



NEWS RELEASE

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**TM RECORDS STRONGEST FULL YEAR PERFORMANCE SINCE DEMERGER –
REVENUE GROWTH OF 9% TO RM9.99 BILLION; PROFIT OF RM1.26 BILLION, UP 6%**

Key Highlights of Financial Year 2012:

- ***Achieved all Headline KPIs***
- ***Record Revenue growth of 9% outstripping industry growth and highest since demerger, driven by Internet, multimedia, Data & Other services revenue***
- ***Continued PATAMI growth of 6.1% to RM1.26 billion***
- ***Continued EBITDA growth of 4.7% to RM3.23 billion; Normalised EBITDA margins in line with Headline KPI***
- ***Maintains position as Malaysia's broadband champion; strong YOY broadband customer base growth of 7.4% to 2.07 million***
- ***Meets dividend commitment - declares final dividend of 12.2 sen per share; total dividend payout (including interim dividend) of 22 sen per share or RM787 million***
- Improved customer experience with customer satisfaction score of more than 72, above global average
- Recorded improvement in capex efficiency with total capex/revenue ratio improvement of 25.5% for FY2012.
- UniFi growth remains strong to more than 482,000 in 4Q2012; 104% growth YoY.
 - To date, UniFi customers have reached more than 514,000.
 - UniFi now covers a total of 96 exchange areas on the back of 1.377 million premises passed.
- Introduces PIP 3.0 as vehicle of future growth for the Company focusing on three main areas - Continued Growth, Fundamental Productivity Shift and Improve Institutional Health Drivers

Telekom Malaysia Berhad (TM) delivered a commendable performance for the financial year ended 31 December 2012.

The Company today announced a record 9% rise in Group revenue to RM9.99 billion from RM9.15 billion recorded last year, outstripping industry growth and highest since the demerger in 2008. The improved performance was mainly driven by healthy growth across all key products – Internet and multimedia, particularly UniFi, higher data, and other services.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY2012 stood at RM3.23 billion, which is higher by 4.7% compared to FY2011 on the back of higher operating revenue. Normalised EBITDA margin was 32% in line with Headline Key Performance Indicators (KPIs).

Profit After Tax And Minority Interest (PATAMI) for FY2012 grew by 6.1% to RM1.26 billion as compared to RM1.19 billion recorded last year due to higher revenue, recognition of deferred tax income and unrealised forex gain. Normalised PATAMI, excluding mainly the gain on deferred tax income and unrealised forex gain, stood at RM881.0 million, an increase of 38.8% against RM634.8 million in 2011. This was attributed to higher revenue and lower tax expense.

Speaking at the press conference after announcing the Company's 2012 full-year financial results, Dato' Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer, TM, said, "Overall, we've had a good solid year in 2012, with revenue growth outstripping the industry, and our highest since demerger. We made significant progress on our comprehensive action plan to position ourselves for our next stage of growth and profitability. This achievement is indicative of the strong momentum we have established and continue to make in the execution of our sustainable growth strategy. We concluded the 2nd phase of our Performance Improvement Programme or PIP 2.0, and are happy to report that we have been successful in its implementation. The results and achievements recorded over the last three years, speak for themselves. Within that time, we strengthened our position in the market, as your trusted broadband champion, and as a trusted partner in telecommunications services not just across the domestic sectors, but also regionally. We are well on our way towards our goal of becoming an Information Exchange, as we envision it. As new markets grow and are created, such as the Internet of Everything, it's increasingly clear that the Information Exchange is at the centre of that future. As we start our next fiscal year, we have introduced PIP 3.0 where you will see a very focused, more agile and aggressive company that is focused on transformation, execution and customer experience; helping our customers effectively use our end-to-end product offerings and business solutions to transform their lives and businesses."

Dato' Sri Zam went on to comment, "I'm also pleased to announce that we have achieved all 3 KPIs set for TM in 2012. This time last year, we announced to the market our target of revenue growth of 5%, Normalised EBITDA margin of 32% and customer satisfaction measure based on the customer satisfaction measure (TRI*M index score)¹ of 72."

With the continued emphasis on improving the quality of customer experience as well as its products and services, TM achieved a TRI*M index score of more than 72; which is well above the global telco average score of 68.

TM also recorded continued improvement in its capex efficiency, with total capex spend/revenue ratio improving from 28.0% for FY2011 to 25.5% in 2012 despite increased requirements arising from customer projects as well as for the HSBB project. Total capex spent for FY2012 was RM2.546 billion, which is lower in total against FY2011.

¹(TRI*M Measuring, Managing, Monitoring), MSQOS, Customers services charter and internal customers measures *index measuring end to end customer experience at all touch points. TRiM (Measuring, Managing and Monitoring) is a standardised indicator system. It analyses, measures and portrays stakeholder relationships on the basis of standardised 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, recommendations, repeat purchasing of product/services, and a company's competitive advantage. The information is based on surveys/interviews on a sample customer base.*

“In line with our continued focus on TM value creation through continuous improvement on shareholder returns and capital management, I’m also pleased to announce that the Board of Directors has recommended a final dividend payout of 12.2 sen per share of approximately RM436 million, on top of the interim dividend of 9.8 sen per share amounting to RM351 million paid in September 2012. The total dividend payout amounts to 22 sen per share, or RM787 million. The combination of our highly committed employees, extensive brand reach, valued partners and vendors and balance sheet strength puts us in an excellent position to capture the significant growth opportunities available from our markets and to generate sustainable value for our shareholders,” added Dato’ Sri Zam.

The payout of the final dividend, subject to the approval of the shareholders is expected to be made in June 2013.

“We continued to maintain our leadership position in the Broadband segment. Our customer base grew by about 7.4%, from 1.92 million in 2011 to 2.07 million in 2012. In terms of UniFi subscription growth, we continued where we left off in 2011, where demand stayed strong and showed no sign of slowing down; such that we closed 2012 with more than 482,000 customers, a 104% improvement against FY2011. With 1.377 million premises passed on the back of 96 exchanges, this translates to a takeup rate of more than 35%, going beyond global benchmarks of similar service roll-outs. Earlier last month, we achieved another milestone for UniFi, when the service surpassed the half a million customers mark. To date, TM has activated more than 514,000 UniFi customers and we are continuing the momentum into 2013. We remain committed to our mission as the trusted broadband provider for the nation, evidenced by our strong combined customer base of both Streamyx and UniFi.”

Comparison: Quarter-on-Quarter (4Q2012 vs 3Q2012 Results)

For the current quarter under review, revenue increased by 18.3% QoQ, from RM2.38 billion to RM2.81 billion. EBITDA improved 19.8% QoQ from RM751.5 million in 3Q2012 to RM900.1 million. On a normalised basis, EBITDA increased by 12.2% QoQ to RM855.2 million from RM762.3 million in 3Q2012.

PATAMI grew by 20.5% QoQ to RM363.2 million. Normalised PATAMI also showed improvement of 55.0% QoQ to RM288.4 million from RM186.1 million in the preceding quarter of 2012.

In the broadband segment, both Streamyx and UniFi customers cumulatively grew by 1.9% QoQ to 2.07 million.

THREE MAIN PILLARS OF PRIORITIES MOVING FORWARD

TM launched the Performance Improvement Programme (PIP) 1.0 in 2006, to enhance operational efficiencies in addressing the serious twin challenges of fast declining voice revenue and slow broadband revenue growth. Following the streamlining of TM’s core business, these guidelines were remodeled to further tighten operations, enhance customer service, improve internal capabilities and produce healthier profits. By the time of the demerger in 2008, TM had managed to arrest this decline, and started to turn the Company around towards growth again.

Next, it was important to maintain this momentum, and at the same time build a strong foundation for the future growth of the Company. The result was PIP 2.0, introduced in November 2008 which focused on four strategic thrusts - Customer centricity and quality improvements; Operational excellence and capital Productivity; One company mindset with execution orientation; and Leadership through commercial excellence or “COOL”.

On the operational aspect, PIP 2.0 continued to tighten TM’s operations, enhance customer service, improve internal capabilities and produce a healthier bottom line. Fast forward, the PIPs have seen encouraging results in mitigating the decline in the fixed line business where TM managed to arrest the decline in 2009, followed by a modest growth of 2% in Group Revenue in 2010, then 4.0% last year, followed by the commendable revenue growth of 9% this year.

TM’s ongoing transformation journey stands in good stead and will allow the Group to maintain the momentum of growth that has already been established.

Some of the achievements during this time have been historic milestones. TM not only completed the roll out the HSB network and services in time, within cost and with the workforce motivated and intact; it is globally recognised as one of the fastest and most cost effective, given the wide scope of this ambitious endeavour. TM and Malaysia have also achieved the highest take-up rate to date by global comparison. Moving forward, in achieving the aspiration towards becoming an Information Exchange and catering to the ever-changing business dynamics, TM has recently kicked off PIP 3.0 that will focus on three main areas:

- **Continued Growth**– continue to focus on TM’s core business of voice and broadband whilst at the same time maximising the usage of our network and exploiting new growth opportunities.”
- **Fundamental Productivity Shift** - sustaining profits by increasing productivity, adopting best practice cost and capital efficiencies. Towards this end, operational excellence will be further improved, focusing on four key areas; namely the streamlining and optimisation of the network, processes, procurement and people.
- **Improve Institutional Health Drivers** - accelerate transformation of the Company into a customer-centric organisation by inculcating the value of “Total Commitment to Customers” into every level of the organisation. Internally, TM has also adopted a new market approach to further increase focus on our key customer segments.

Prospects for the Current Financial Year Ending 31 December 2013

Execution of the PIP3.0 will be a focal point for TM in 2013. The Company’s focus for 2013 will still be to maintain its position as Malaysia’s Broadband Champion anchoring on Streamyx and UniFi as its key broadband products, delivering an enhanced and integrated digital lifestyle to all Malaysians.

Competition is expected to intensify in the retail space, but it also creates opportunities for TM, aligned with the Information Exchange aspiration.

TM also announced its Headline KPIs for 2013 consisting of revenue growth of 6%; EBIT Growth of 3%; and customer satisfaction measure of 72.

TM is committed to developing the Company's workforce and places great emphasis on continuous learning and development to nurture and empower employees with the necessary skills and qualifications they need to transform TM services, customer experience and indeed the organisation itself.

TM has always been a customer-centric organisation and staying true to this, had declared 2012 as the Year of Customer Experience. Intensified efforts were made to enhance customer experience at every touchpoint across the different delivery environments, services and interaction channels, which aims not only to equip frontline staff with the hardware for good service, but also stresses the importance of 'heart ware' to create a positive and lasting impression of the customers. This resulted in the promising TRI*M index score of more than 72 surpassing the headline KPI and global average. This emphasis continues into 2013 and beyond.

Against this backdrop, the Company's efforts will continue to be focused on creating value for its stakeholders. However, with due regard to the global economic uncertainty, industry liberalisation, regulatory changes and intensely competitive telecommunication landscape, the Board of Directors expects TM's growth prospects for the financial year ending 31 December 2013 to remain positive.

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About TM

Telekom Malaysia Berhad (TM), Malaysia's broadband champion and leading integrated information and communications group, 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 behaviour 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 is also a multiple corporate awards winner, having been recognised consistently for our high standards in Corporate Governance as well as the Anugerah CSR Perdana Menteri for Best Workplace Practices two years consecutively, in 2009 and 2010. TM was honoured with 5 National Annual Corporate Report Awards (NACRA) 2011, notably the Challenge Trophy for the Overall Excellence Award for Most Outstanding Annual Report of the Year - Platinum Award; while more recently in 2012, TM received 2 NACRA awards, namely Overall Excellence for Best Annual Report – Silver Award and Industry Excellence Award for Main Board Companies under the Trade & Service category. In addition, TM bagged 4 Frost and Sullivan Malaysia Excellence Awards 2012, including Service Provider of the Year and Best Broadband Service Provider of the Year. TM was also named the Fixed Broadband Provider of the Year award at 2012 Frost & Sullivan Asia Pacific ICT Awards.

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

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