



**TELEKOM MALAYSIA BERHAD**

**CONNECT COMMUNICATE COLLABORATE**

**INVEST MALAYSIA**

**HONG KONG**

**8<sup>th</sup> November 2012**

# 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.

This presentation may not be copied or otherwise reproduced without the written consent of the Company.

A faint, light blue graphic is visible in the background on the left side of the slide. It appears to be a stylized representation of a telecommunications tower or antenna structure.

**1**

•Country & Industry Overview

**2**

•TM and The Transformation Journey

**3**

•Snapshot of TM

**4**

•TM 3-Year Performance

**5**

•New Platform for Growth:  
High Speed Broadband & Unifi

**6**

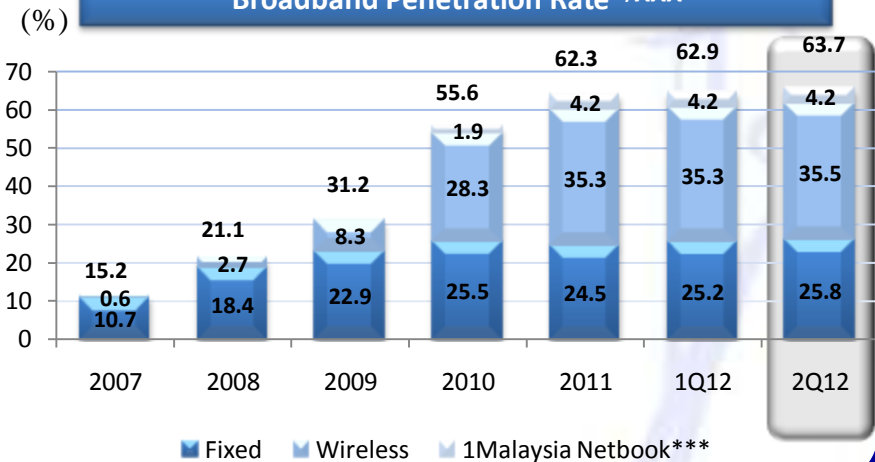
•The Road Ahead and Business Priorities 2012

## Country & Industry Overview

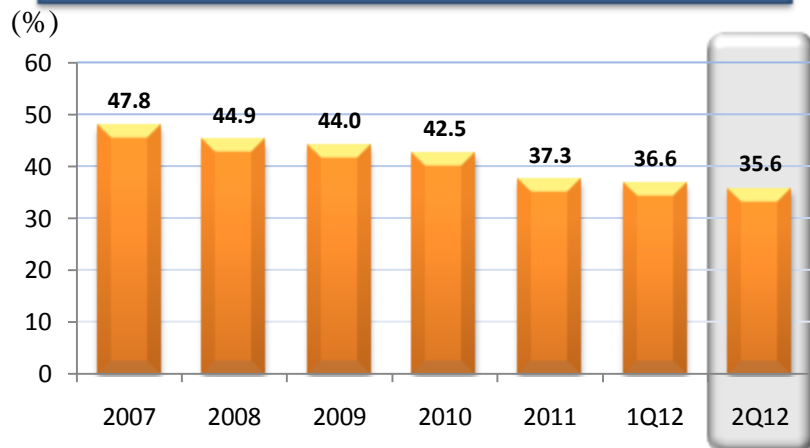
### Households



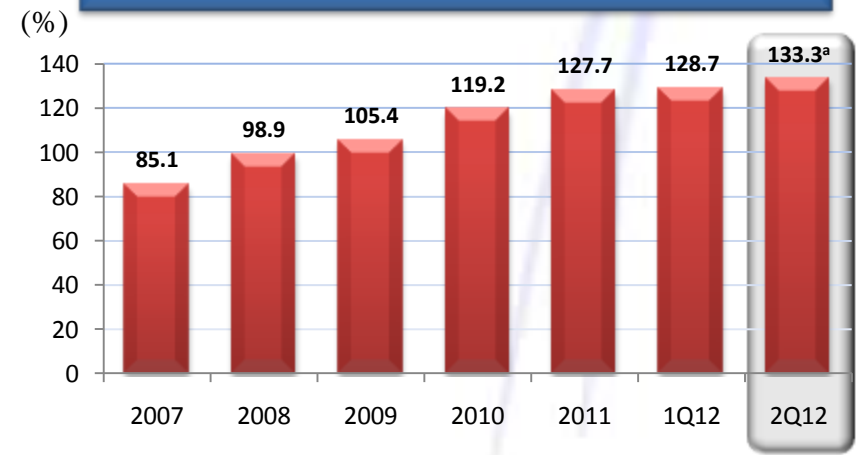
### Broadband Penetration Rate\*/^^^



### Fixed Line (DEL) Penetration Rate\*



### Cellular Penetration Rate\*\* - Matured



Source : Malaysia Communications & Multimedia Commission (MCMC)

Note: \*per 100 households \*\*per 100 inhabitants

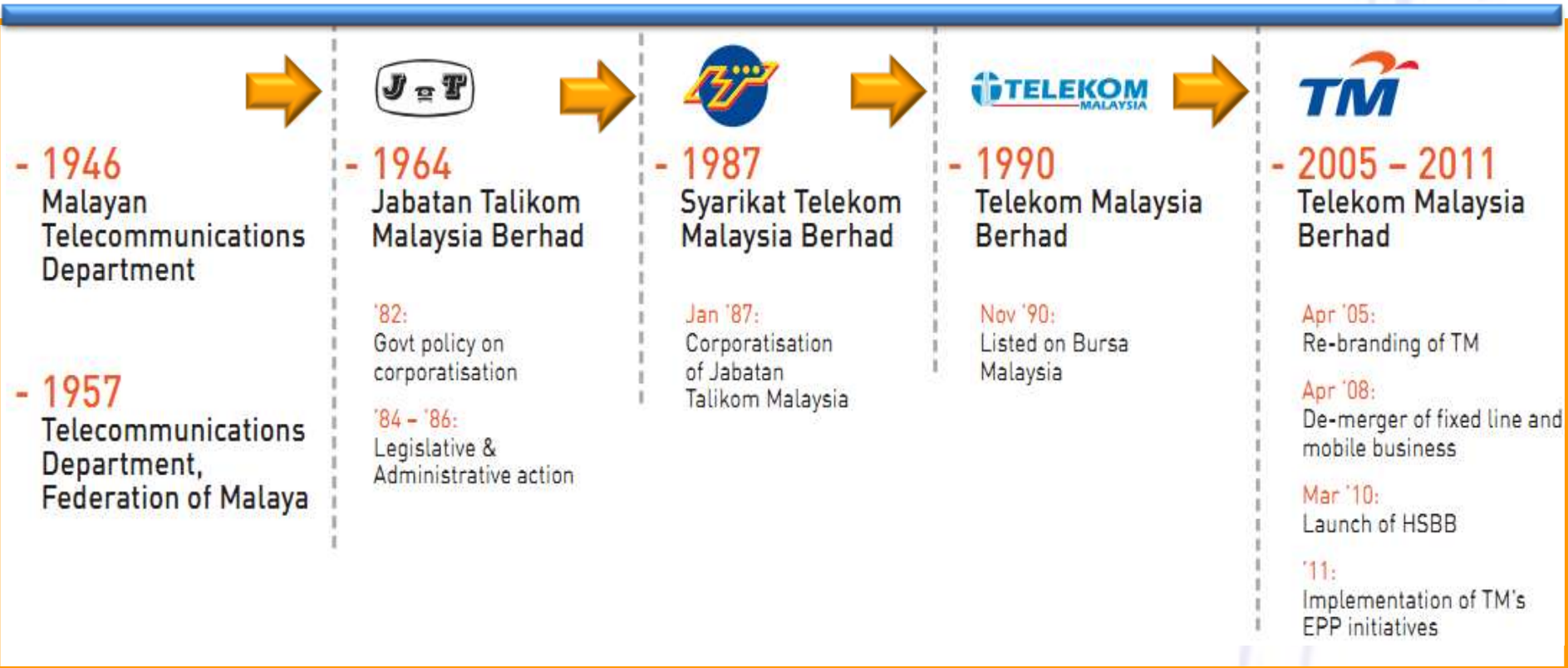
^ In 2011, MCMC recategorised broadband subscription into Fixed(wired) and Wireless. Wimax reclassified to Wireless

^^Reclassified by MCMC as a group of its own, comprising both fixed and wireless

^^^The household penetration rate is calculated based on households and not subscriptions. A household with multiple subscription is counted as 1

<sup>a</sup> Include MVNO subscriptions. Prior to 2Q12 these subscriptions were excluded

**From its humble origin as a Government Department, TM has forged ahead to become one of Malaysia's leading companies**



**Note:**

**HSBB** = High Speed Broadband

**EPP** = Entry Point Projects under the Economic Transformation Programme

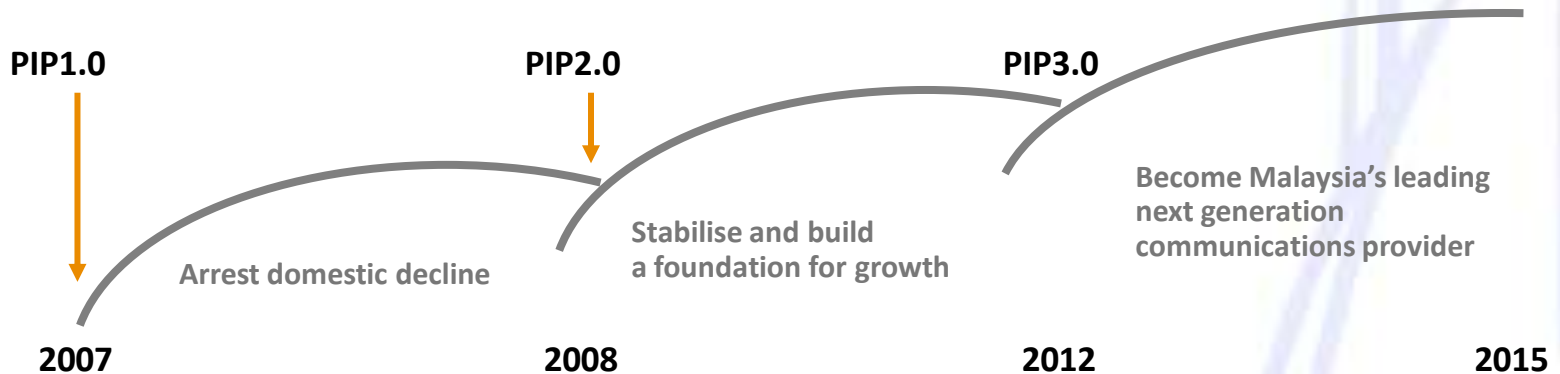


- Malaysia's **broadband champion** and **leading integrated information and communication company** with over 60 years of experience
- In 2008, **demerged its mobile and fixed services**
- TM today:
  - Malaysia's **leading ISP** with **>2 million** broadband customers
  - Malaysia's **premier BPO provider**
  - Malaysia's **largest fixed data provider** with **>50% market share**
  - **Enhanced global capacity**

Underlying TM's transformation journey is the Performance Improvement Programme or PIP.

## Challenges

- Declining voice segment
- Moderate industry growth outlook
- Continued voice decline
- Demerger challenges
- Massive HSBB undertaking
- Changing business dynamics



## Initiatives

### Focus:

- Stabilise current business
- Revenue turnaround
- Boost execution capacity
- Improve efficiency

### Focus:

- Grow the top line
- Pursue cost and capital improvements
- Build enabling foundations
- Segment-based management of core business

### Focus:

- Transform into an Information Exchange
- Achieve best practice cost and capital efficiency in key areas



TM's current transformation journey is anchored on PIP2.0,  
focusing on four C.O.O.L themes



**Customer**  
centricity and  
quality  
improvements

*Customer focus*



**One** company  
mindset with  
execution  
orientation

*Human capital  
focus*



**Operational**  
excellence and  
capital  
productivity

*Cost & capital  
focus*



**Leadership**  
through  
innovation and  
commercial  
excellence

*Revenue focus*



Transformation through PIP yielded positive results - FY2011 vs. FY2008

Total Return to Shareholders

Market Cap

2011: RM18 billion



2008: RM11 billion

Annual Revenue

2011: RM9.2 billion



2008: RM8.6 billion

2011: 60.1%



2008: 7.7%

Reported PATAMI

2011: RM1.2 billion



2008: RM0.2 billion

BAU Capex / Revenue

2011: 12.4%



2008: 16.7%

Broadband Customers

2011: 1.9 million



2008: 1.3 million

Fixed Line Customers

2011: 4.3 million



2008: 4.3 million

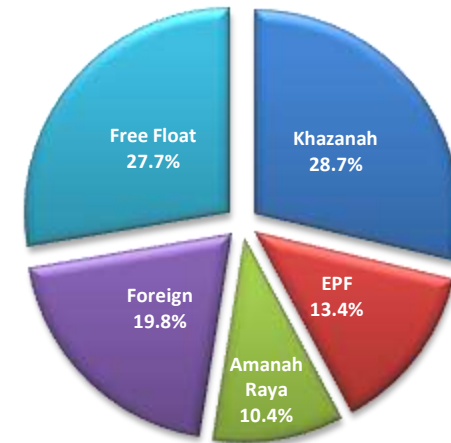
## Snapshot of TM

- Authorized Capital RM5,040,003,021
- Issued and Paid-up Capital RM 2,504,184,312
- Date of Incorporation 12 October 1984
- Date of Listing 7 November 1990

### CREDIT RATING



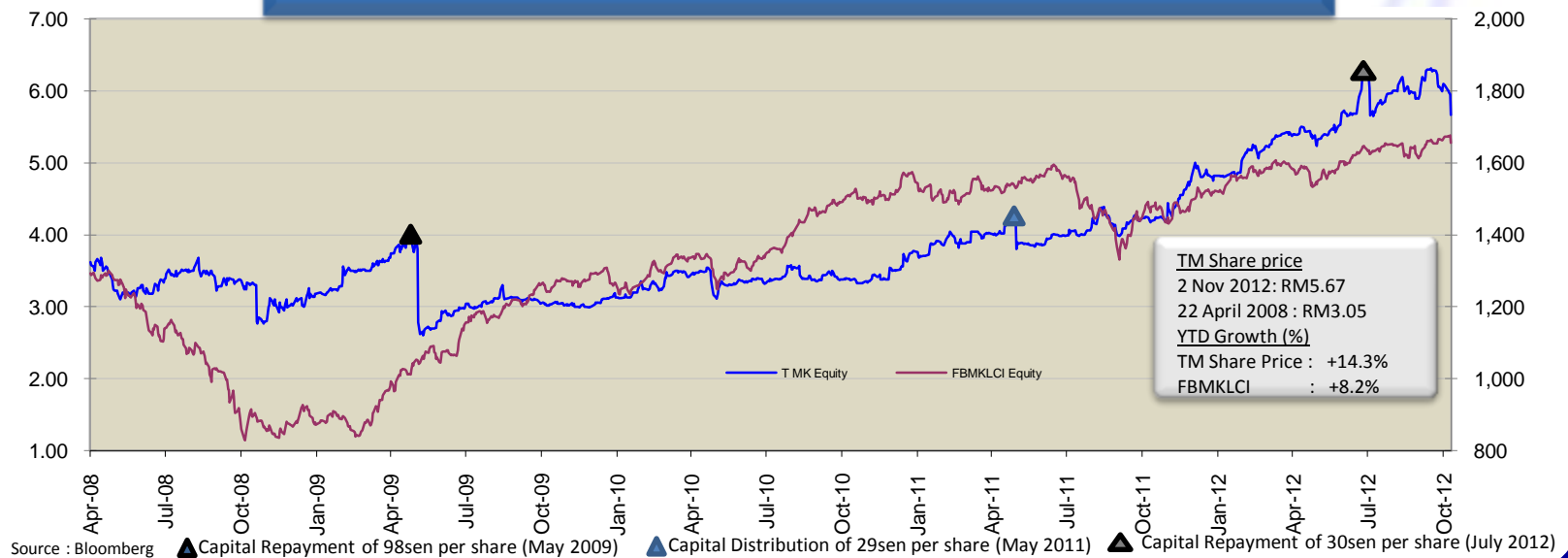
### TM Shareholders\*



\* as at 28 September 2012

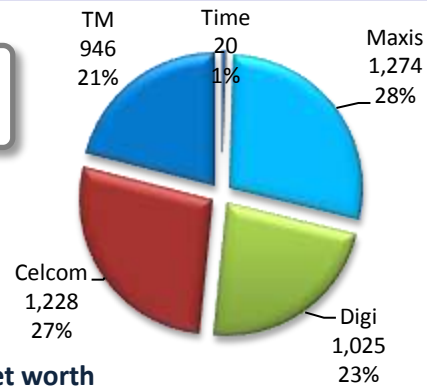
• Note: EPF : Employees Provident Fund  
Source : TM Website (www.tm.com.my)

## TM Share Price Performance



# TM's Market Share as at 2Q2012

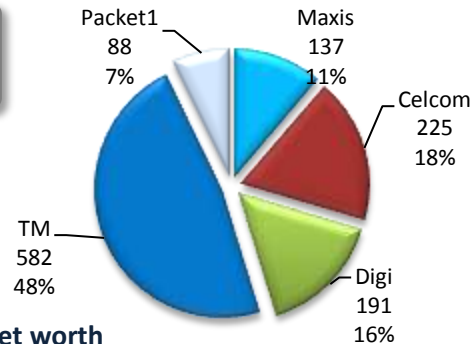
## Voice Revenue 2Q12 (RM mn)



~ RM 4.5 bn\* market worth

\* Other players not included due to unavailability of published data

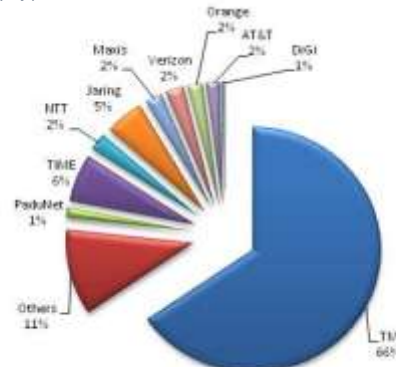
## Broadband Revenue 2Q12 (RM mn)



~ RM 1.18 bn\* market worth

\* Small players not included due to unavailability of published data

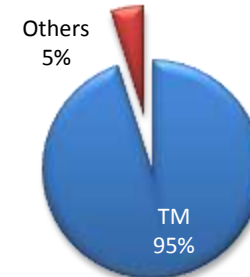
## Data\* Revenue FY2011 (RM mn)



~ RM 1.54bn\* market worth  
for FY2011

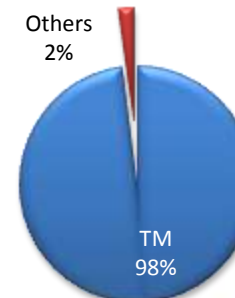
\*Data comprises of IPVPN, Leased Line, ISDN, Metro-Ethernet, Frame Relay and ATM services

## Fixed Broadband\* (2.1 mn customers)



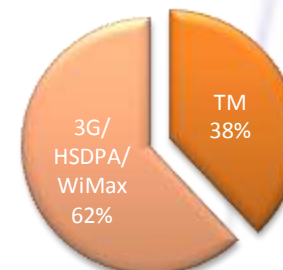
\*ADSL, SDSL and Fiber

## Fixed Line\* (3.96mn customers)



\*DEL only

## Overall Household Broadband (4.39mn customers)

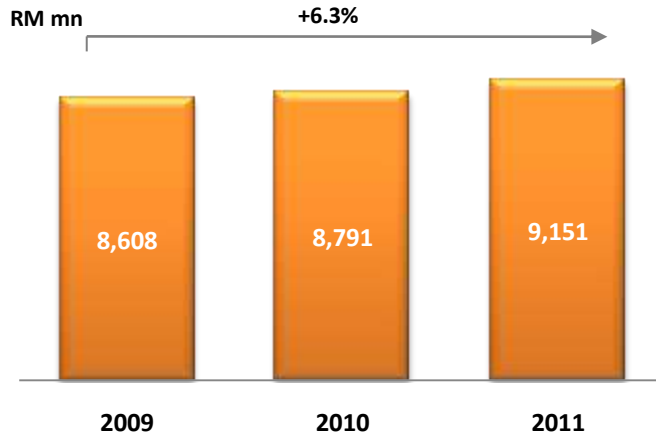


Source: MCMC, Company Financial Results;  
Group Regulatory & BMI Team Analysis

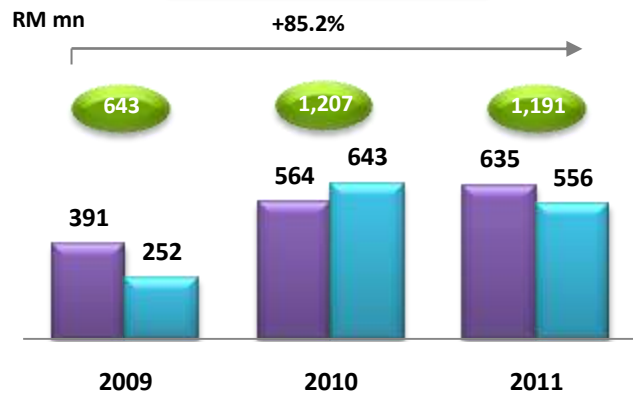
# TM 3-year performance

## Financial Highlights 2009-2011

### Total Revenue



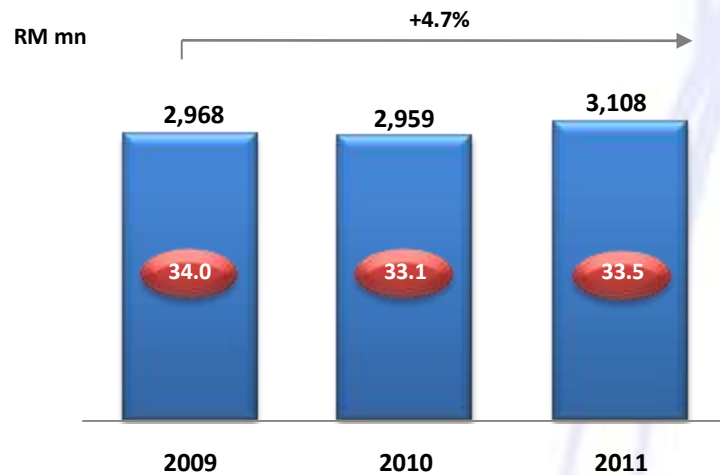
### PATAMI



Reported PATAMI (RMmn)

Operational Non-Operational

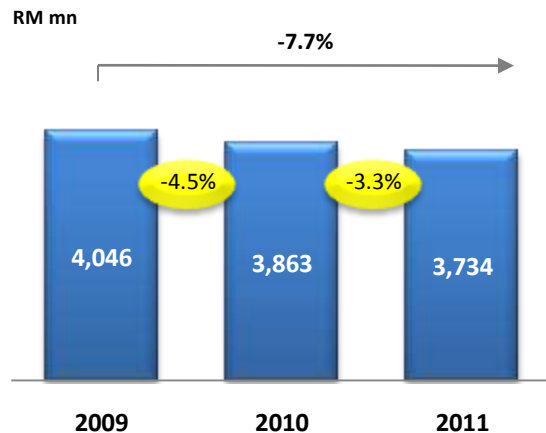
### Normalised EBITDA



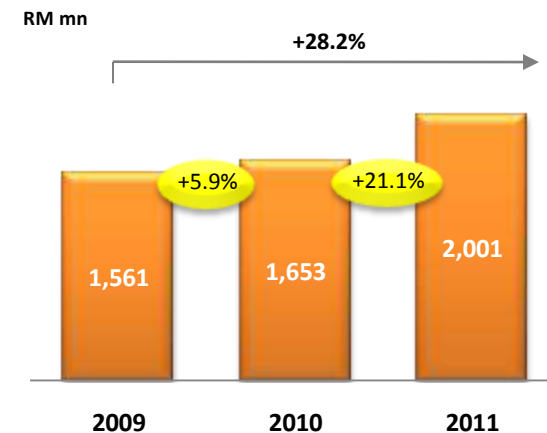
Normalised EBITDA Margin (%)

# Group Total Revenue by Product 2009-2011

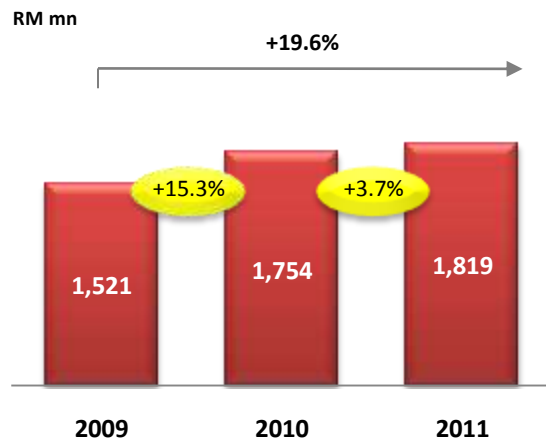
## Voice



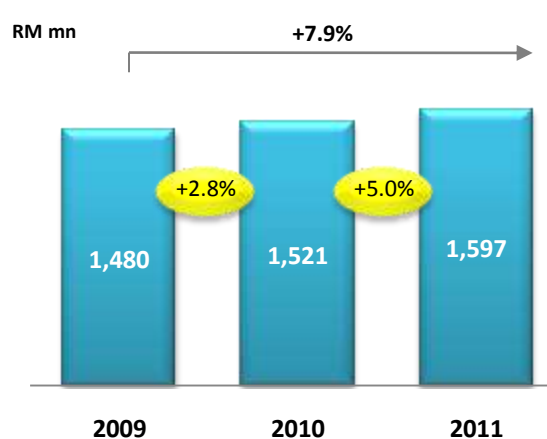
## Internet



## Data

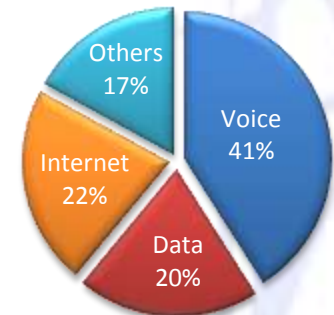


## Others\*

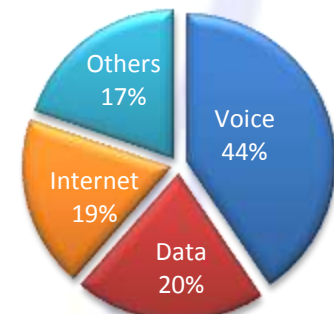


YoY change (%)

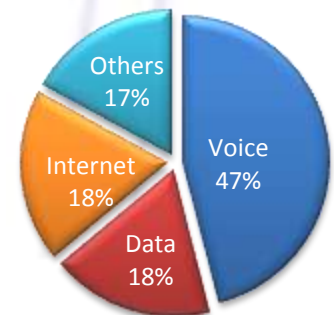
FY11 RM9,151mn



FY10 RM8,791mn



FY09 RM8,608mn



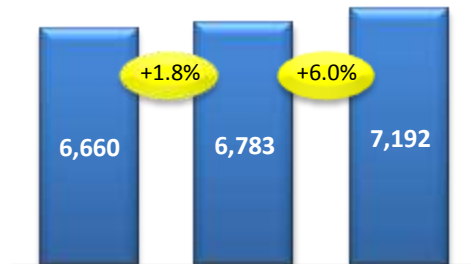
\* Others comprises of revenue from RWO, HSBB Deferred income, property income, Yellow Pages, TMR&D, UTSB and government projects

# Group Total Revenue by Line of Business 2009-2011

## Retail

RM mn

+8.0%



2009

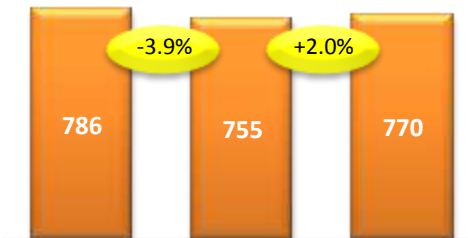
2010

2011

## Wholesale

RM mn

-2.0%



2009

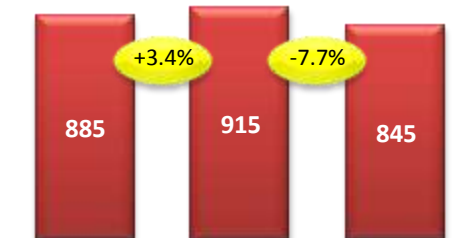
2010

2011

## Global

RM mn

-4.5%



2009

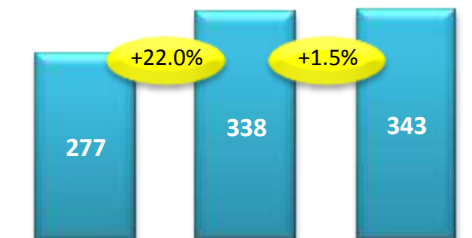
2010

2011

## Others\*

RM mn

+23.8%



2009

2010

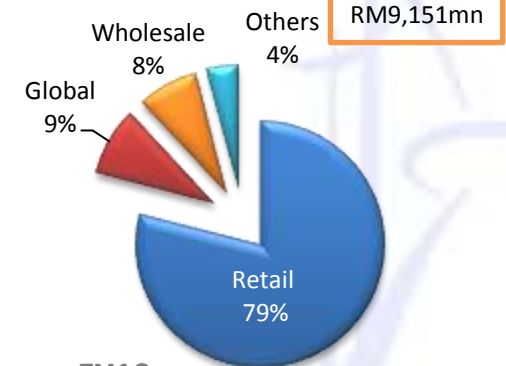
2011



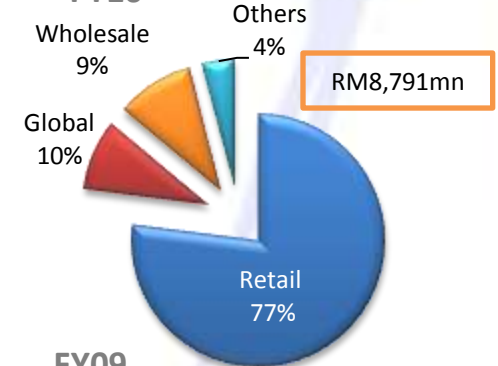
YoY change (%)

\* Others comprises of revenue from Property Development, TM R&D, TMIM, UTSB and MKL

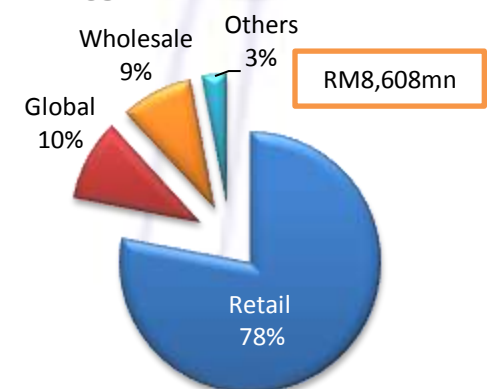
FY11



FY10



FY09





## New Platform for Growth: The HSBB Project

**HSBB is the most ambitious project for TM, given the extensive scope**

### Project Scope

- **A Public-Private Partnership (PPP)** with the Government of Malaysia
- Project deployment of **access, core** and **international capacity** expansion
- **10 year timeframe**
- HSBB deployment in **key economic areas** high impact to national GDP
- **1.34 mn premises** passed by end 2012

### Project Investment

- Total project cost is **RM 11.3 bn (USD3.6bn)**
- TM investment – **RM 8.9 bn (USD2.8bn)**
- Government **co-investment of RM 2.4 bn (USD766mn)** over the first 3 years

**HSBB is a key project, not only for TM but also for Malaysia**

## For TM

- Fulfill TM's **social mandate** to **contribute to Vision 2020** by providing the **network of the future** that will fuel the nation's growth and human capital
- Secure the **next wave of growth**
- Creates a foundation for a **richer online experience** that can be delivered in a more **cost effective** set-up

## For Malaysia

- **Accelerate national IT** and **'knowledge economy'** agenda
- Raise the potential **connectivity** of Malaysians to a level **comparable to the highest tier** of countries which will:
  - **Nurture local industry**
  - **Promote foreign direct investment**



- **0.6% GDP uplift by 2017**
- **100,000 new jobs by 2017**
- **1.3 million premises with next generation connectivity by 2012**

As a key part of the NGN, the HSBB Project covers last mile infrastructure, a new broadband superhighway and new international links which will join to form a nationwide growth engine



The 'last mile' investment, **connecting homes and businesses** to the 'broadband superhighway', allowing fast speeds over new fibre connections

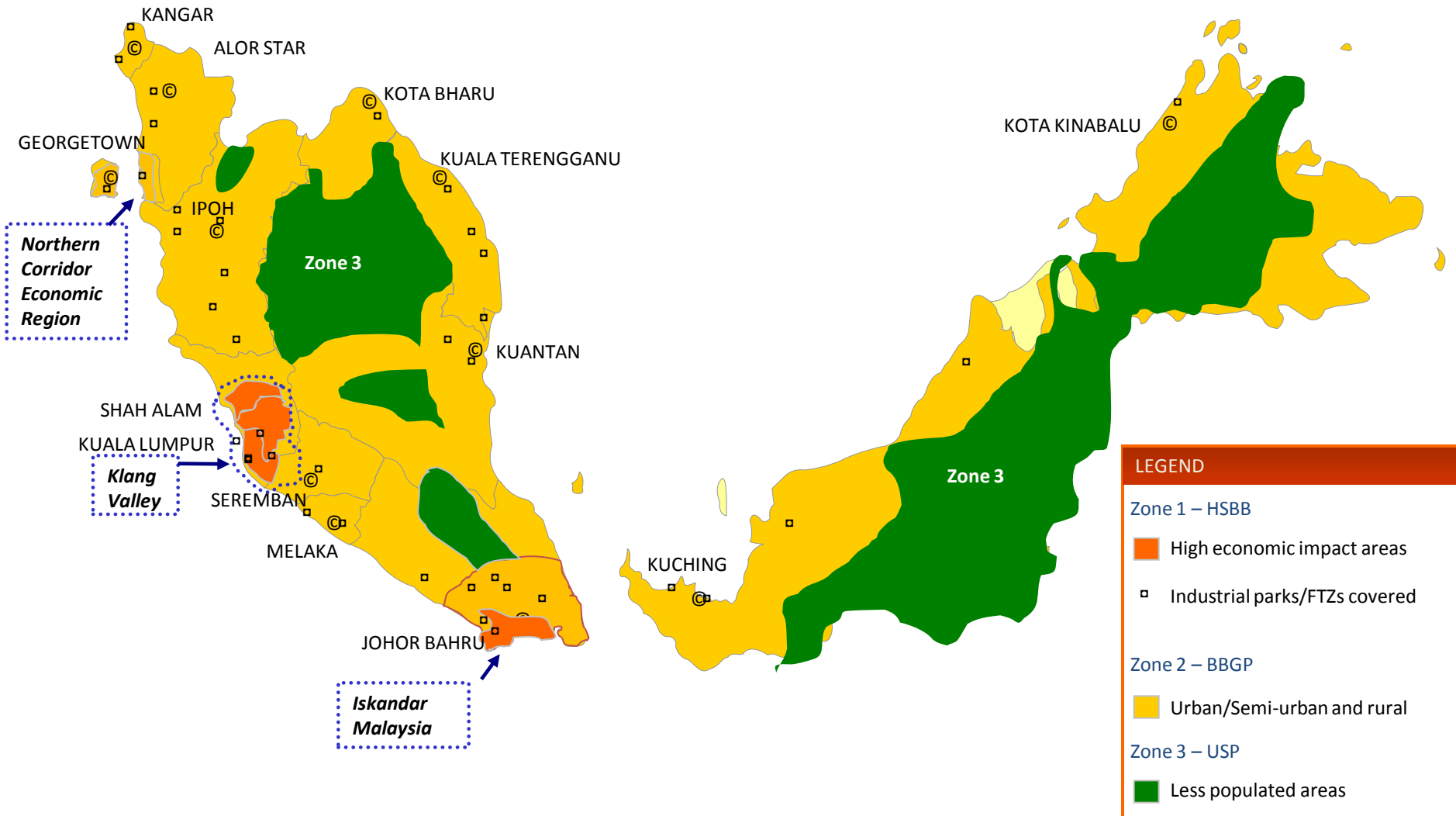


A nationwide **next-generation network** (NGN), acting as a 'broadband superhighway' and connecting all of Malaysia



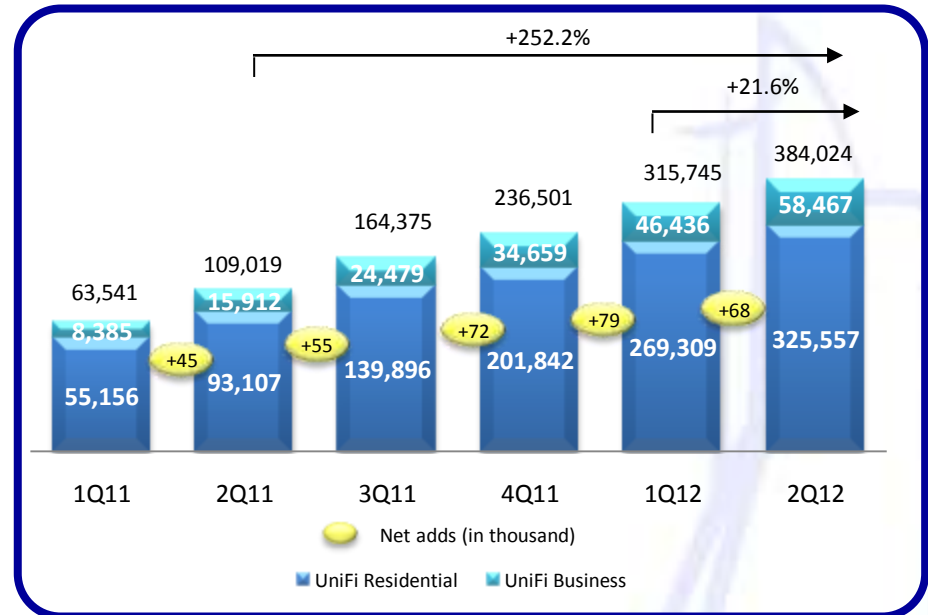
The **link between Malaysia and the world** – joining the 'broadband superhighway' with other countries through a network of underwater submarine cables

## Initial HSBB deployment concentrates on high-economic impact areas



Updates as at 30 October 2012

- Delivered 1.3mn premises passed covering 91 exchange areas (as at 30 September 2012)
- Activated more than 440,000 customers - highest in Southeast Asia, Top 10 in Asia Pacific (source: FTTH Council Asia Pacific)
- UniFi blended ARPU as at 1H2012 is RM181
- Signed HSBB Services Agreements with 30 property developers to deploy HSBB network infrastructure and services to new housing developments
- Signed HSBB (Access) Agreements with 4 Access Seekers to provide HSBB access services



ARPU (RM)	1Q11	1H11	FY11	1Q12	1H12
UniFi*	188	186	184	182	181

\*Blended ARPU

*“Amongst the **fastest fibre rollout** in the world – End-to-end infra in 18 months plus IPTV service in 6 months”*

**McKinsey & Co**

*“**700,000 km of fiber cable** has been laid – equivalent to 17 round trip across the globe”*

*“Malaysia surges ahead in the Asia Pacific National Broadband Network revolution”*

**Informa Telecoms & Media**

*“TM’s choice of architecture ... made it one of the **fastest and lowest cost HSBB deployments** in the world”*

**BT Telconsult**

*“Tremendous take up – **22,000 new customers a month, 360,000 customers**, over 26% take-up rate”*

*“Malaysia is the **fastest growing FTTH market** in South East Asia and is a success story for FTTH globally”*

**Frank Jaffer**  
**President FTTH Council AP**



Moving forward, TM is embarking on a journey towards becoming an **Information Exchange**, where TM will continue being the catalyst for everyone to **connect, communicate and collaborate** towards an enriched and integrated digital lifestyle.

### Broadband Champion

- Maintain position as Malaysia's Broadband Champion – Streamyx & Unifi
- Continue to roll out HSBB as per the PPP Agreement
- Increase TM Wifi coverage for nomadic and in-building users
- Year of Customer Experience for TM - focus on entire customer experience

### ICT-BPO Powerhouse

- Aspiration to be an ICT-BPO powerhouse for the region, towards achieving objective of TM as an Information Exchange
- Encompasses data centre business, cloud computing, business process outsourcing, Telepresence Exchange
- TM to be aggregator or aggregators, building the services foundation and enhancement of services

### New Media

- Aspiration to be Malaysia's hub for all Content, Application and Directory Services by 2015
- To deliver world-class services to the mass market customer, to multi-screen devices, to enhance their work- and lifestyle
- Through IPTV (HyppTV, Unifi, Streamyx), Online portal consolidation & e-payment gateway, Content Service Delivery Platform ([www.my1content.my](http://www.my1content.my))

## Headline KPI

### ❖ Key Headline KPI

**2012**

**2014**

**Revenue growth (%)**

**5.0**

**5.0**

**EBITDA Margin (%)**

**32**

**Mid 30s**

**Customer Satisfaction  
Measure**

**72**

**72**

# Appendix

## Reiteration of Dividend Policy

Telekom Malaysia Berhad ("the Company" or "TM") issues a statement to reiterate its stand on the Company's dividend policy. The Company's dividend policy as announced at the time of the demerger between TM and TM International Berhad (TMI) remains valid. The policy states as follows:

"In determining the dividend payout ratio in respect of any financial year after the Proposed Demerger, our Company intends to adopt a progressive dividend policy which enables us to provide stable and sustainable dividends to our shareholders while maintaining an efficient capital structure and ensuring sufficiency of funding for future growth.

Upon completion of the Proposed Demerger, our Company intends to distribute yearly dividends of RM700 million or up to 90% of our normalised PATAMI, whichever is higher.

Dividends will be paid only if approved by our Board out of funds available for such distribution. The actual amount and timing of dividend payments will depend upon our level of cash and retained earnings, results of operations, business prospects, monetization of non-core assets, projected levels of capital expenditure and other investment plans, current and expected obligations and such other matters as our Board may deem relevant."

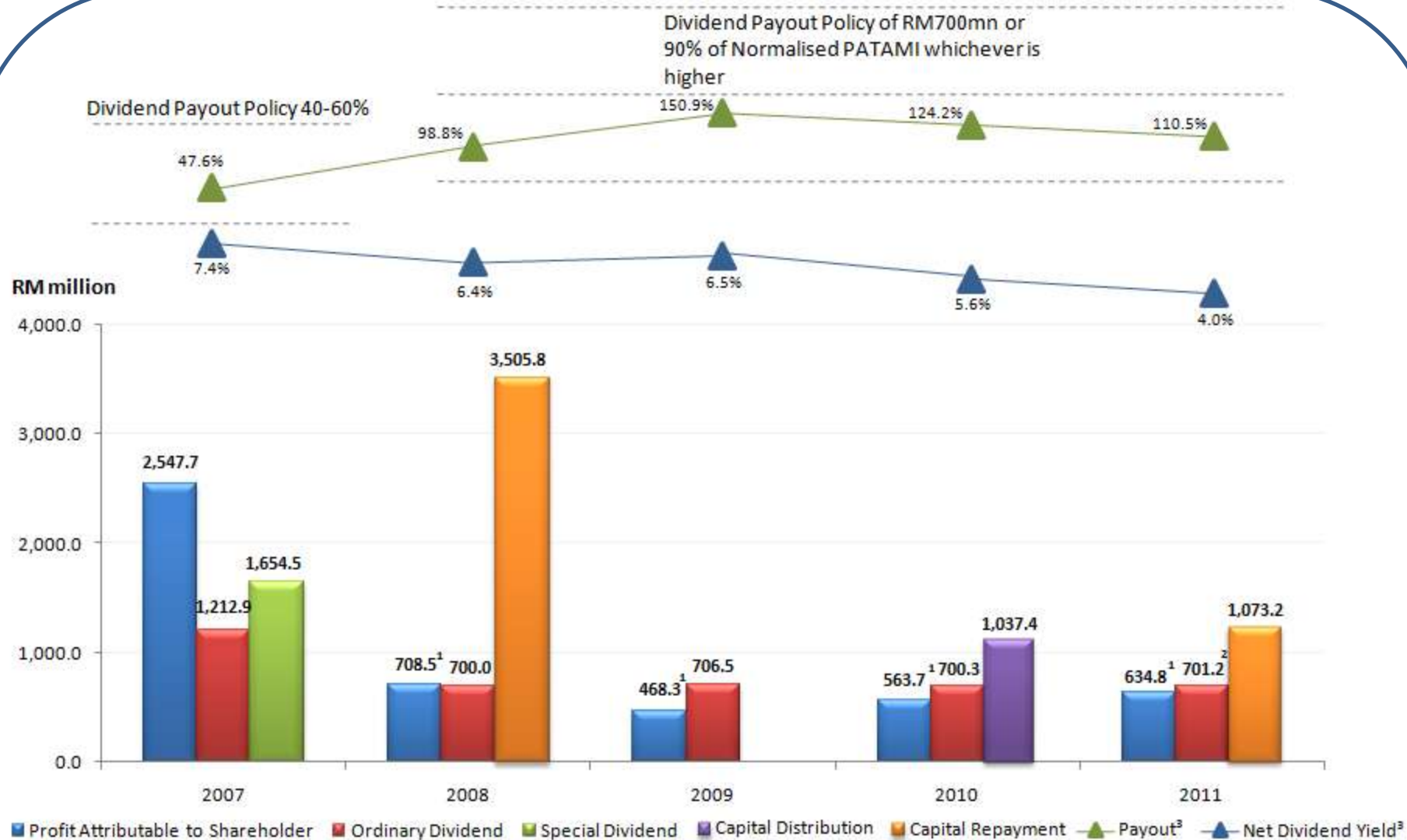
This policy remains unchanged for 2009 and beyond. The Company is currently able to meet this dividend policy, because:

- The Company has sufficient consolidated cash and bank balances of RM1.144 billion as at 30 September 2008, and it is confident that TMI is able to meet its obligation due to TM of RM4.025 billion by April 2009.
- In the event of a downturn in performance due to unforeseen circumstances, the Company wishes to state that its recurring cash generation ability is sufficient to meet its current dividend policy.
- TM's retained earnings is also sufficient to support this current dividend policy in the event of unforeseen shortfalls in normalised PATAMI.

Given the unprecedented volatility in global markets, the Company will continue to examine the likely impact on its business, cashflow generation, capital structure and methods in which excess cash beyond the dividend policy and prudent level of cash required for operations, can be efficiently distributed to our shareholders.

Moving forward, TM is focused on building a strong foundation for its future growth and operational excellence.

# Return to Shareholders



<sup>1</sup> Normalised PATAMI

<sup>2</sup> 2011 interim single-tier dividend of 9.8 sen & final single-tier dividend of 9.8 sen

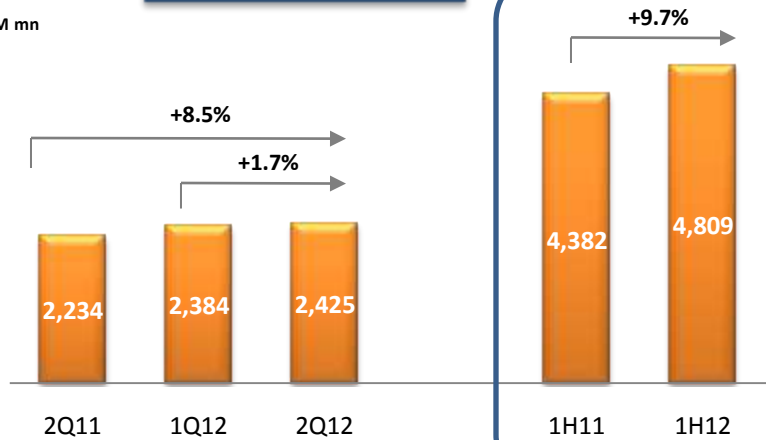
<sup>3</sup> Net Dividend Yield based on closing price at year end

<sup>3</sup> Excludes capital distributions/repayments

# Key 1H2012 highlights

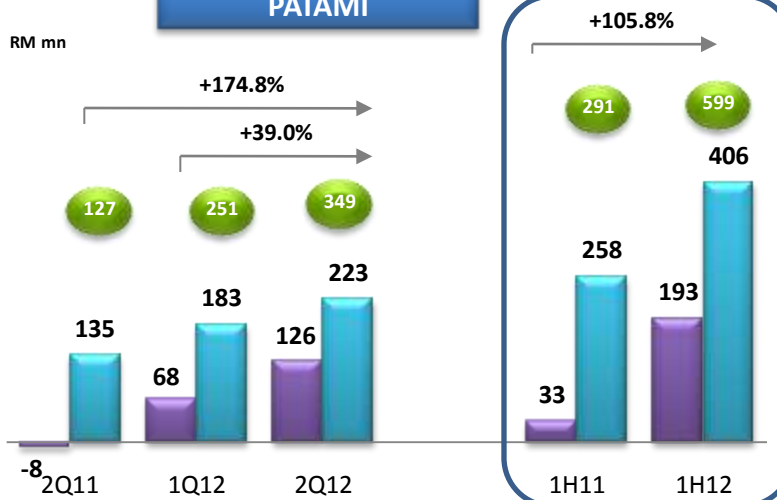
## Revenue

RM mn



## PATAMI

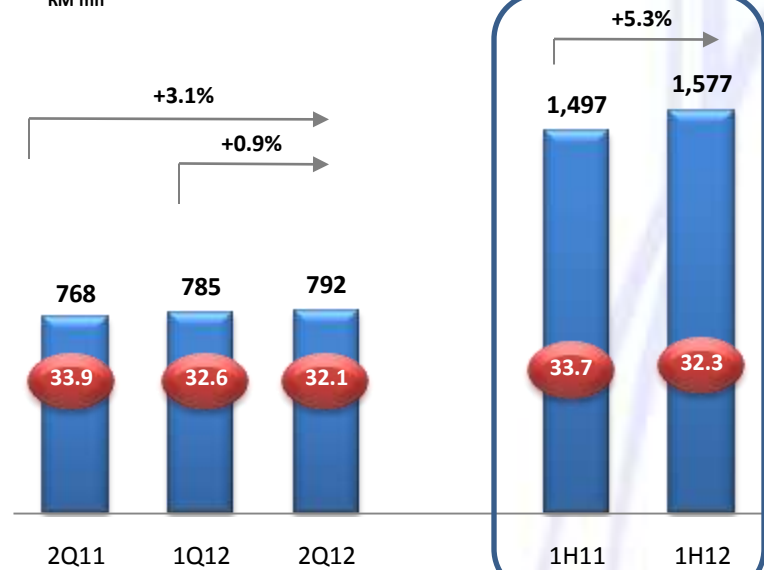
RM mn



■ Non Operational 
 ■ Operational 
 ● Reported PATAMI

## Normalised EBITDA

RM mn

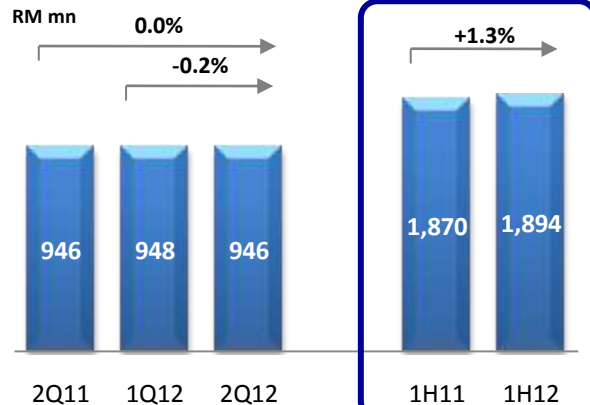


● Normalised EBITDA Margin (%)

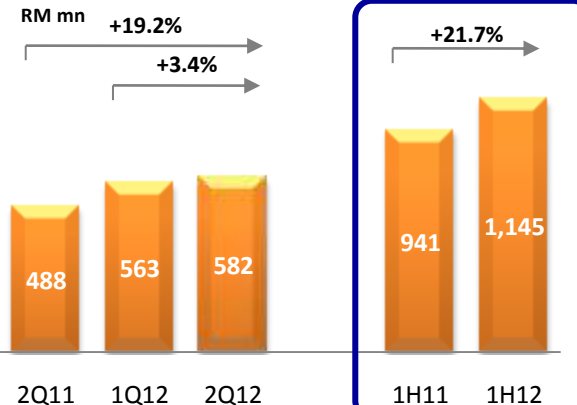


# 1H2012 Highlights: Group Total Revenue by Product

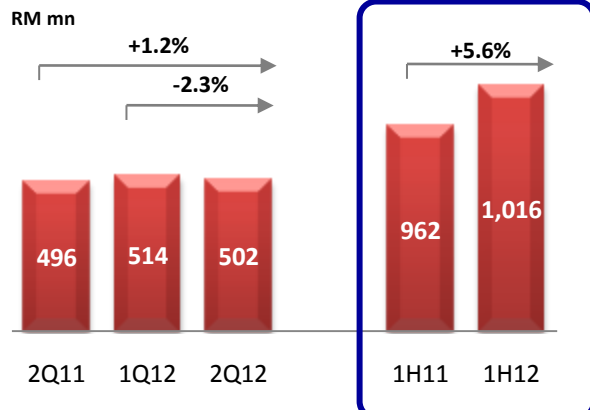
## Voice



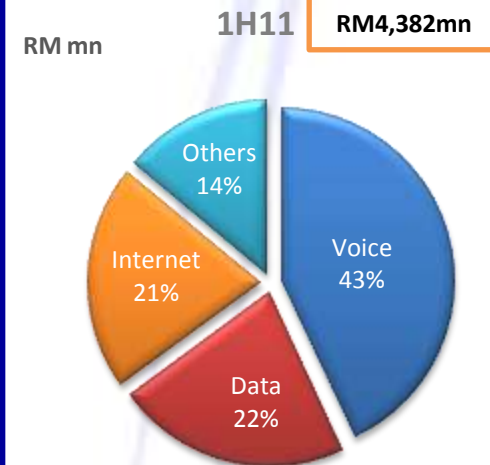
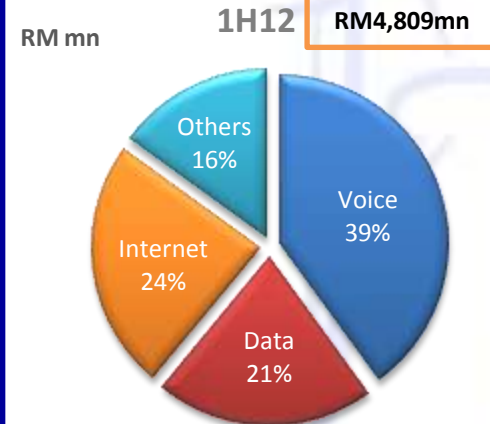
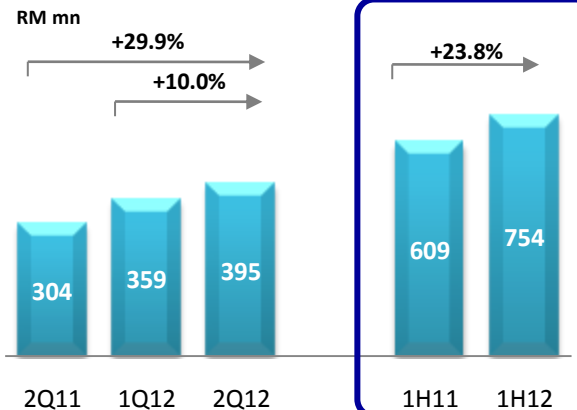
## Internet



## Data



## Others\*

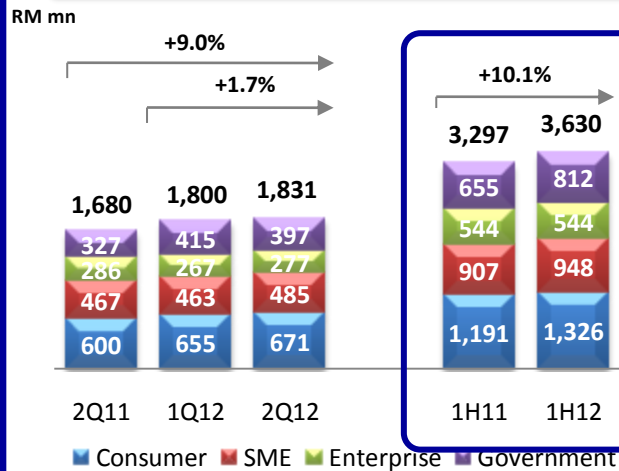


\*Others comprise other telco and non-telco services (i.e ICT-BPO, MMU tuition fees, customer projects)

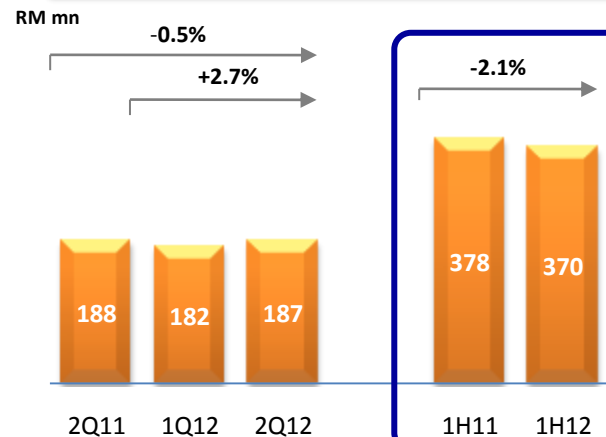
# 1H2012 Highlights: Group Total Revenue by Line of Business



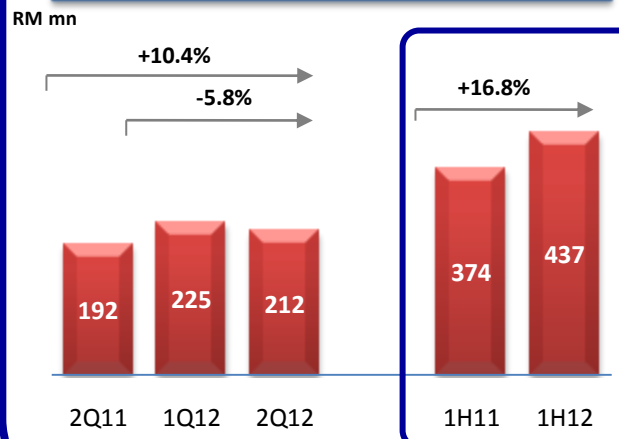
## Retail



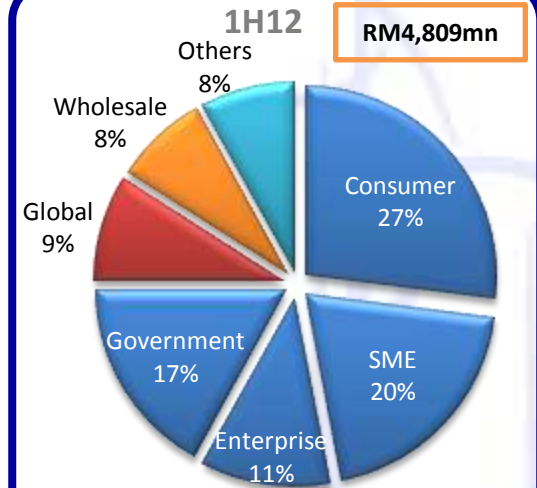
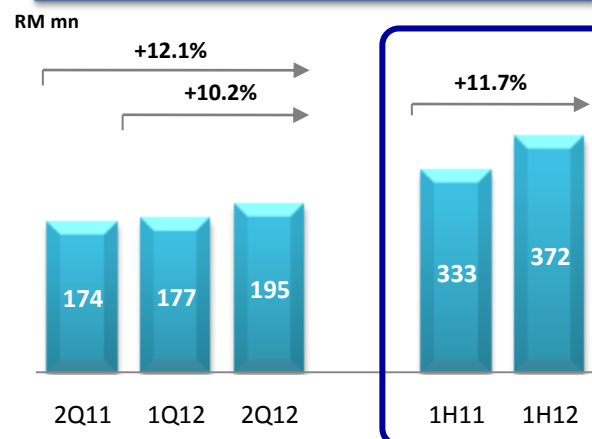
## Wholesale



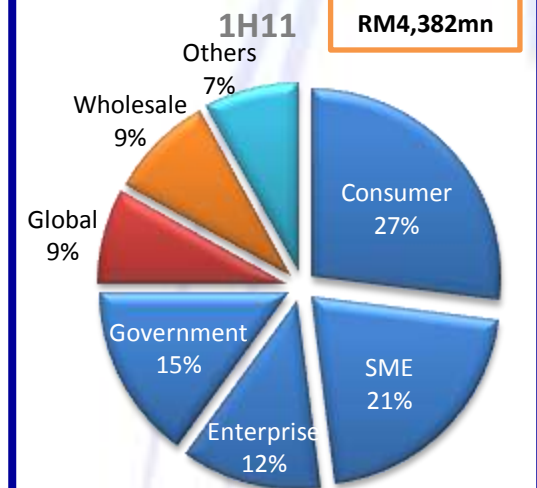
## Global



## Others\*



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



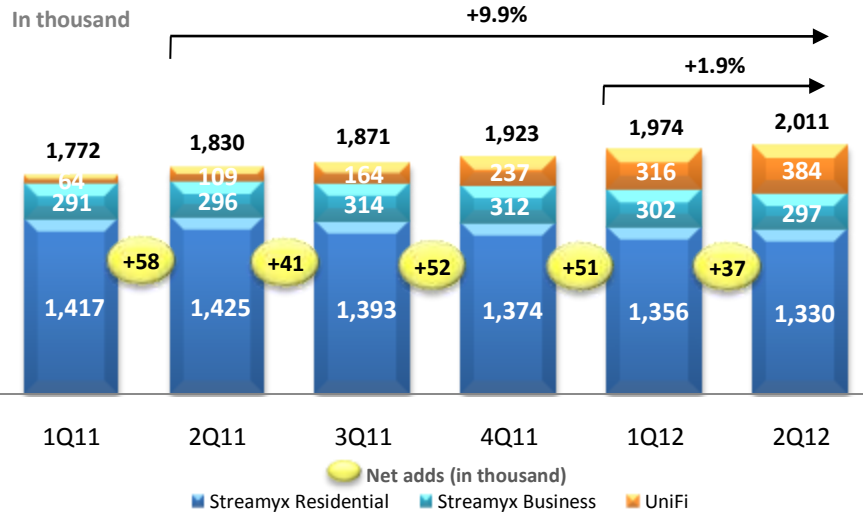
Retail (C+S+E+G): 75%

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

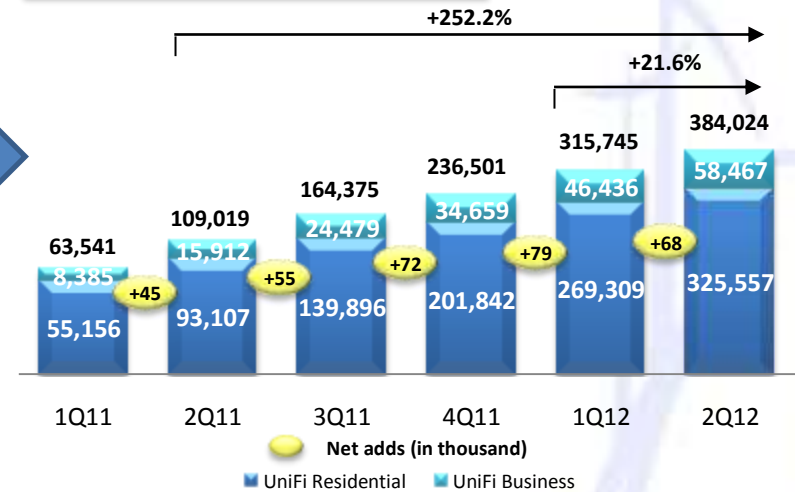
# 1H2012: Physical Highlights



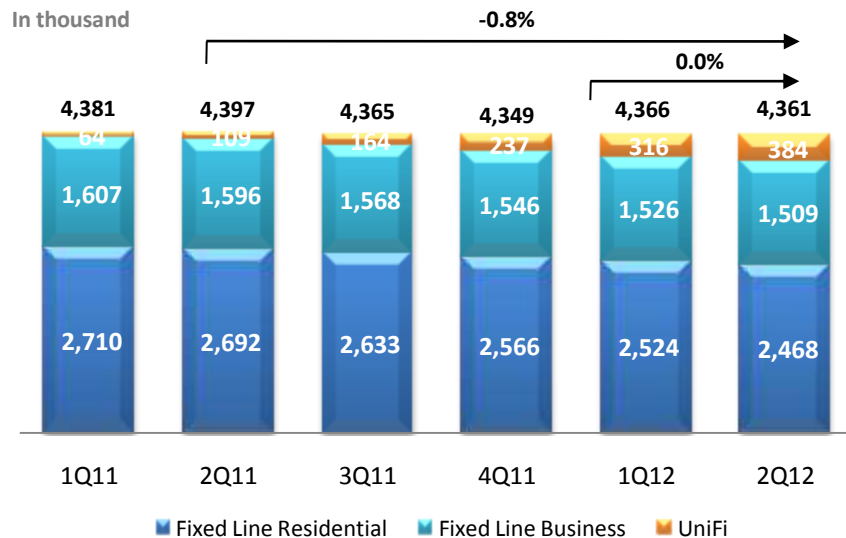
## Broadband Customer Growth



## UniFi



## Fixed Line Customer Growth



## ARPU

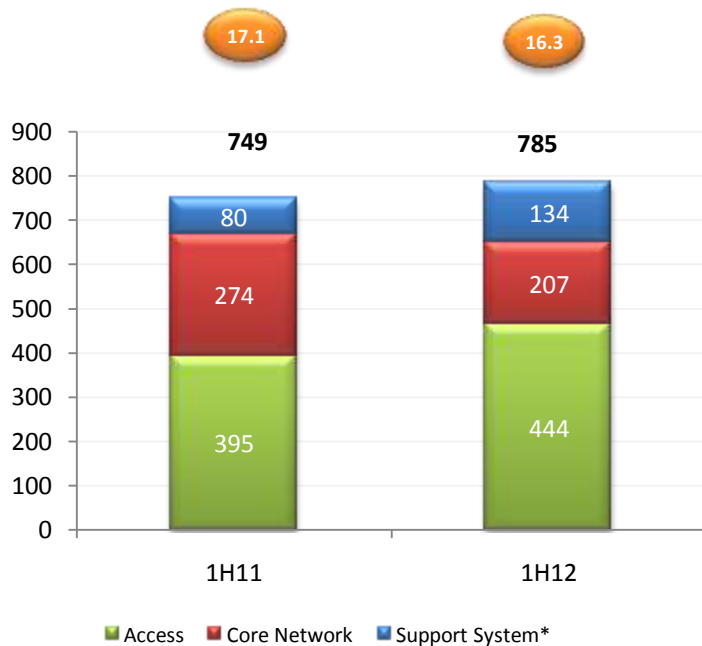
ARPU (RM)	1Q11	1H11	FY11	1Q12	1H12
Fixed Line (DEL)*	33	34	34	33	34
Streamyx Broadband**	77	77	78	79	79
UniFi***	188	186	184	182	181

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

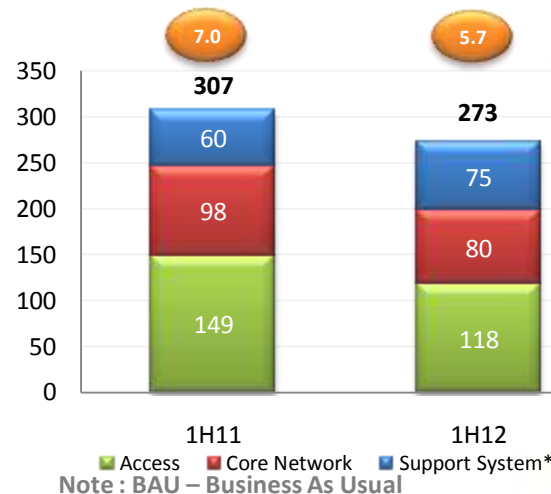
# 1H2012 Highlights: Group Capital Expenditure

## Total Capex

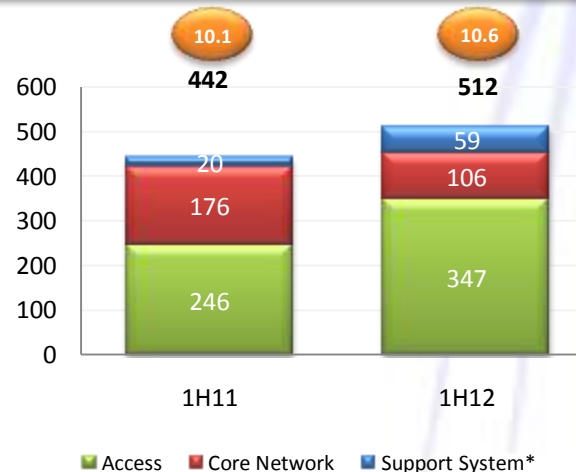
RM mn



## BAU Capex



## HSBB Capex\*\*

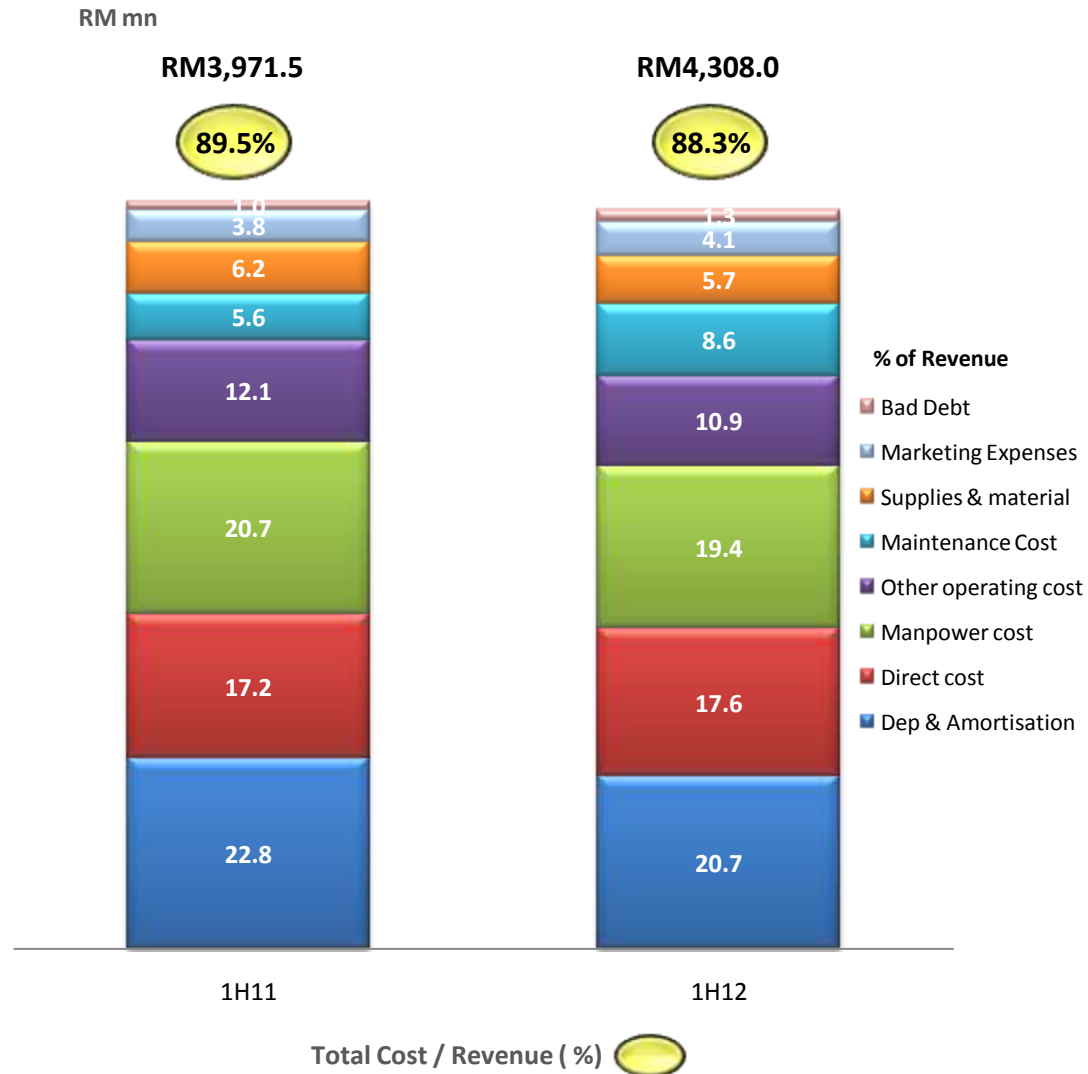


\*\* Gross capex to be shared with Government equally up to RM4.8bn

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)

# 1H2012 Highlights: Cost % of Revenue<sup>1</sup>



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

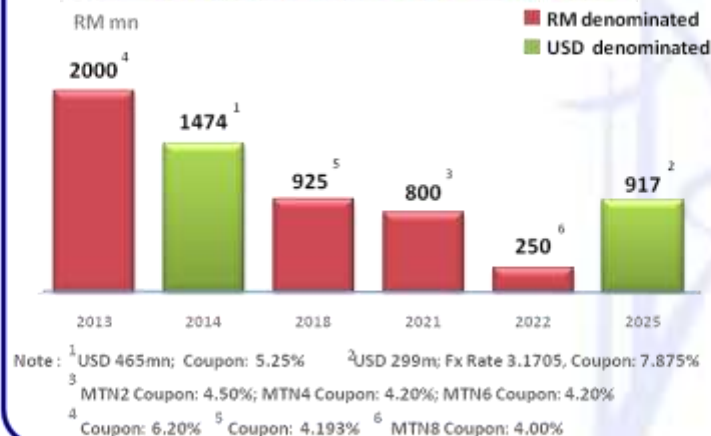
# 1H2012 Highlights: Group Balance Sheet & Key Financial Ratios



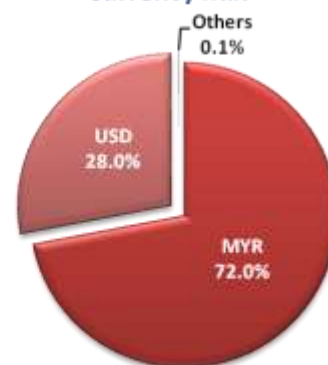
## RM Million

	As at 30 June 2012	As at 31 Dec 2011*
Shareholders' Funds	7,726.2	7,477.5
Non-Controlling Interests	151.9	162.9
Deferred & Long Term Liabilities	10,212.1	10,053.9
<i>Long Term Borrowings</i>	<i>6,651.2</i>	<i>6,402.7</i>
<i>Deferred Tax</i>	<i>1,380.8</i>	<i>1,559.6</i>
<i>Deferred Income</i>	<i>2,164.8</i>	<i>2,072.7</i>
<i>Derivative financial liabilities</i>	<i>15.3</i>	<i>18.9</i>
	<b>18,090.2</b>	<b>17,694.3</b>
Current Assets	7,364.0	7,405.8
<i>Trade Receivables</i>	<i>2,143.6</i>	<i>1,854.8</i>
<i>Other Receivables</i>	<i>516.2</i>	<i>468.4</i>
<i>Cash &amp; Bank Balances</i>	<i>3,705.1</i>	<i>4,213.0</i>
<i>Others</i>	<i>999.1</i>	<i>869.6</i>
Current Liabilities	3,884.2	4,558.0
<i>Trade and Other Payables</i>	<i>3,248.3</i>	<i>3,923.9</i>
<i>Short Term Borrowings</i>	<i>7.7</i>	<i>7.7</i>
<i>Others</i>	<i>628.2</i>	<i>626.4</i>
Net Current Assets	3,479.8	2,847.8
Property Plant & Equipment	13,878.2	14,121.7
Other Non-Current Assets	732.2	724.8
	<b>18,090.2</b>	<b>17,694.3</b>

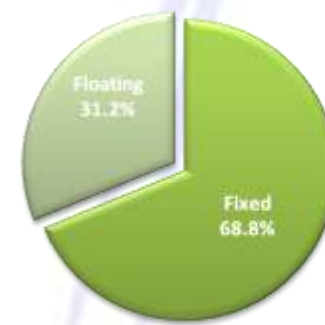
## TM Debt Maturity Profile as at 30 June 2012



## Currency Mix



## Fixed vs Floating



Return on Invested Capital <sup>1</sup>

30 June 12

31 Dec 11\*

6.46%

5.80%

Return on Equity <sup>2</sup>

10.69%

8.09%

Return on Assets <sup>1</sup>

5.14%

4.47%

Current Ratio

1.90

1.62

WACC

6.15%

6.33%

<sup>1</sup> Based on Normalised EBIT

<sup>2</sup> Based on Normalised PATAMI

Gross Debt to EBITDA

30 June 12

31 Dec 11\*

2.07

1.93

Net Debt/EBITDA

0.82

0.69

Gross Debt/ Equity

0.86

0.86

Net Debt/ Equity

0.38

0.29

Net Assets/Share (sen)

216.0

209.0





**THANK YOU**

Any queries please email to :

**Rohaila Mohamed Basir**

Investor Relations

Telekom Malaysia Berhad

[investor@tm.com.my](mailto:investor@tm.com.my)