



NEWS RELEASE

Kuala Lumpur

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**TM 3Q 2015 GROUP REVENUE UP 2.9% QoQ TO RM2.92 BILLION;
REPORTED OPERATING PROFIT ROSE 47.0% QoQ TO RM449.0 MILLION;
REPORTED PROFIT BEFORE TAX IMPROVED 1.1% QoQ TO RM259.0 MILLION**

Key Highlights of 3Q2015:

- **Group Revenue grew 2.9% QoQ to RM2.92 billion**
- **Group Reported Operating Profit (EBIT) rose 47.0% QoQ to RM449.0 million**
- **Group Reported Profit Before Tax (PBT) was 1.1% higher QoQ to RM259.0 million**
- **Group Reported Profit or Profit After Tax and Non-controlling Interest (PATAMI) lower by 21.4% QoQ to RM166.8 million; due to unrealised FX loss & higher taxation**
- **Maintains position as Malaysia's Broadband Champion, moving towards Convergence Champion;**
 - **Steady broadband customer base growth 3.7% vs 3Q 2014 to 2.29 million, led by UniFi**
 - **Healthy UniFi growth with 11,000 net adds in 3Q2015 to 793,000 customers**

Telekom Malaysia Berhad (TM) today announced a 2.9% growth in Group Revenue Quarter-on-Quarter (QoQ) to RM2.92 billion for the third quarter ended 30 September 2015 against RM2.84 billion recorded in the preceding quarter; on the back of higher voice and data revenue contribution.

Group Reported EBIT for 3Q2015 was RM449.0 million, higher by 47.0% against last quarter at RM305.5 million, primarily due to higher revenue and lower operating expenses. Stripping off some non-operational items, in particular foreign exchange gain on international trade settlement, Group Normalised EBIT was up by 10.3% QoQ at RM328.6 million.

Group Reported PBT increased 1.1% QoQ at RM259.0 million in 3Q2015 from RM256.1 million in 2Q2015 due to the higher revenue growth despite higher foreign exchange losses on borrowings in the recent quarter.

Group PATAMI stood at RM166.8 million due to the net impact of the depreciating Ringgit as well as higher tax charges. Group Normalised PATAMI was RM200.2 million.

The total capital expenditure for YTD Sept 2015 was RM1.15 billion or 13.5% of revenue, with spending during 3Q2015 at RM467 million.

Commenting on the 3Q2015 financial results, Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer, TM said: "The third quarter was a mixed one for us. We closed the quarter with some improvements in our performance despite an overall challenging environment. We posted Group Revenue of RM2.92 billion QoQ, an increase of 2.9% against the preceding quarter this year primarily due to higher voice and data revenue contribution. Our Group Profit Before Tax slightly improved 1.1% QoQ to RM259.0 million whilst our Group EBIT was RM449.0 million, 47.0% higher from Q2. Our Group PATAMI stood at RM166.8 million impacted by the depreciating Ringgit as well as higher tax charges whilst Group Normalised PATAMI stood at RM200.2 million."

"We also continue to maintain our position as Malaysia's Broadband Champion; ready to evolve to being a Convergence Champion. Operationally, we recorded a 3.7% increase in total broadband customers as compared to Q3 last year, from 2.21 million to 2.29 million. This is driven by UniFi which recorded a 1.4% growth from preceding quarter to 793,000 customers activated. In line with increasing demand for higher bandwidth, 53% of our broadband customers are now on packages above 4Mbps. Just last month, we introduced our new refreshed UniFi brand and proposition, called UniFi ADVANCE PLAN™ offering speeds of 30Mbps up to 50Mbps together with HyppTV Value Packs for customers to choose, based on their preference. With higher speed, HyppTV options that include fresh and new channels, data on-the-go, voice plans and other amazing add-ons, UniFi ADVANCE PLAN™ promises Unlimited experiences, Unmatched choices and Unbeatable value for everyone – "for the Makers of Tomorrow."

"On P1, we are happy to update that things are progressing well. We continue preparing for our entry into the mobile market; working very closely with P1 which is being developed as the mobile arm and mobility centre of excellence of the TM Group. The development of TM's overall LTE network roll-out is on track with the core LTE network being managed and planned for future growth by P1. We are now building on that core to roll out nationwide starting with urban areas and adjacent to existing base stations. TM and P1 are working together to start user trials and network readiness tests in December 2015, to ensure effective delivery of mobile services towards the launch in 2016," Tan Sri Zam added.

Prospects for the Current Financial Year Ending 31 December 2015

The Malaysian Institute of Economic Research (MIER) expects the second half of 2015 to be challenging for the Malaysian economy as the country continues to manage decline in commodity export prices, foreign exchange market and political issues. This quarter, MIER is forecasting Malaysia's GDP growth to be 4.9% for 2015, and 5.5% - 6.0% for 2016. (*Source: Malaysian Economic Outlook, MIER, 22 October 2015*).

TM's outlook for the remaining months in 2015 continues to remain positive, with our UniFi still enjoying take up as we proceed with the expansion of our high speed broadband (HSBB) coverage. TM remains dedicated in providing more value and enhanced HyppTV viewing experience to its broadband customers. As of October 2015, HyppTV has a total of 122 channels, 57 Premium channels, 22 Basic and Free-To-Air channels, 5 radio channels, 14 Video-on-Demand (VOD) categories and 24 interactive channels.

Over the last few months, TM announced a few new developments, such as the partnership with Bank Simpanan Nasional (BSN) to manage its 'Converged Network Transformation Project', to provide the bank with end-to-end managed Wide Area Network (WAN) services connecting 413 BSN branches nationwide. The Company hopes this will pave the way for future collaborations with enterprise customers and government agencies to support them in enhancing their operational efficiencies to better serve and improve the experience of the community that they serve.

In October, TM announced the establishment of a joint venture company with Medini Iskandar Malaysia Sdn Bhd - the company behind the master planning and infrastructure development of the 2,230-acre township Medini Iskandar Malaysia (Medini) - to provide ICT services in Medini, Nusajaya, Johor. This joint venture will be in addition to an existing joint venture with UEM Sunrise Berhad and Iskandar Investment Berhad that was signed in 2014. Both these joint ventures will pave the way towards realising the Company's aspiration of establishing smart and connected townships.

In addition, VADS Berhad (VADS), a wholly-owned subsidiary of TM, also began the construction of a new purpose-built, carrier neutral VADS Nusajaya Data Centre (NJDC) at the flagship Nusajaya Tech Park, in Iskandar Malaysia, Johor, which is scheduled to be completed in early 2017. The data centre will house TM Iskandar international gateway serving as a regional hub in providing services such as end-to-end managed ICT services, Business Process Outsourcing (BPO) services, Cloud Services via Digital Marketplace and high-speed broadband connectivity, serving customers in Malaysia and the ASEAN region.

TM continues to support the Government's initiatives in improving communications infrastructure in order to encourage the uptake of broadband services. In September, TM signed a 20-year agreement with the Government of Malaysia for the development and construction of a new submarine cable system called "Sistem Kabel Rakyat 1 Malaysia" (SKR1M), linking Peninsular Malaysia with Sabah and Sarawak.

On the regional front, we inked a partnership with MekongNet, a leading Internet Service Provider (ISP) and Internet Exchange Provider (IXP) in Cambodia to host our Point-of-Presence or POP in Cambodia.

In terms of business priorities, TM remains steadfast in our commitment towards becoming Malaysia's Convergence Champion. TM will continue to be guided by its Information Exchange and Innovation Exchange aspirations as we carry on with our transformation journey, in line with our promise of 'Life Made Easier' and 'Business Made Easier' with TM for a Better Malaysia.

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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. TM remains steadfast in its transformation into a new generation communications provider to deliver an enhanced and integrated digital lifestyle to all Malaysians, and opening up possibilities through connection, communication and collaboration, towards our shared vision of elevating the nation into a high-income economy.

As a 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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