Excludes FX (Gain) / Loss

Normalised EBITDA

EBITDA growth recorded YoY, QoQ and FY

In RM mn	4Q12	3Q12	4Q11	FY12	FY11
Reported EBITDA	900.1	751.5	796.1	3,231.6	3,086.4
Non Operational					
Loss on Sale of Assets	0.2	-	0.3	0.5	1.3
FX (Gain)/Loss on International trade settlement	(5.1)	10.8	12.9	2.5	21.9
Impairment of AFS – receivables	(1.2)	-	(1.2)	(1.2)	(1.2)
Realisation of tax refund related to a previous RM bond	(38.8)	-		(38.8)	-
Normalised EBITDA	855.2	762.3	808.1	3,194.6	3,108.4
Normalised EBITDA Margin	30.1%	31.8%	32.5%	31.6%	33.5%
Reported EBITDA Margin	31.2%	31.4%	32.0%	31.8%	33.3%

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 – Realisation of tax refund related to a previous RM bond)

Normalised PATAMI

Higher Normalised PATAMI due to higher revenue and lower tax expense

In RM mn	4Q12	3Q12	4Q11	FY12	FY11
Reported PATAMI	363.2	301.4	598.3	1,263.7	1,191.0
Non Operational					
Loss on Sale of Assets	0.2	-	0.3	0.5	1.3
FX (Gain)/Loss on International trade settlement	(5.1)	10.8	12.9	2.5	21.9
Impairment of AFS – receivables	(1.2)	-	(1.2)	(1.2)	(1.2)
Realisation of tax refund related to a previous RM bond	(38.8)	-	-	(38.8)	-
Other (Gain)/Losses**	(0.5)	(0.8)	(5.5)	(0.3)	(286.5)
Unrealised FX (Gain)/Loss on Long Term loans	(5.4)	(64.8)	(14.5)	(73.4)	58.5
Tax Incentives	(53.4)	(60.5)	(350.2)	(301.4)	(350.2)
S108 shortfall from utilisation of tax incentives	29.4	-	-	29.4	-
Normalised PATAMI*	288.4	186.1	240.1	881.0	634.8

* FY2012 PATAMI is inclusive of RM188.4mn current year tax incentive (Last Mile : RM56.0mn; HSBB : RM132.4mn) (2011: Last Mile: RM127.6mn)

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

RM mn

RM8,313.2

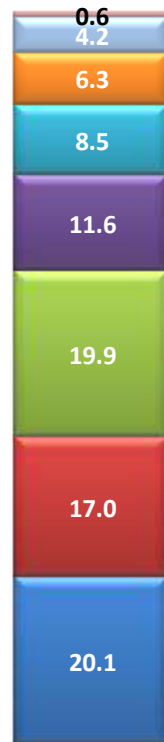
RM8,972.0

89.7%

88.3%



FY11



FY12

% of Revenue

- Bad Debt
- Marketing Expenses
- Supplies & material
- Maintenance Cost
- Other operating cost
- Manpower cost
- Direct cost
- Dep & Amortisation

Total Cost / Revenue (%)



FY 2012 vs. FY2011

- Higher Maintenance cost due to customer projects, new maintenance contracts at ITNT
- Higher Direct cost due to higher international outpayment, USP and content cost
- Lower D&A due to revision of useful life of certain assets in 4Q2011

(Please refer to Appendix for quarterly details & breakdown)

¹ Revenue = Operating Revenue + Other Operating Income
Note: The classification of cost is as per financial reporting

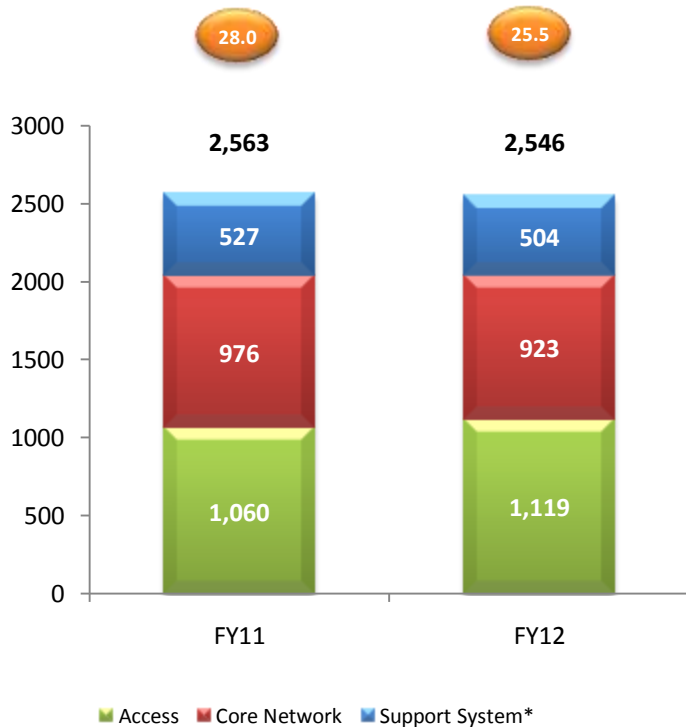
Group Capital Expenditure

Higher HSBB capex due to EGNET extension, but improved overall capex/revenue ratio

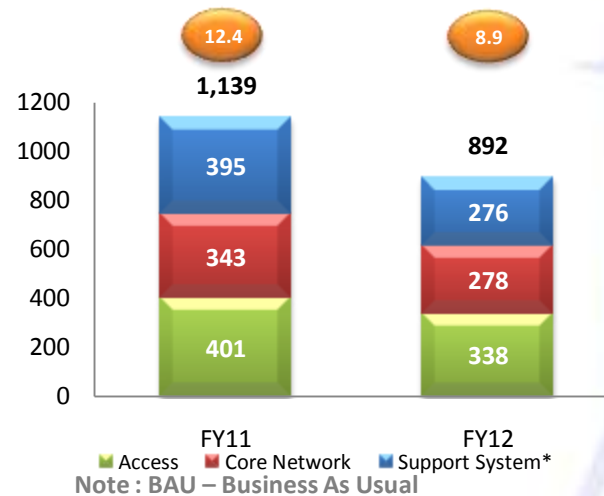


Total Capex

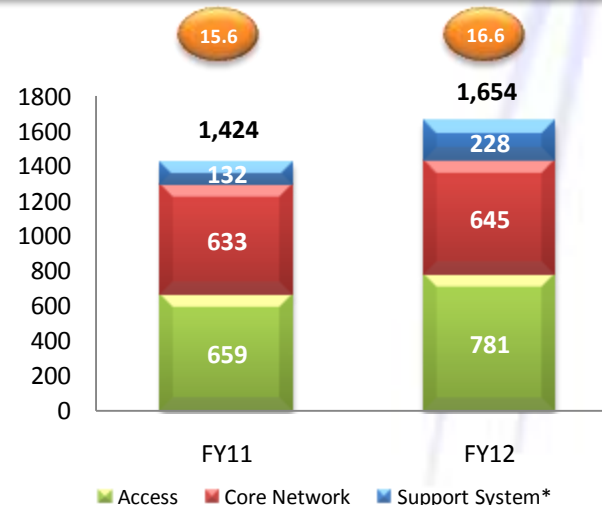
RM mn



BAU Capex



HSBB Capex**



** Gross capex to be shared with Government equally up to RM4.8bn

Note: Government coinvestment treated as deferred income, to be amortised progressively to match against the depreciation of assets

*Include Application, Support System & Others (building, land improvement, moveable plants, application & other assets)

Group Cash Flow & Key Financial Ratios

RM mn	FY12	FY11
Cash & cash equivalent at start	4,212.6	3,488.0
Cashflows from operating activities	2,723.7	3,030.7
Cashflows used-in investing activities	(2,227.9)	(1,338.0)
Capex*	2,404.0	1,808.5
Cashflows used-in financing activities	(970.5)	(962.5)
Effect of exchange rate changes	0.4	(5.6)
Cash & cash equivalent at end	3,738.3	4,212.6
Free cash-flow (EBITDA – Capex)	827.6	1,277.9

*net of HSBB grant received from Government (FY12 – RM142.0, FY11 – RM754.5)

	31 Dec 12	31 Dec 11*		31 Dec 12	31 Dec 11*
Return on Invested Capital ¹	6.67%	5.81%	Gross Debt to EBITDA	2.10	1.93
Return on Equity ²	12.31%	8.14%	Net Debt/EBITDA	0.87	0.69
Return on Assets ¹	5.17%	4.47%	Gross Debt/ Equity	1.04	0.86
Current Ratio	1.03	1.6	Net Debt/ Equity	0.49	0.30
WACC	6.10%	6.33%	Net Assets/Share (sen)	192.7	207.5

¹ Based on Normalised EBIT

² Based on Normalised PATAMI

* Restated due to adoption of MFRS

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- ❖ Performance Overview

- ❖ Financial review

- ❖ Operating highlights

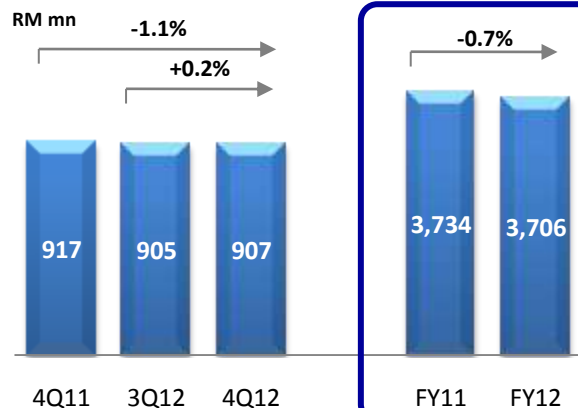
- ❖ Concluding remarks

Group Total Revenue by Product

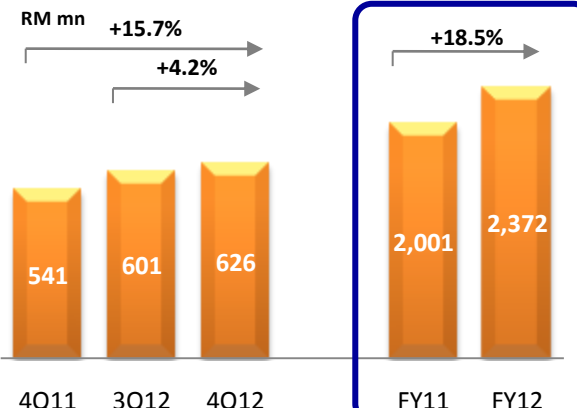
Operating Revenue up 9% driven by Internet, Data and Others



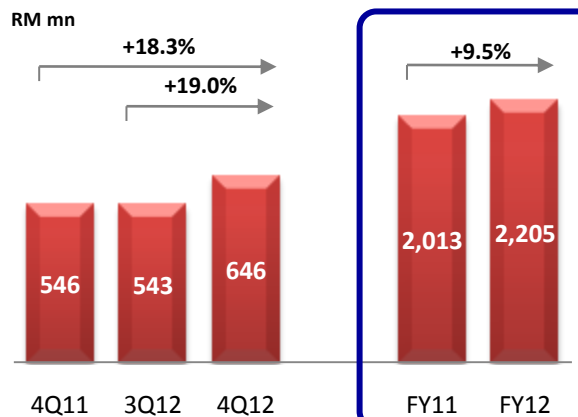
Voice



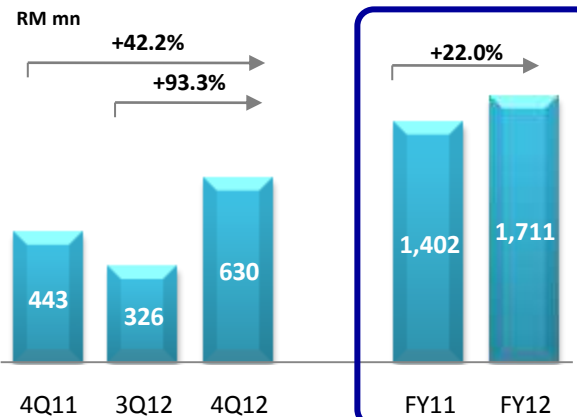
Internet



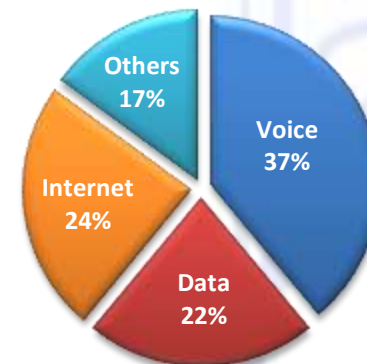
Data



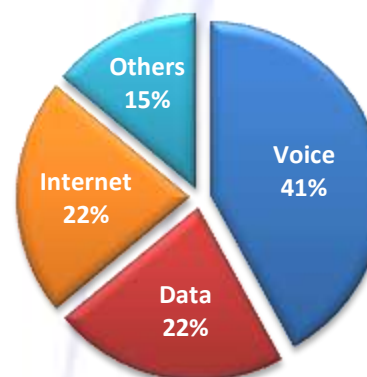
Others*



RM mn FY12 **RM9,994mn**



RM mn FY11 **RM9,151mn**

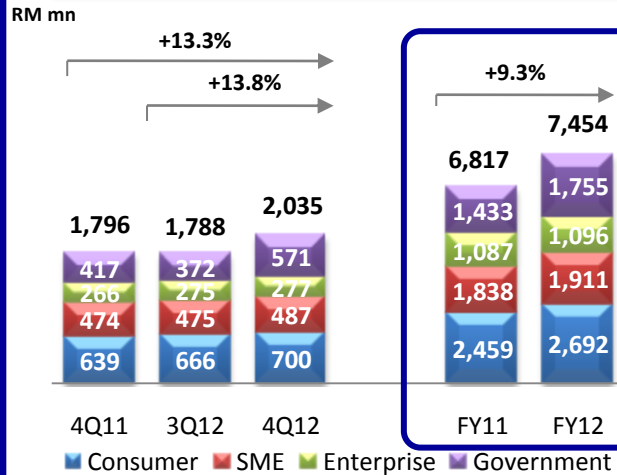


*Others comprise other telco and non-telco services
(i.e ICT-BPO, MMU tuition fees, customer projects)

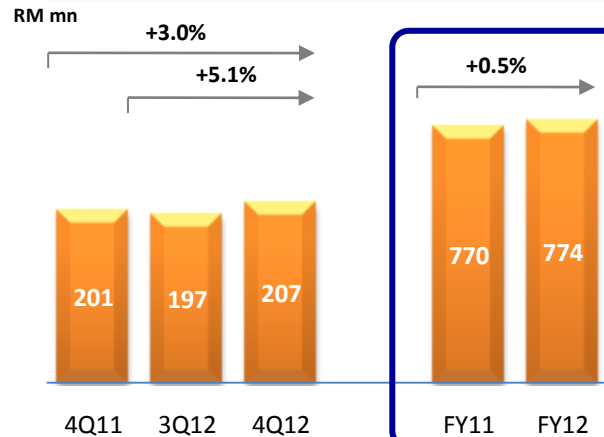
Group Total Revenue by Line of Business

Positive growth by All

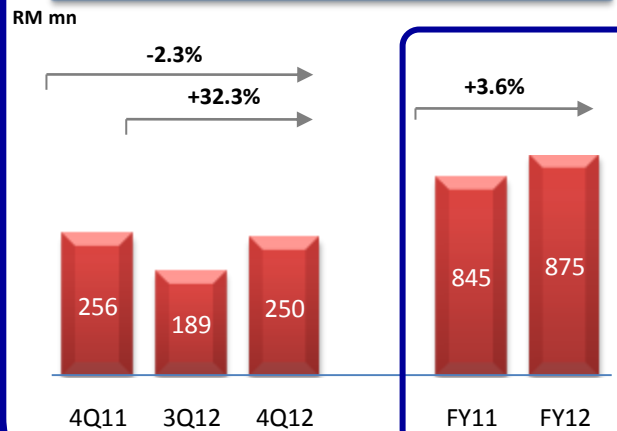
Retail



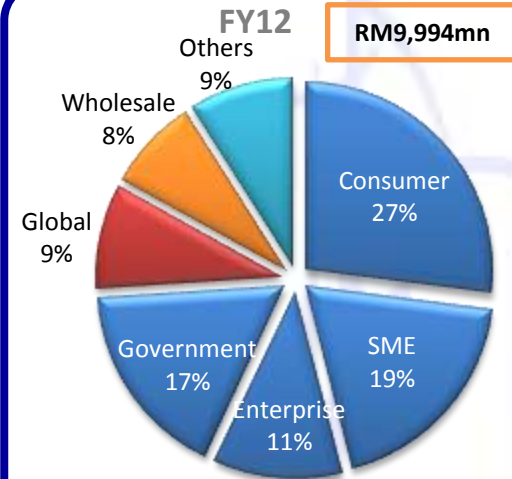
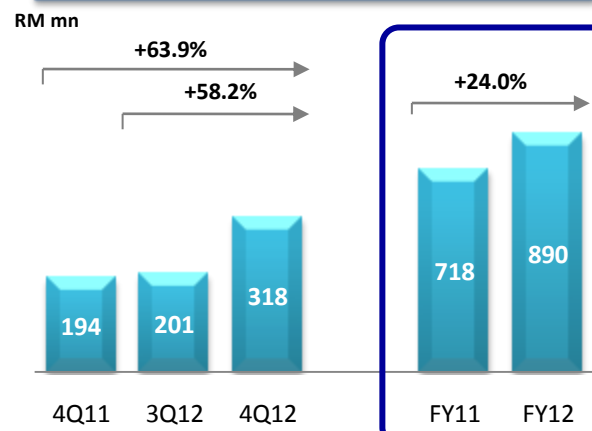
Wholesale



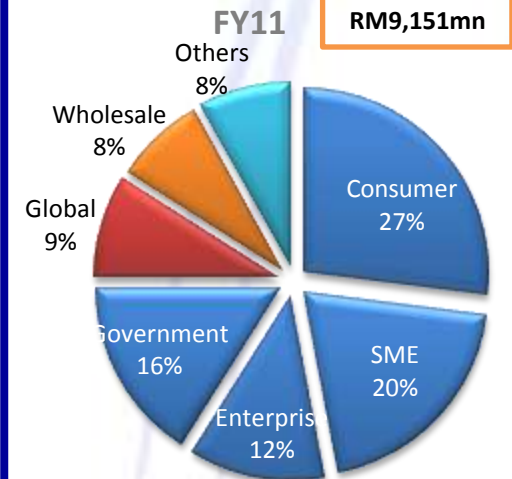
Global



Others*



Retail (C+S+E+G): 74%



Retail (C+S+E+G): 75%

* Others comprise revenue from VADS (reclassified from retail), Property Development, TM R&D, TMIM, UTSB and MKL

Physical Highlights

Continued growth in UniFi net adds

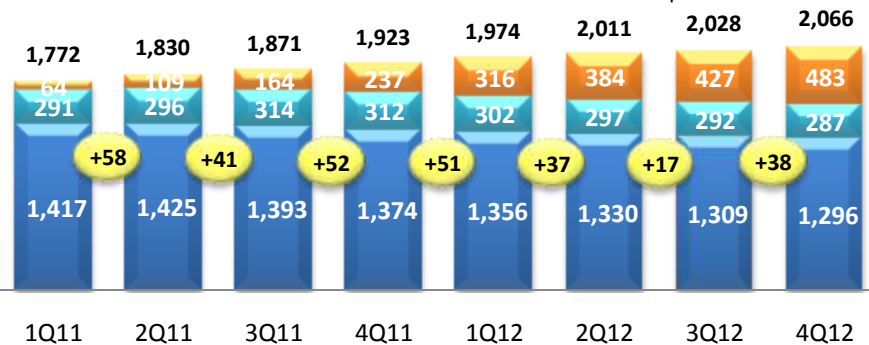


Broadband Customer Growth

In thousand

+7.4%

+1.9%



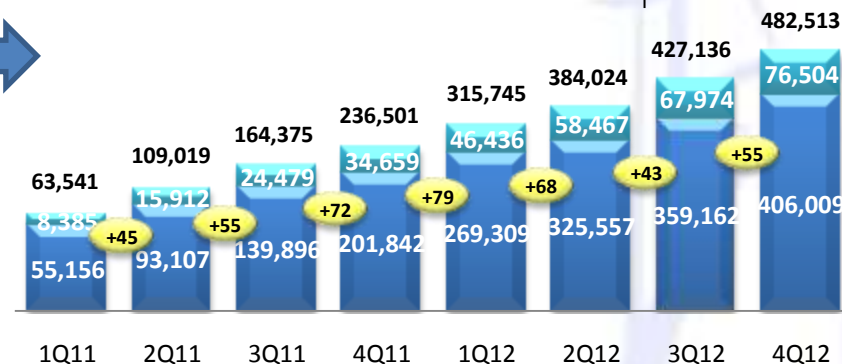
Net adds (in thousand)

Streamyx Residential Streamyx Business UniFi

UniFi

+104.0%

+13.0%



Net adds (in thousand)

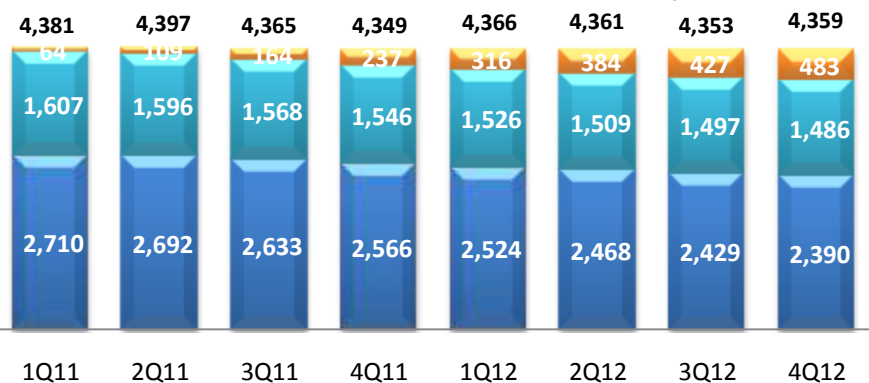
UniFi Residential UniFi Business

Fixed Line Customer Growth

In thousand

+0.2%

+0.1%



Fixed Line Residential Fixed Line Business UniFi

ARPU

ARPU (RM)	FY11	1Q12	1H12	YTD Sept 12	FY12
Fixed Line (DEL)*	34	33	34	34	34
Streamyx Broadband**	78	79	79	79	80
UniFi***	184	182	181	180	182

*Call Usage Only ** Streamyx Net ARPU *** Blended ARPU

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Financial Performance

- **Achieved all Headline KPI's**
 - ✓ Revenue growth of 9% driven by growth in Internet, Data & Other telco services revenue
 - ✓ Continued EBITDA growth
 - ✓ Continued PATAMI growth
- Sustained capital and cost efficiency

Customer-centricity

- Improved customer experience
- Achieved TRI*M Index score of >72, higher than global average

Broadband Champion

- UniFi remained strong
 - ✓ More than 514,000 customers to date
 - ✓ PPP HSBB rollout completed - 1.37mn premises passed
- Total broadband customer base >2.07mn

Shareholder Value

- Commitment to create shareholder value
- Total dividend payout of 22 sen per share or RM787mn (including interim dividend of 9.8 sen per share or RM350.6mn paid in September 2012)

- ✦ **Trusted Broadband Champion**
 - Enhanced Customer Experience
 - Focused product and service delivery
- ✦ **Competition expected to intensify in the retail space, but also creates opportunities for TM**
- ✦ **Continued transformation toward Information Exchange**
- ✦ **Performance Improvement Program 3.0 (2013-2015)**



Headline KPIs

	2013	2015
Revenue Growth	6%	6%
EBIT Growth	3%	8%
Customer Satisfaction Measure	72	72



Appendices

Cost % of Revenue

	4Q12	3Q12	4Q11	FY12	FY11	FY2012 vs. FY2011
Operating Revenue (RM mil)	2,809.3	2,375.4	2,447.2	9,993.5	9,150.7	-
Other Operating Income (RM mil)	74.2	20.5	37.0	165.4	120.9	-
Direct Costs %	15.5	17.8	15.3	17.0	16.6	Higher international outpayment, USP cost and content cost
RM mil.	447.4	425.3	380.2	1,729.7	1,536.3	
Manpower %	21.0	19.7	19.6	19.9	20.2	Higher absolute cost (higher salaries, staff benefits) but lower % due to higher revenue growth
RM mil.	604.7	470.8	487.6	2,024.5	1,873.1	
Supplies & Materials %	6.8	7.2	7.6	6.3	6.5	Higher absolute cost (higher customer acquisition cost, materials) but lower as % of revenue
RM mil.	195.9	171.9	187.6	644.6	603.0	
Bad & Doubtful Debts %	(0.1)	0.1	0.8	0.6	0.8	Lower due to reversal of excess provision
RM mil.	(4.0)	2.9	19.8	63.7	72.8	
Marketing Expenses %	3.9	4.6	5.3	4.2	4.5	Higher absolute cost (higher marketing activities at SME), but lower as % of revenue
RM mil.	112.3	109.5	132.5	422.3	417.0	
Maintenance Cost %	9.3	7.4	7.6	8.5	6.5	Higher due to new maintenance contracts at ITNT and customer projects
RM mil.	266.9	176.2	189.6	860.6	602.1	
Other Operating Costs %	12.5	12.0	11.7	11.6	11.7	Higher absolute cost (disposal of land) but lower as % of revenue
RM mil.	360.2	287.8	290.8	1,181.9	1,080.9	
Depreciation & Amortisation %	17.6	22.1	21.6	20.1	23.0	Lower due to revision of useful life of certain assets in 4Q2011 and lower capex spend
RM mil.	506.3	529.9	535.9	2,044.7	2,128.0	
Total (RM mil)	2,489.7	2,174.3	2,224.0	8,972.0	8,313.2	-
Total (%)	86.3	90.8	89.5	88.3	89.7	-

Group Balance Sheet

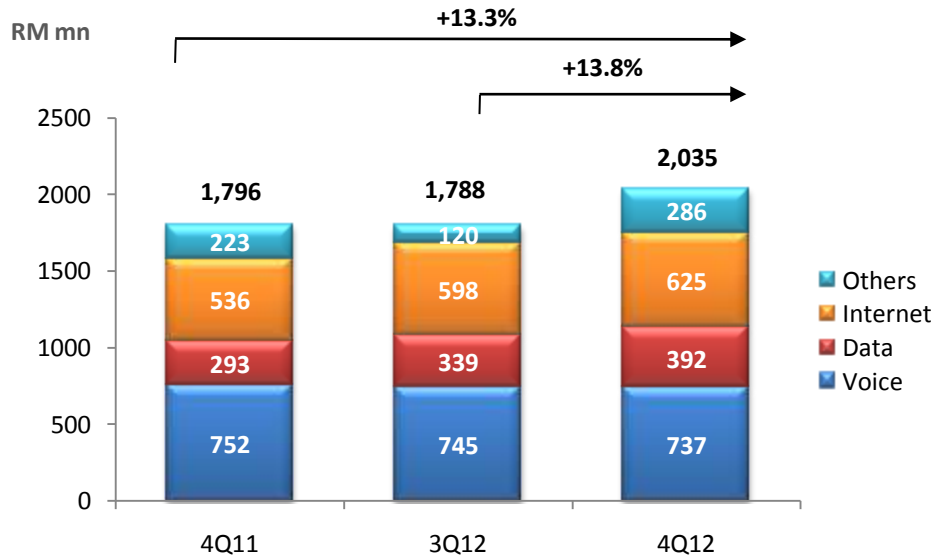
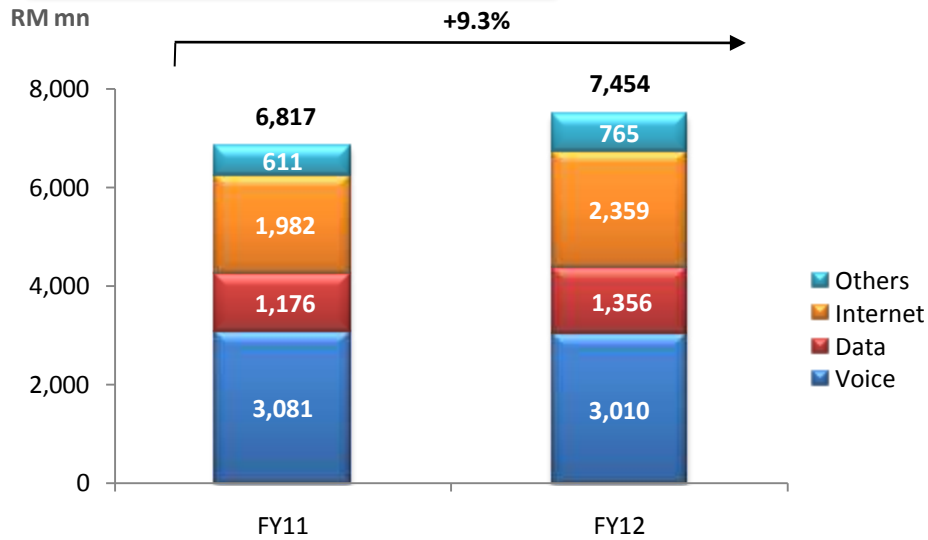
RM Million

	As at 31 Dec 2012	As at 31 Dec 2011*
Shareholders' Funds	6,894.8	7,424.0
Non-Controlling Interests	165.2	162.9
Deferred & Long Term Liabilities	8,513.7	10,036.1
<i>Long Term Borrowings</i>	<i>5,130.2</i>	<i>6,402.7</i>
<i>Deferred Tax</i>	<i>1,202.6</i>	<i>1,541.8</i>
<i>Deferred Income</i>	<i>2,129.4</i>	<i>2,072.7</i>
<i>Derivative financial liabilities</i>	<i>51.5</i>	<i>18.9</i>
	<u>15,573.7</u>	<u>17,623.0</u>
 Current Assets	 6,808.8	 7,405.8
<i>Trade Receivables</i>	<i>1,740.9</i>	<i>1,854.8</i>
<i>Other Receivables</i>	<i>466.1</i>	<i>468.4</i>
<i>Cash & Bank Balances</i>	<i>3,738.7</i>	<i>4,213.0</i>
<i>Others</i>	<i>863.1</i>	<i>869.6</i>
Current Liabilities	6,622.2	4,629.3
<i>Trade and Other Payables</i>	<i>3,545.5</i>	<i>3,552.1</i>
<i>Short Term Borrowings</i>	<i>2,010.2</i>	<i>7.7</i>
<i>Others</i>	<i>1,066.5</i>	<i>1,069.5</i>
Net Current Assets	186.6	2,776.5
Property Plant & Equipment	14,637.6	14,121.7
Other Non-Current Assets	749.5	724.8
	<u>15,573.7</u>	<u>17,623.0</u>

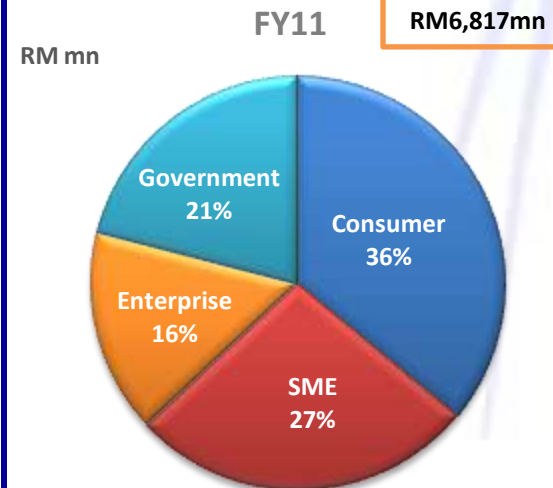
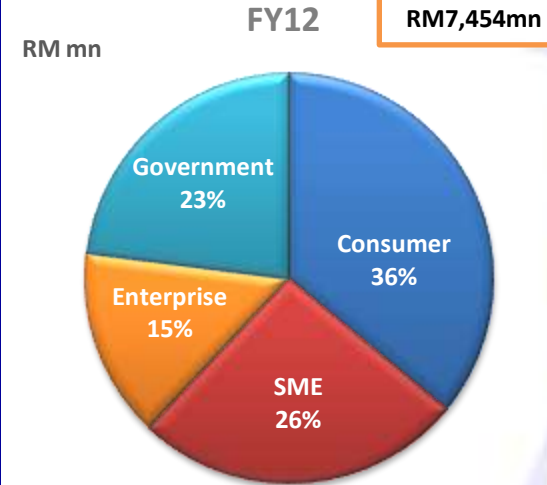
* Restated due to adoption of MFRS

RETAIL

Revenue by Product

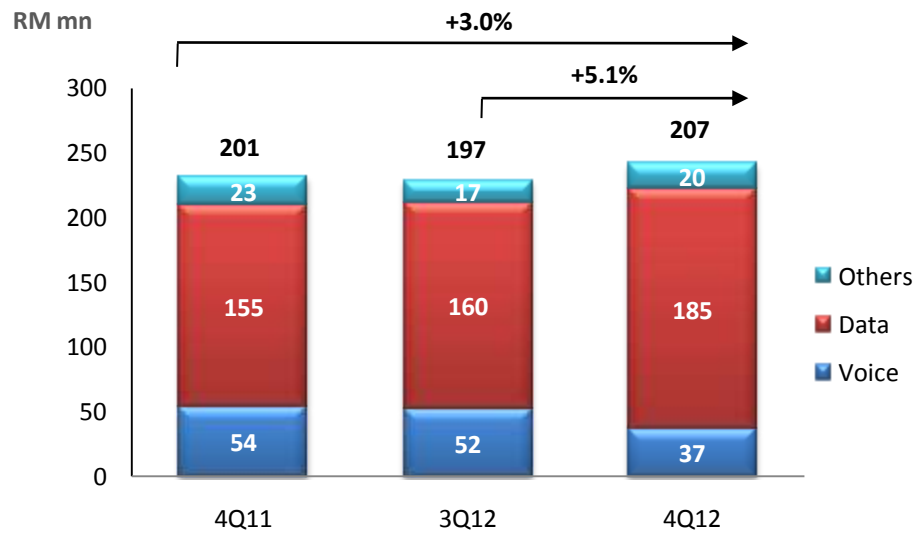
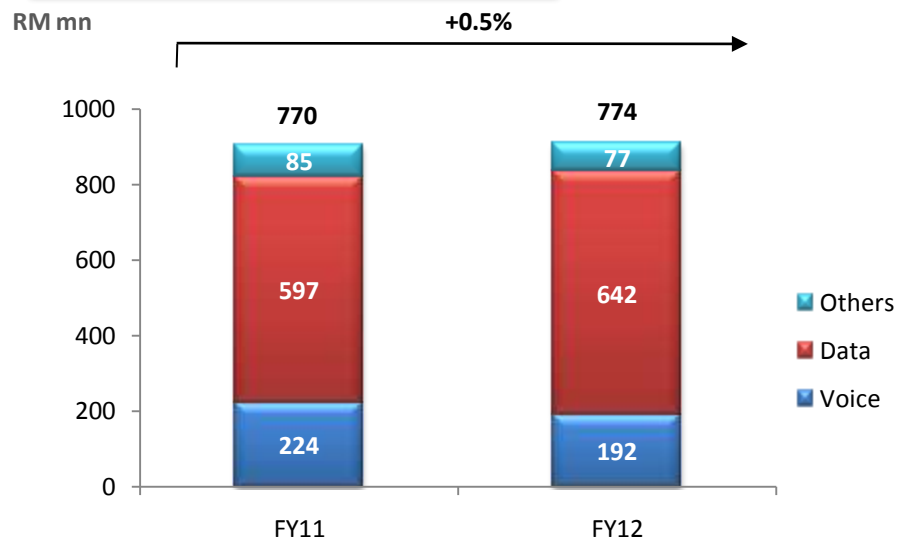


Revenue by Business Unit



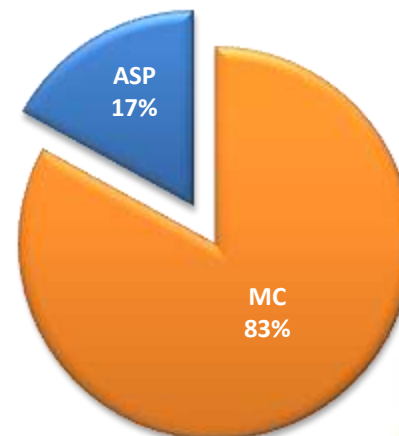
Note: Total revenue is after inter-co elimination. Revenue of product is before inter-co elimination

Revenue by Product

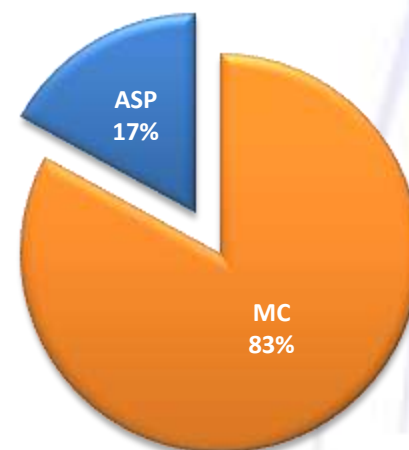


Revenue by Customer Segment

FY12



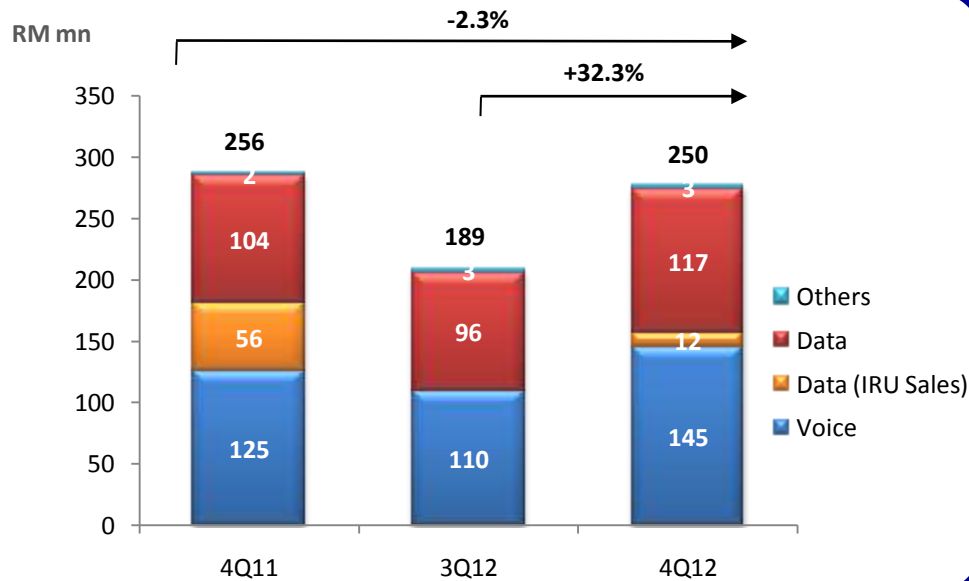
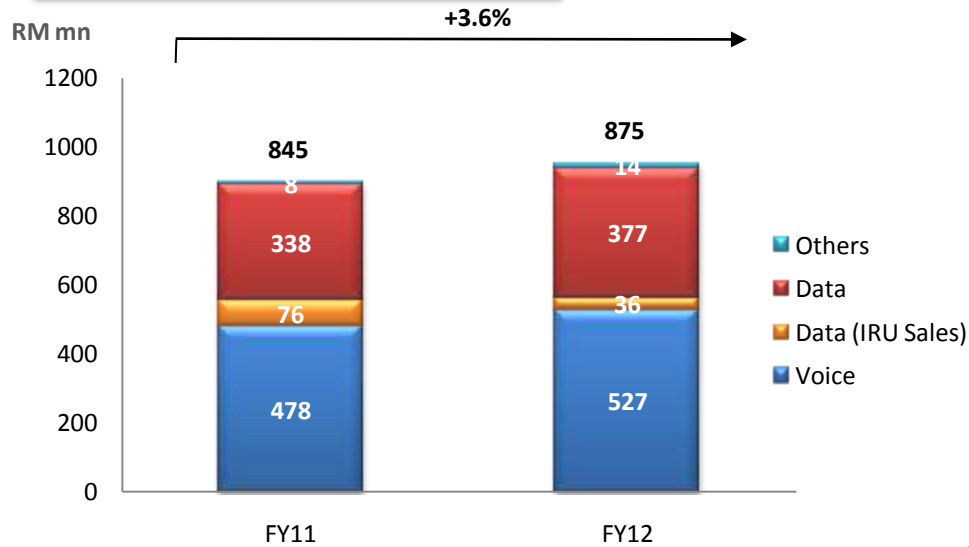
FY11



MC1 : Malaysian Carrier
ASP : Application Service Provider

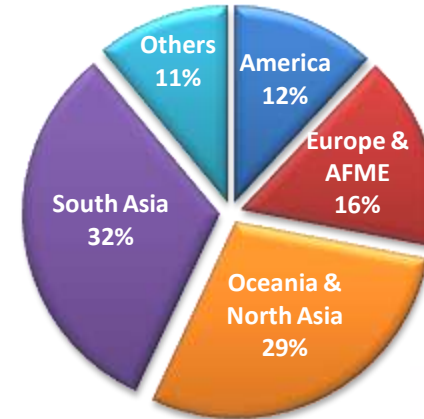
GLOBAL

Revenue by Product

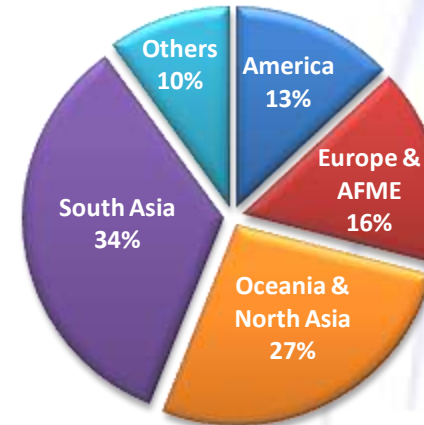


Revenue by Region

FY12



FY11



Note: Total revenue is after inter-co elimination. Revenue of product is before inter-co elimination
Others : Include internet

THANK YOU

Any queries please email to : investor@tm.com.my