FY 2014 RESULTS

ANALYST BRIEFING

26 February 2015

Disclaimer

This presentation is not and does not constitute an offer, invitation, solicitation or recommendation to subscribe for, or purchase, any securities and neither this presentation nor anything contained in it shall form the basis of, or be relied on in connection with any contract or commitment or investment decision.

This presentation has been prepared solely for use at this presentation. By your continued attendance at this presentation, you are deemed to have agreed and confirmed to Telekom Malaysia Berhad (the "Company") that: (a) you agree not to trade in any securities of the Company or its respective affiliates until the public disclosure of the information contained herein; and (b) you agree to maintain absolute confidentiality regarding the information disclosed in this presentation until the public disclosure of such information, or unless you have been otherwise notified by the Company.

Reliance should not be placed on the information or opinions contained in this presentation or on its completeness. This presentation does not take into consideration the investment objectives, financial situation or particular needs of any particular investor.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. None of the Company and its affiliates and related bodies corporate, and their respective officers, directors, employees and agents disclaim any liability (including, without limitation, any liability arising from fault or negligence) for any loss arising from any use of this presentation or its contents or otherwise arising in connection with it.

This presentation contains projections and "forward-looking statements" relating to the Company's business and the sectors in which the Company operates. These forward-looking statements include statements relating to the Company's performance. These statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. It is important to note that actual results could differ materially from those anticipated in these forward looking statements. The Company does not undertake to inform you of any matters or information which may come to light or be brought to the Company's attention after the date hereof.

The forecasts and other forward-looking statements set out in this presentation are based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, with respect to future business decisions, which are subject to change and in many cases outside the control of the Company. The directors and officers of the Company believe that they have prepared the forecasts with due care and attention and consider all best estimates and assumptions when taken as a whole to be reasonable at the time of preparing the presentation. However, the Company's forecasts presented in this presentation may vary from actual financial results, and these variations may be material and, accordingly, neither the Company nor its directors or officers can give any assurance that the forecast performance in the forecasts or any forward-looking statement contained in this presentation will be achieved. Details of the forecasts and the assumptions on which they are based are set out in the presentation.

❖Performance Overview

❖Financial review

❖Operating highlights

❖ Concluding remarks

Key Highlights FY2014

Steady performance in FY2014

- Revenue growth of 5.3%
- Normalised EBIT Growth of 5.0%
- Customer Satisfaction Index at >72

FY2014 Headline KPI	FY2014 Achievement	
5.0-5.5%	5.3%	✓
5.0%	5.0%	✓
72	>72	✓

Including P1:

- Revenue growth of 5.7%
- Normalised EBIT Growth of 2.0%

- Total Capex/Revenue ratio of 16.3% vs. 17.5% in FY2013

- Broadband customers grew to 2.23mn, led by Unifi.
- Higher ARPU resulting from upselling, HyppTV content

- Proposed final dividend of 13.4 sen per share
- Total dividend payout of 22.9 sen per share or RM846.8mn

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

- Performance Overview
- Financial review
- Operating highlights
- Concluding remarks

Group Results FY 2014 & 4Q 2014

RMmn	Reported							
	4Q14	3Q14	% Change QoQ	4Q13	% Change YoY	FY 14	FY 13	% Change FY14 vs FY13
Revenue	3,157.3	2,636.0	+19.8	2,979.8	+6.0	11,235.1	10,628.7	+5.7
Other Operating Income	37.6	36.0	+4.4	35.8	+5.0	154.3	121.5	+27.0
EBITDA	960.4	879.4	+9.2	958.0	+0.3	3,635.6	3,531.6	+2.9
Depn & Amort.	631.0	570.2	+10.7	578.8	+9.0	2,341.3	2,159.7	+8.4
EBIT	329.4	309.2	+6.5	379.2	-13.1	1,294.3	1,371.9	-5.7
Other Gains / (Loss)	(1.7)	8.2	->100.0	(0.7)	->100.0	4.8	1.7	+>100.0
Net Finance Cost*	35.9	41.2	-12.9	60.8	-41.0	155.0	226.3	-31.5
FX (Gain) / Loss	43.2	14.7	->100.0	8.7	->100.0	47.9	105.2	+54.5
Profit Before Tax (PBT)	253.7	262.8	-3.5	309.7	-18.1	1,105.5	1,046.0	+5.7
PATAMI	218.3	188.8	+15.6	344.2	-36.6	831.8	1,012.2	-17.8
Normalised PATAMI	350.2	191.6	+82.8	289.7	+20.9	941.2	1,038.5	-9.4

Note:
Unless stated otherwise all figures stated shall be inclusive of P1
For Normalised EBIT and Normalised PBT refer Slides 7 and 8
•Excludes FX (Gain)/Loss

Normalised EBIT

Normalised EBIT higher by 2.0% vs FY 2013

In RM mn	4Q14	3Q14	4Q13	FY 14	FY 13
Reported EBIT	**329.4**	**309.2**	**379.2**	**1,294.3**	**1,371.9**
Non Operational					
FX (Gain)/Loss on International trade settlement	(7.6)	(3.6)	0.6	(6.7)	(13.2)
Loss on Sale of Assets	0.1	-	-	0.4	0.5
Negative Goodwill on acquisition of a new subsidiary	-	-	-	(21.9)	-
MESRA Programme	111.2	-	-	111.2	-
Estimated cost and asset write-off due to flood	9.6	-	-	9.6	-
Normalised EBIT	**442.7**	**305.6**	**379.8**	**1,386.9**	**1,359.2**
Normalised EBIT Margin	**13.8%**	**11.4%**	**12.6%**	**12.2%**	**12.6%**
Reported EBIT Margin	**10.3%**	**11.6%**	**12.6%**	**11.4%**	**12.8%**

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)

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

Normalised PBT

Normalised PBT higher by 9.2% vs FY 2013

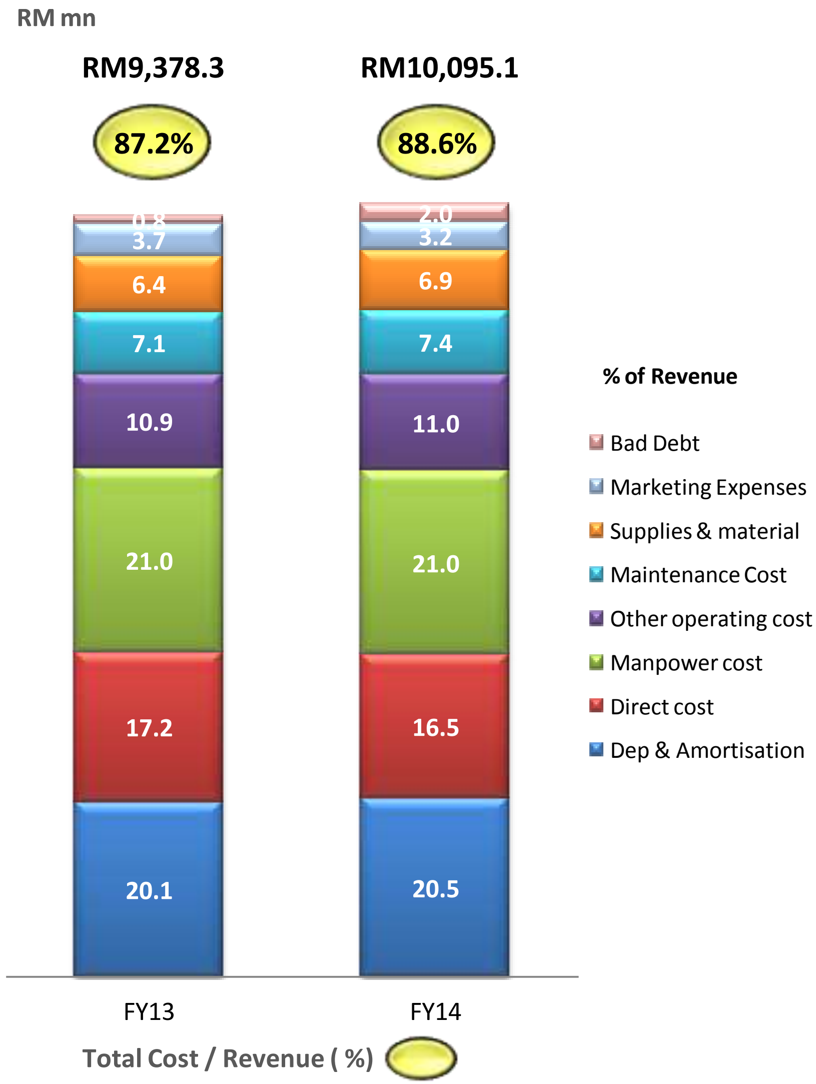
In RM mn	4Q14	3Q14	4Q13	FY 14	FY 13
Reported PBT	**253.7**	**262.8**	**309.7**	**1,105.5**	**1,046.0**
Non Operational					
FX (Gain)/Loss on International trade settlement	(7.6)	(3.6)	0.6	(6.7)	(13.2)
Other (Gain)/Losses & Impairment*	1.8	(8.2)	0.7	(4.4)	(1.2)
Unrealised FX (Gain)/Loss on Long Term loans	43.2	14.6	8.7	47.9	105.2
Negative Goodwill on acquisition of a new subsidiary	-	-	-	(21.9)	-
MESRA Programme	111.2	-	-	111.2	-
Estimated cost and assets write-off due to flood	9.6	-	-	9.6	-
Normalised PBT	**411.9**	**265.6**	**319.7**	**1,241.2**	**1,136.8**

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

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

Cost % of Revenue[1]

Higher FY2014 opex due to Bad Debt, Supplies & Materials and Maintenance cost



FY 2014 vs. FY 2013

- **Higher Bad Debt due to tighter credit treatment policy**
- **Higher Maintenance due to higher customer projects in line with higher revenue**
- **Higher Supplies and Materials due to higher cost of sales, higher cables cost and higher subscriber equipment**
- **Higher D&A due to impact of accelerated depreciation for USP assets as well as higher asset base**

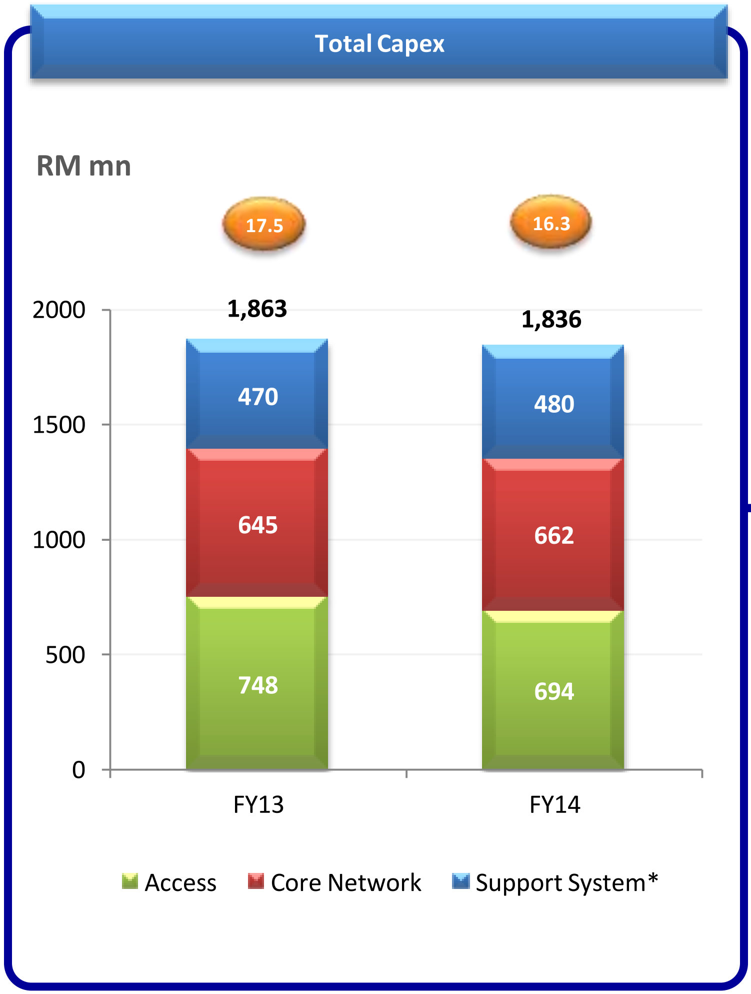
(Please refer to Appendix for quarterly details & breakdown)

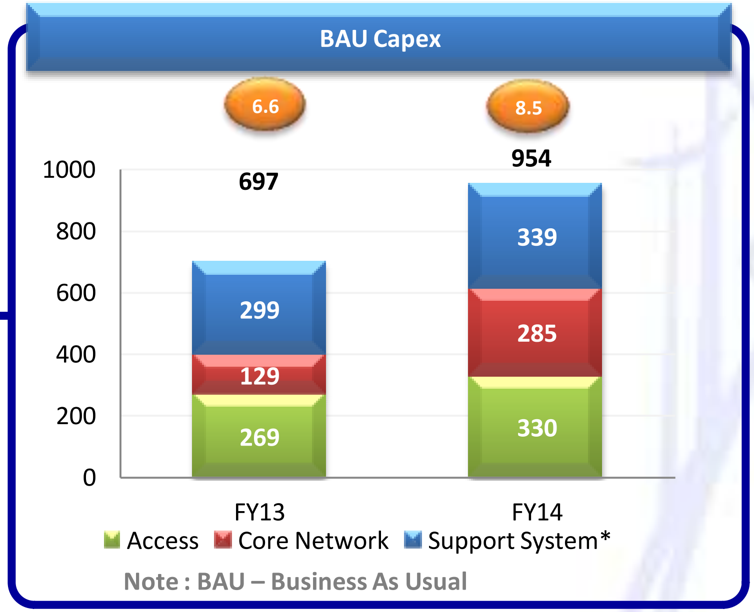
[1] Revenue = Operating Revenue + Other Operating Income
Note: The classification of cost is as per financial reporting

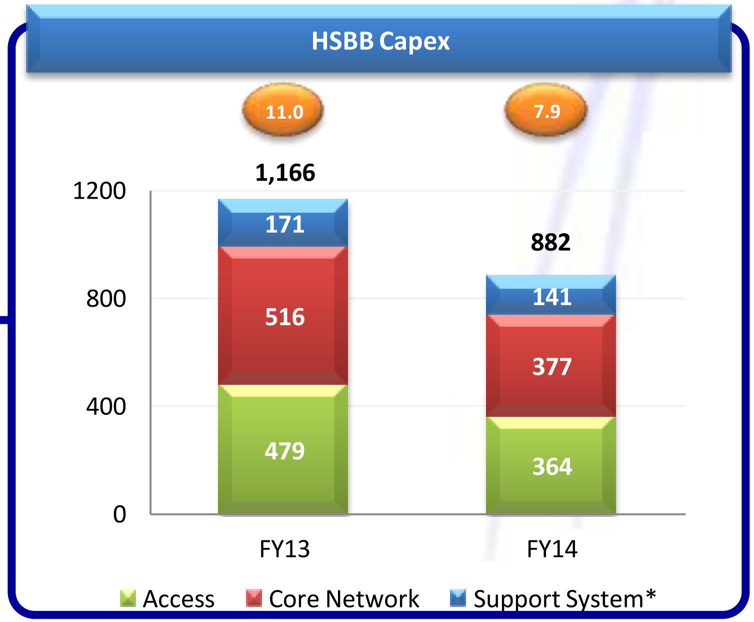
Note : Unless stated otherwise all figures stated shall be inclusive of P1

Group Capital Expenditure

Improved Capex /revenue ratio compared to FY2013







Capex / Revenue (%)

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

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

Group Cash Flow & Key Financial Ratios

RM mn	FY 14	FY 13
Cash & cash equivalent at start	2,514.5	3,738.3
Cashflows from operating activities	3,014.1	2,795.7
Cashflows used-in investing activities	(2,162.0)	(2,362.4)
Capex	1,836.0	1,863.0
Cashflows from financing activities	(391.3)	(1,655.0)
Effect of exchange rate changes	(0.3)	(2.1)
Cash & cash equivalent at end	2,975.0	2,514.5
Free cash-flow (EBITDA – Capex)	1,799.6	1,668.6

	31 Dec 14	31 Dec 13
Return on Invested Capital [1]	7.72%	7.68%
Return on Equity [2]	12.80%	14.80%
Return on Assets [1]	6.34%	6.27%
Current Ratio	1.33	0.99
WACC	7.54%	6.67%

	31 Dec 14	31 Dec 13
Gross Debt to EBITDA	1.77	1.92
Net Debt/EBITDA	1.02	1.04
Gross Debt/ Equity	0.85	0.90
Net Debt/ Equity	0.46	0.55
Net Assets/Share (sen)	203.6	199.5

1 *Based on Normalised EBIT*

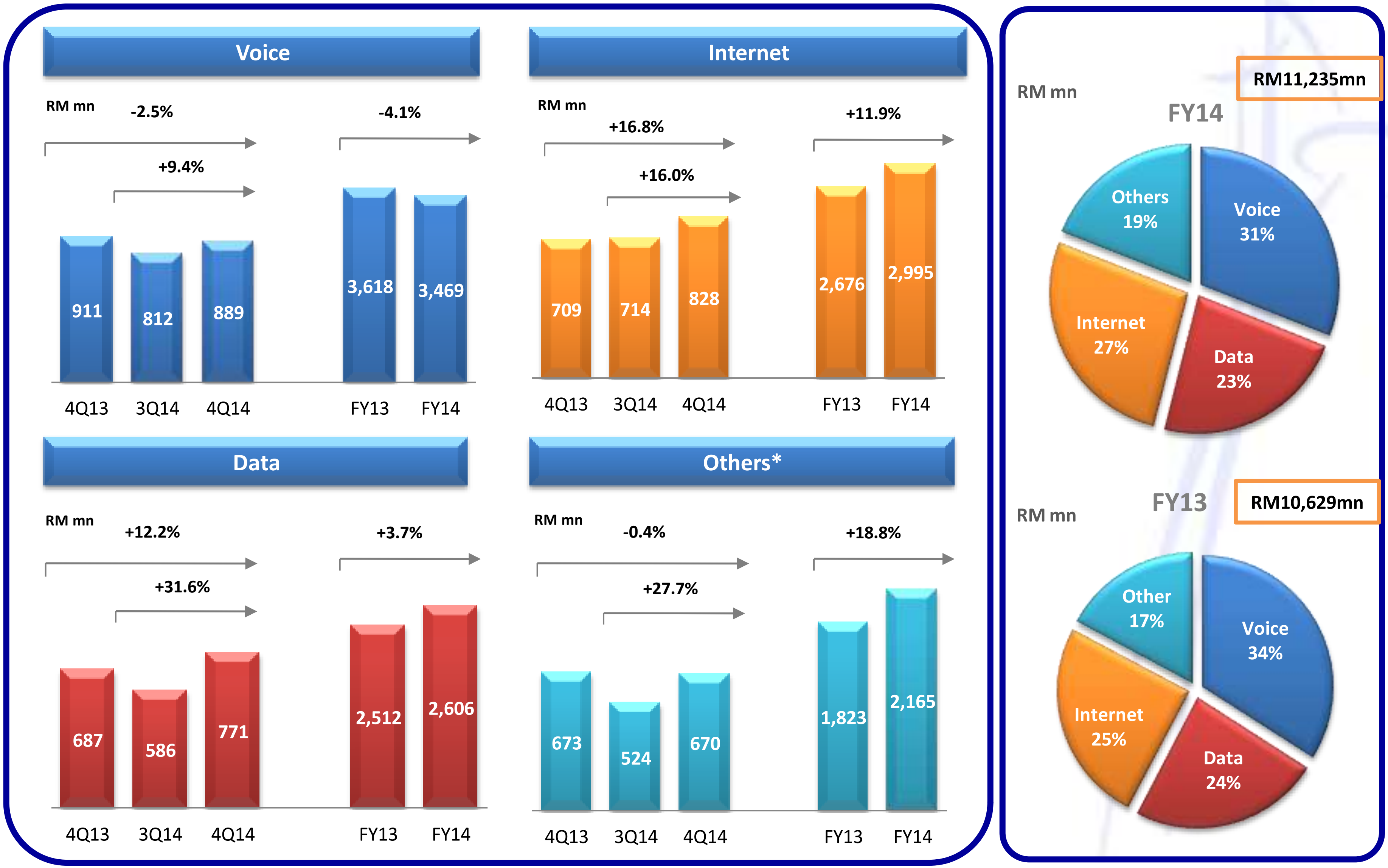
2 *Based on Normalised PATAMI*

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

- Performance Overview
- Financial review
- Operating highlights
- Concluding remarks

Group Total Revenue by Product

YTD growth led by Internet, Data and Others; Non-voice revenue 69% of Group

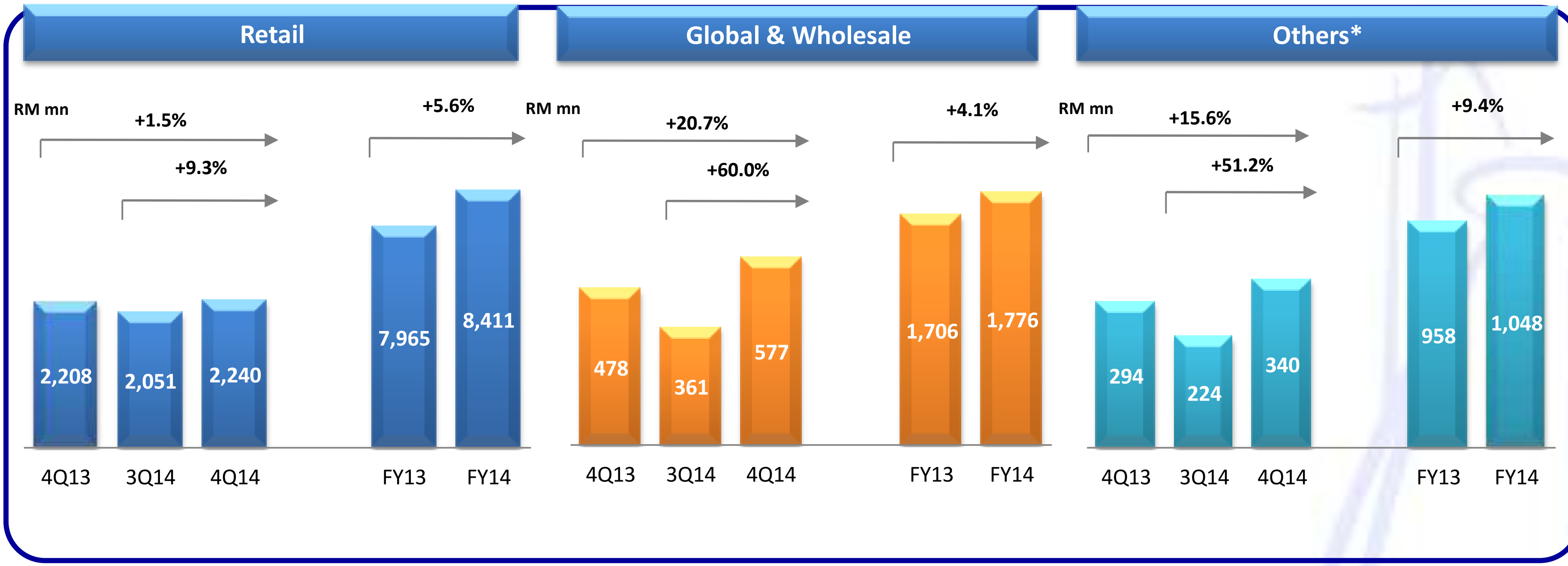


**Others comprise other telco and non-telco services (i.e ICT-BPO, MMU tuition fees, customer projects)*

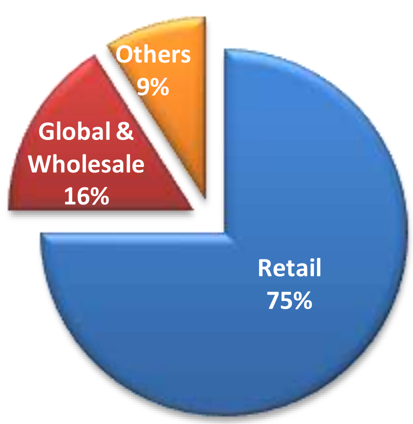
Note : Unless stated otherwise all figures stated shall be inclusive of P1

Group Total Revenue by Line of Business

YTD Revenue growth across all lines of business

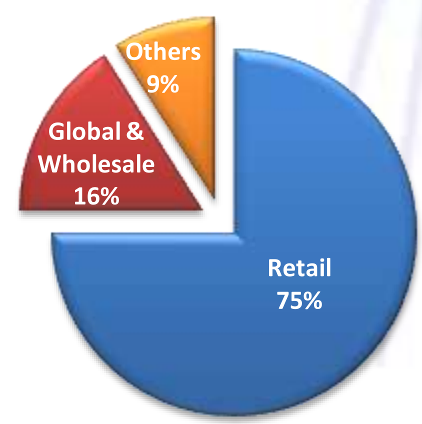


FY14 | **RM11,235mn**



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

FY13 | **RM10,629mn**



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

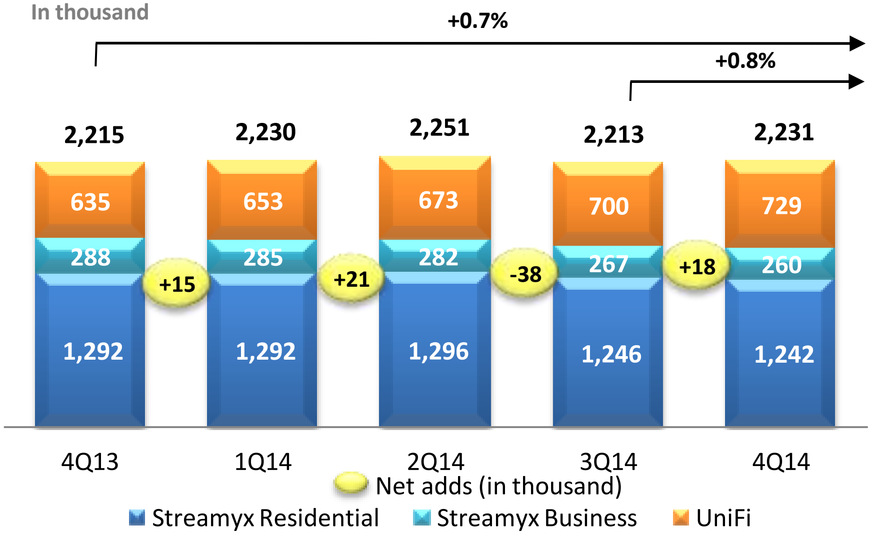
Note : Unless stated otherwise all figures stated shall be inclusive of P1

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

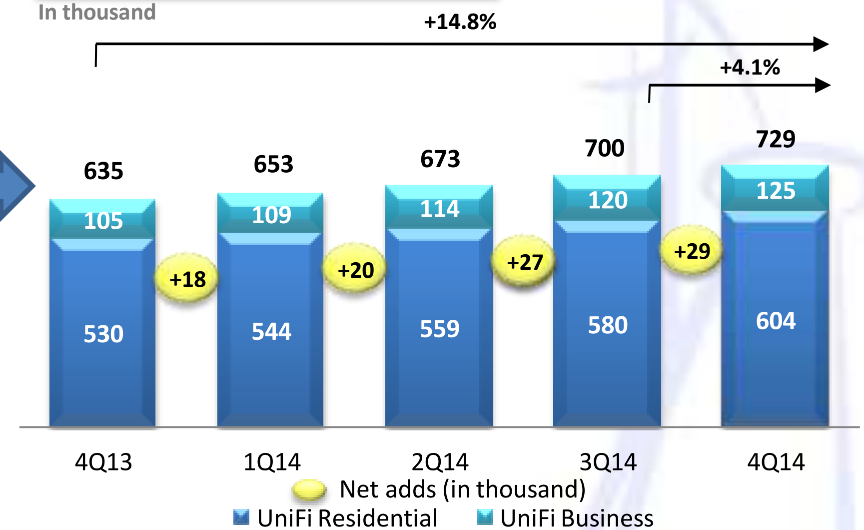
Physical Highlights

Higher ARPU across all segments

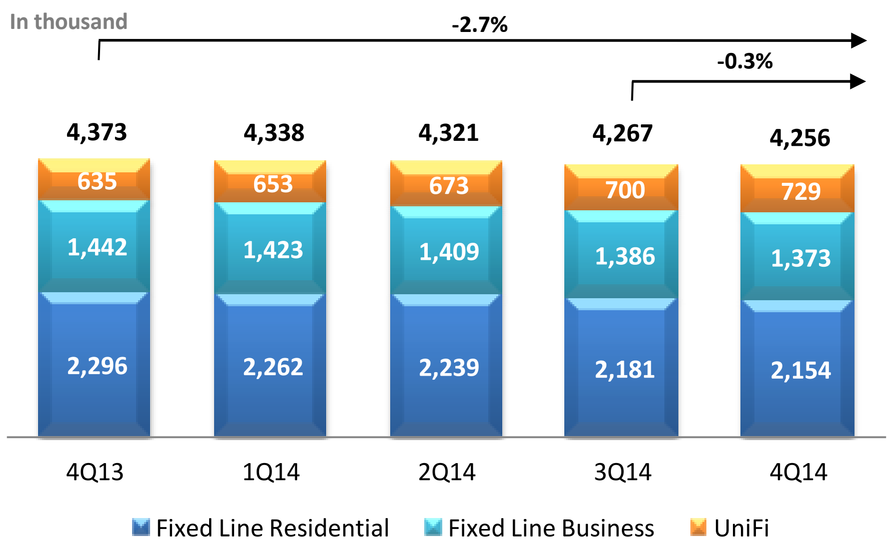
Broadband Customer Growth



UniFi



Fixed Line Customer Growth



ARPU

ARPU (RM)	4Q13	1Q14	2Q14	3Q14	4Q14
Fixed Line (DEL)*	33	30	31	30	31
Streamyx Broadband**	85	86	85	81	90
UniFi***	185	188	187	189	192

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

- Performance Overview
- Financial review
- Operating highlights
- **Concluding remarks**

Key Takeaways

Financial Performance

- Achieved Headline KPI's
  - ✓Revenue growth 5.3%
  - ✓Normalised EBIT growth 5%
- Capex/Revenue ratio at 16.3%, stack-up expected for future growth investments

Customer-centricity

- Achieved TRI*M Index score of >72 – higher than global telco average

Broadband Champion

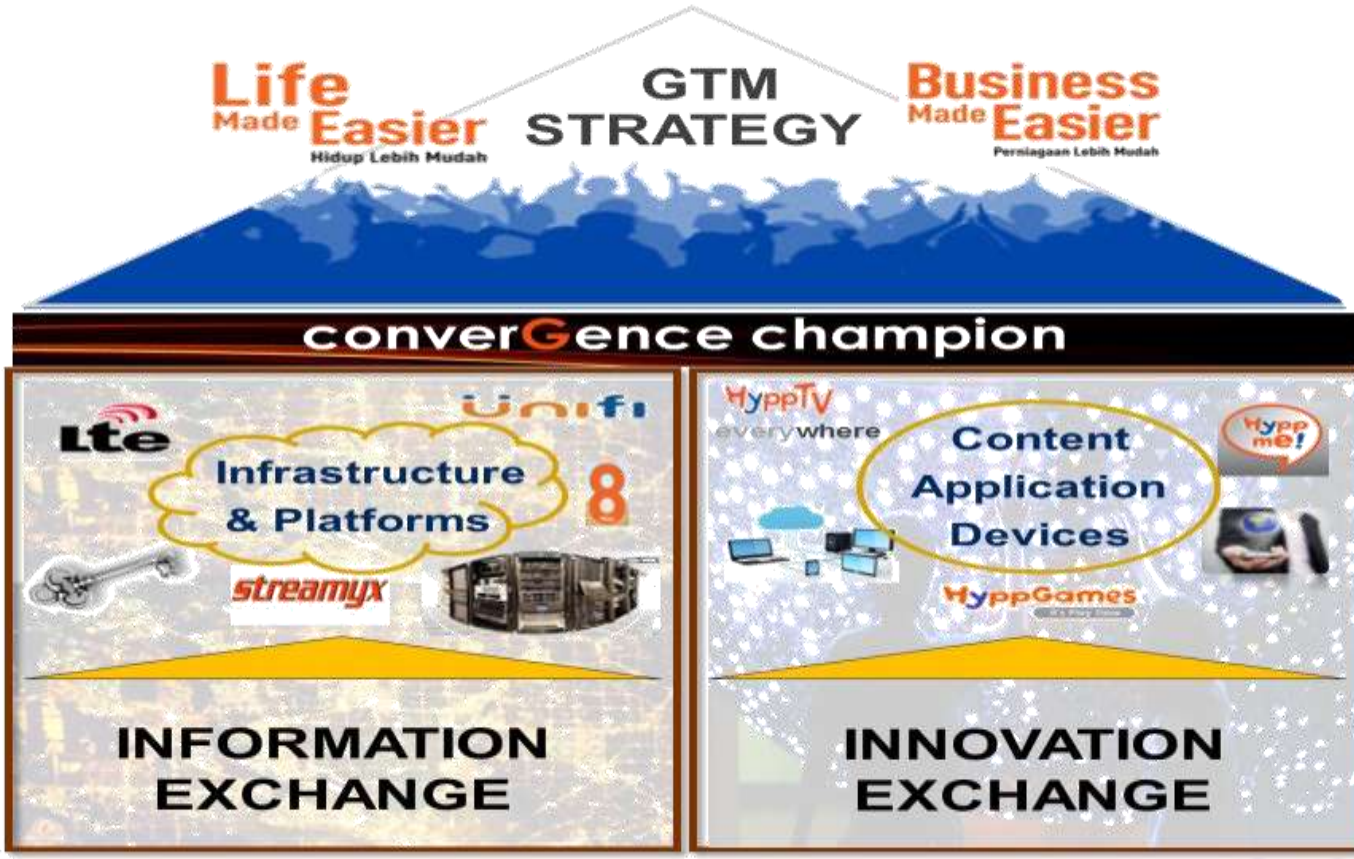
- Total broadband customer base grown to 2.23mn
- Positive takeup of upselling activities, increased content buys resulted in higher ARPU
- Increasing number of customers on high speed broadband – 48%
  - ✓750,000 Unifi customers to date; 45% takeup rate

Shareholder Value

- Total dividend payout of 22.9 sen per share or RM846.8mn (including interim dividend of 9.5 sen per share or RM348.4mn paid in October 2014)

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

CONVERGENCE CHAMPION
delivering
INFORMATION & INNOVATION EXCHANGE



- Rollout of HSBB 2, Sub-Urban Broadband
- Investments for future growth

2015 Headline KPI

	2015	2017
Revenue Growth	4-4.5%	5-5.5%
EBIT Growth	4-4.5 %	5-5.5%
Customer Satisfaction Measure	72	72

*Note: Headline KPI are for TM excluding P1, HSBB 2, SUBB & other mega projects

*1 Using TRiM index measuring end to end customer experience at all touch points. TRiM (Measuring, Managing and Monitoring) is a standardized indicator system. It analyzes, measures and portrays stakeholder relationships on the basis of standardized indicators. The TRI*M Index is an indicator of the status quo of a particular relationship. The index is made up of four points of view on the stakeholder relationship, e.g. for customer loyalty: overall rating, recommendation, repeat purchasing of product/services, and a company's competitive advantage. The information is based on surveys/interviews on a sample customer base."*

Appendices

Normalised EBITDA

Higher EBITDA due to higher revenue

In RM mn	4Q14	3Q14	4Q13	FY14	FY13
Reported EBITDA	**960.4**	**879.4**	**958.0**	**3,635.6**	**3,531.6**
Non Operational					
FX (Gain)/Loss on International trade settlement	(7.6)	(3.6)	0.6	(6.7)	(13.2)
Loss on Sale of Assets	0.1	-	-	0.4	0.5
Negative Goodwill on acquisition of a new subsidiary	-	-	-	(21.9)	-
MESRA Programme	111.2	-	-	111.2	-
Estimated cost and asset write-off due to flood	6.4			6.4	-
Normalised EBITDA	**1,070.5**	**875.8**	**958.6**	**3,725.0**	**3,518.9**
Normalised EBITDA Margin	**33.5%**	**32.8%**	**31.8%**	**32.8%**	**32.7%**
Reported EBITDA Margin	**30.1%**	**32.9%**	**31.8%**	**31.9%**	**32.9%**

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)

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

Normalised PATAMI

In RM mn	4Q14	3Q14	4Q13	FY14	FY13
Reported PATAMI	**218.3**	**188.8**	**344.2**	**831.8**	**1,012.2**
Non Operational					
FX (Gain)/Loss on International trade settlement	(7.6)	(3.6)	0.6	(6.7)	(13.2)
Other (Gain)/Losses & Impairment*	1.8	(8.2)	0.7	(4.4)	(1.2)
Unrealised FX (Gain)/Loss on Long Term loans	43.2	14.6	8.7	47.9	105.2
Tax Incentives**	-	-	(29.5)	-	(29.5)
Impact of tax rate changes	3.9	-	(35.0)	3.9	(35.0)
Negative Goodwill on acquisition of a new subsidiary	-	-	-	(21.9)	-
MESRA Programme (Net of tax)	83.4	-	-	83.4	-
Estimated cost and assets write-off due to flood (Net of tax)	7.2	-	-	7.2	-
Normalised PATAMI**	**350.2**	**191.6**	**289.7**	**941.2**	**1,038.5**

** 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*

***Current year tax incentives: 2014: Nil, 2013: RM162.8mil (HSBB tax incentive expired in Sept 13)*

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

Cost % of Revenue

	4Q14	3Q14	4Q13	FY 14	FY 13	Comments (FY2014 vs. FY2013)
Operating Revenue (RM mil)	**3,157.3**	**2,636.0**	**2,979.8**	**11,235.1**	**10,628.7**	-
Other Operating Income (RM mil)	**37.6**	**36.0**	**35.8**	**154.3**	**121.5**	-
Direct Costs %	**17.2**	**16.1**	**17.1**	**16.5**	**17.2**	Higher absolute cost due to higher content cost and international outpayment
RM mil.	**548.6**	**431.5**	**516.9**	**1,883.7**	**1,850.3**	
Manpower %	**19.3**	**20.5**	**20.4**	**21.0**	**21.0**	Higher salaries, staff benefits and one off provision for Skim MESRA
RM mil.	**615.1**	**547.1**	**614.4**	**2,393.2**	**2,260.3**	
Supplies & Materials %	**8.0**	**7.1**	**7.0**	**6.9**	**6.4**	Higher cable cost, cost of sales and higher subscriber equipment
RM mil.	**255.7**	**189.9**	**211.9**	**782.0**	**692.8**	
Bad & Doubtful Debts %	**3.3**	**1.1**	**0.9**	**2.0**	**0.8**	Higher due to tighter credit treatment policy
RM mil.	**104.8**	**30.1**	**27.2**	**228.9**	**89.9**	
Marketing Expenses %	**3.1**	**3.3**	**4.2**	**3.2**	**3.7**	Lower dealer commission mainly at TM Consumer and TM SME due to lower activation for UniFi
RM mil.	**98.6**	**88.6**	**125.7**	**361.6**	**394.1**	
Maintenance Cost %	**8.0**	**7.7**	**8.4**	**7.4**	**7.1**	Higher customer projects
RM mil.	**256.8**	**206.4**	**254.8**	**846.2**	**763.4**	
Other Operating Costs %	**11.1**	**11.2**	**10.2**	**11.0**	**10.9**	Higher electricity cost, professional fees, communication charges and miscellaneous expense
RM mil.	**354.9**	**299.0**	**306.7**	**1,258.2**	**1,167.8**	
Depreciation & Amortisation %	**19.8**	**21.3**	**19.2**	**20.6**	**20.1**	Higher due to accelerated depreciation of USP assets and higher asset base
RM mil.	**631.0**	**570.2**	**578.8**	**2,341.3**	**2,159.7**	
Total (RM mil)	**2,865.5**	**2,362.8**	**2,636.4**	**10,095.1**	**9,378.3**	-
Total (%)	**89.7**	**88.4**	**87.4**	**88.6**	**87.2**	-

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

Group Balance Sheet

RM Million	As at 31 Dec 2014	As at 31 Dec 2013
Shareholders' Funds	7,571.1	7,136.7
Non-Controlling Interests	388.8	162.6
Deferred & Long Term Liabilities	9,806.1	8,076.7
Long Term Borrowings	*6,251.4*	*4,865.0*
Deferred Tax	*1,258.0*	*1,151.0*
Deferred Income	*1,823.1*	*1,999.5*
*Derivative financial instruments***	*337.8*	*51.4*
Trade and other payables	*135.8*	*9.8*
	17,766.0	15,376.0
Current Assets	6,481.2	5,722.2
Trade Receivables	*2,237.2*	*1,847.7*
Other Receivables	*588.1*	*440.9*
Cash & Bank Balances	*2,985.8*	*2,514.9*
Others	*670.1*	*918.7*
Current Liabilities	4,857.2	5,770.5
Trade and Other Payables	*3,605.2*	*3,172.8*
Short Term Borrowings	*197.0*	*1,590.2*
Others	*1,055.0*	*1,007.5*
Net Current Assets/(Liabilities)*	1,624.0	(48.3)
Property Plant & Equipment	14,785.1	14,572.0
Other Non-Current Assets	1,356.9	852.3
	17,766.0	15,376.0

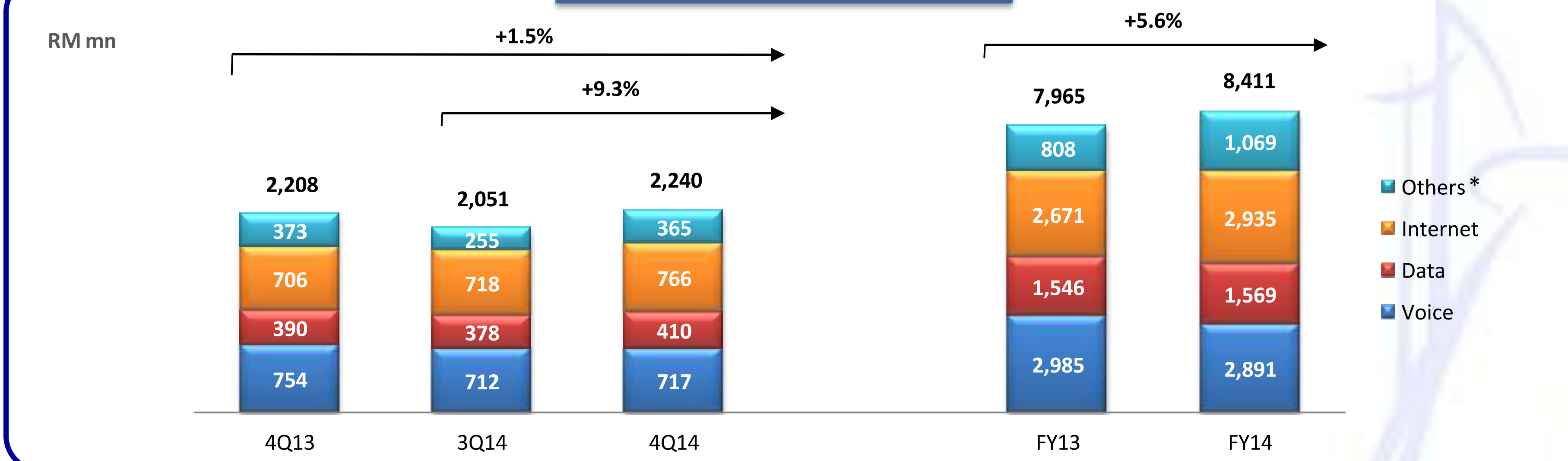
**Due to reclassification of long term debt due within the next 12 months to current liability (RM1.5bn)*

*** Includes the put option obligation (RM267.6m) to buy Non Controlling Interest shares*

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

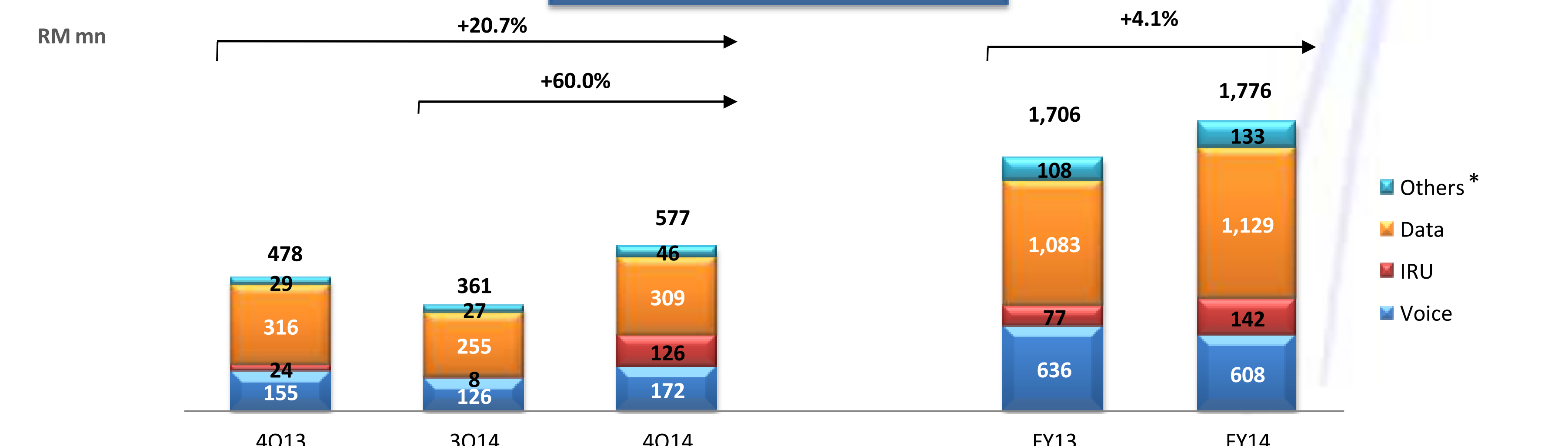
RETAIL

Revenue by Product



Global & Wholesale

Revenue by Product



Others : Include internet

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

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

THANK YOU

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