



NEWS RELEASE

Kuala Lumpur

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**TM TURNS IN POSITIVE 1Q 2016 PERFORMANCE –
GROUP REVENUE UP 2.9% YoY TO RM2.9 BILLION;
REPORTED OPERATING PROFIT ROSE 15.0% YoY TO RM279.9 MILLION;
REPORTED PROFIT BEFORE TAX YoY INCREASED TO RM393.2 MILLION**

Key Highlights of 1Q2016:

- **Group Revenue grew 2.9% YoY to RM2.9 billion**
- **Group Operating Profit (Earnings Before Interest and Tax) (EBIT) rose 15.0% YoY to RM279.9 million**
- **Group Reported Profit Before Tax (PBT) YoY increased to RM393.2 million**
- **Group Normalised Net Profit After Tax and Non-controlling Interest (PATAMI) up 9.6% YoY to RM195.4 million**
- **Maintains leadership position in broadband; evolving to become Malaysia's Convergence Champion**
 - **Overall Broadband customer base grew 4.3% to 2.36 million, driven by UniFi**
 - **UniFi take up remained strong with 877,000 customers activated as at 31 March 2016**

Telekom Malaysia Berhad (TM) today announced its financial results for the first quarter ended 31 March 2016, where the Group posted a revenue growth of 2.9% YoY to RM2.9 billion from RM2.8 billion in the corresponding period last year. The growth was mainly driven by higher contribution from Internet services revenue.

Group Operating Profit (EBIT) for 1Q 2016 grew 15.0% YoY to RM279.9 million as compared to RM243.4 million in 1Q2015 due to a higher revenue and better cost management. Stripping off some non-operational items, in particular foreign exchange loss on international trade settlement, its Normalised EBIT was at RM312.0 million, which was 26.9% higher YoY.

Group Reported PBT for 1Q2016 was higher against 1Q2015, at RM393.2 million from lower operating cost over revenue, higher other operating income and other gains. Group Normalised PBT was higher by 24.9% YoY, at RM270.3 million.

Group Reported PATAMI has more than doubled YoY at RM322.4 million, whilst Group Normalised PATAMI was higher by 9.6% at RM195.4 million.

Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer of TM, said, “1Q2016 was an encouraging one for us despite an overall challenging environment. We recorded Group Revenue of RM2.9 billion, an increase of 2.9% against the corresponding period last year. This growth was primarily driven by higher contribution from Internet services revenue. We continue to strengthen our leadership position with a 4.3% increase in our total broadband customer base to 2.36 million customers. This was driven by sustained growth in UniFi. UniFi stood at 877,000 customers as at 31 March 2016 and more than half of them are on packages of 10Mbps and above. Of our total broadband customer base, 59% of them are now on packages of 4Mbps and above.”

The total capital expenditure for 1Q2016 was RM318.0 million or 11.1% of revenue. Of the total spent, 50% is for Access, 19% is for core network, and 31% for support systems. TM has earlier announced its capex guidance for the year to be at 25-30% of revenue excluding webe. The higher expected capex spend is mainly for the expansion of HSBB footprint.

In March, TM launched its new look TMpoint outlet at Quill City Mall, in Kuala Lumpur, designed to enable customers to experience the suite of convergence services for home and business solutions, in a friendly and interactive environment. The refreshed outlet environment will also be implemented at other outlets in stages. At the same event, TM also unveiled its all new UniFi Pro Plan offering broadband speed of 100Mbps, enabling customers to do even more.

Prospects for the Current Financial Year Ending 31 December 2016

The Malaysian Institute of Economic Research (MIER) expects Malaysia's real GDP to grow at 4.2% this year, driven largely by private sector expenditure. As for 2017, real GDP growth is forecasted to edge up, registering a growth of between 4.5 - 5.5%. (*Source: MIER Economic Outlook, 21 April 2016*)

2016 is the ‘Year of Convergence’ for TM Group as it continues to evolve from being the nation’s Broadband Champion to become Malaysia’s Convergence Champion. Recently, TM launched its new brand “webe”, a new digital mobility services provider. As TM Group’s centre of excellence for mobility, webe’s philosophy and approach to business, in line with TM’s aspiration, is ‘start here. go anywhere’ exemplifying the diversity of ways communities can come together to make things happen, for a better Malaysia. webe’s business and network services are approaching market readiness, and is on track for a commercial launch this year.

In another step towards its convergence aspiration, TM has also entered into its second over-the-top (OTT) partnership, with Vuclip, a PCCW Ltd media company, to launch Viu, a freemium OTT, video-on-demand (VOD) service providing localised and personalised content from top studios. Viu will deliver more than 10,000 hours of premium Asian content in 2016 including those by Korea’s top broadcasters.

On the wholesale front, the quarter also witnessed TM signing a WiFi roaming agreement with British Telecommunications PLC (BT), allowing customers’ of both parties to leverage on each other’s WiFi networks in Malaysia and the United Kingdom (UK), hence enabling them to enjoy converged mobile roaming experience while travelling to these countries.

In April 2016 TM and a group of tier 1 global telecommunication operators announced the launch of the new Bay of Bengal Gateway (BBG) submarine cable system which links Malaysia and Singapore to Oman and the UAE, with branches to India and Sri Lanka. The additional internet broadband capacity via BBG will help to better prepare, diversify and mitigate any potential future congestion. TM also continues to support the realisation of the vision to establish ASEAN as a dynamic and competitive economic block.

TM has also revitalised its focus on the Managed Accounts segment (Enterprise, Public Sector and VADS), which it is re-branding as TM Business Solutions - providing a fully integrated suite of connectivity, ICT and BPO, as well as smart city and Internet of Things (IoT) solutions. TM believes that these are areas of opportunity and are exploring new capabilities and services to offer to its enterprise and public sector customers.

With all the above initiatives underway, TM is on track to become Malaysia's Convergence Champion, as we journey on towards delivering our promise of 'Life and Business Made Easier'.

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About TM

Telekom Malaysia Berhad (TM), Malaysia's Convergence Champion and No. 1 Converged Communications Services Provider, offers a comprehensive range of communication services and solutions in broadband, data and fixed-line. As a market leader, TM is driven by stakeholder value creation in a highly competitive environment. The Group places emphasis on delivering an enhanced customer experience via continuous customer service quality improvements and innovations, whilst focusing on increased operational efficiency and productivity.

Leveraging on our extensive global connectivity, network infrastructure and collective expertise, TM is well positioned to propel Malaysia as a regional Internet hub and digital gateway for South-East Asia.

As a multiple award winning model corporate citizen committed to good governance and transparency, TM continues its pledge to ensure the integrity of our processes, people and reputation as well as the sustainability of our operations. Our Corporate Responsibility (CR) ethos reinforces responsible behavior in the four main domains of the marketplace, workplace, the community and the environment. With a focus on ICT, the Group further promotes 3 major platforms i.e. education, community/nation-building and environment, through our Reaching Out programmes.

TM looks forward to continue serving customers with its comprehensive suite of offerings, delivering a seamless digital experience and integrated business solutions to meet their lifestyle and business communication needs - towards making "Life and Business Made Easier for a Better Malaysia".

For further information on TM, visit www.tm.com.my.

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