

TM PIP2019-2021 ON TRACK
1Q 2019 Profit Improves with Implementation of Initiatives

Telekom Malaysia Berhad (TM) today announced its financial results for the first quarter ended 31 March 2019.

▪ **Financial and Operational Highlights 1Q 2019:***

- ❖ Group Revenue of RM2.78 billion, 2.4% lower year-on-year (YoY) due to a decline in voice, Internet and multimedia services and non-telecommunication related services revenue.
- ❖ Group Reported Earnings Before Interest and Tax (EBIT) at RM504.8 million, doubled YoY from RM195.6 million in 1Q 2018, mainly due to reduction in operating costs. Stripping off some non-operational items, such as unrealised foreign exchange loss on international trade settlement, Group Normalised EBIT also more than doubled to RM513.0 million from RM206.6 million last year.
- ❖ Group Reported Profit After Tax and Non-controlling Interests (PATAMI) jumped 96.2% YoY from RM157.1 million in 1Q 2018 to RM308.3 million, whilst Group Normalised PATAMI more than doubled to RM296.4 million.
- ❖ The total capital expenditure (CAPEX) for 1Q 2019 was in line with guidance at RM151.0 million, or 5.4% of revenue. By asset type, access comprised 67.0% of total spending, followed by core network at 18.0% and 15.0% for support systems.

* 1Q2019 Results are after incorporation of impact from the adoption of Malaysian Financial Reporting Standard 16 Leases (MFRS 16)

▪ **unifi updates:**

- ❖ Increased Convergence penetration to 56% of TM Households
- ❖ 2.19 million broadband customer base comprising 1.32 million unifi and 871k Streamyx customers.
- ❖ Completed Broadband upgrade programme in April 2019:
 - 973,000 unifi customers upgraded to 10 times existing speed
 - 266,000 Streamyx customers in unifi coverage areas upgraded to unifi
 - 226,000 Streamyx customers in non-unifi coverage areas upgraded to 2 times existing speed where technology permits
- ❖ Showcased the nation's first pre-5G via Time Division Duplex (TDD) technology as part of unifi's journey towards powering the nation with 5G
- ❖ Customer experience related initiatives 1Q2019:
 - Launched #khabarbaik movement
 - Introduced simpler and more affordable broadband and mobile plans
 - Initiated 24-hour unifi service installation
 - Extended the operations of selected TMpoint outlets to 7 days a week

▪ **TM ONE:**

- ❖ Expanded its digital infrastructure with the launch of Klang Valley IP Core Data Centre (KVDC) in Cyberjaya completing TM ONE's Twin Core Data Centre; certified by the Uptime Institute as Tier III in design and in constructed facility
- ❖ Established cross-industry strategic digital collaborations to facilitate partners' digital transformation journey

▪ **TM GLOBAL:**

- ❖ Continued to fortify the industry backbone and connecting Malaysia to the world

Imri Mokhtar, Acting Group Chief Executive Officer / Chief Operating Officer commenting on the results:

“As expected, revenue challenges continued to persist into the first quarter of the year, with intensifying competition and price erosion. However, I’m pleased to report that our Performance Improvement Programme 2019-2021 (PIP2019-2021) is yielding results. We recorded improved operational efficiency and increased profitability. Our operating Expenditure (Opex)/Revenue also improved by 11.4 percentage points, whilst profit for the quarter also doubled mainly from the cost optimisation efforts undertaken to counter revenue decline. Our CAPEX spending was lower compared to 1Q2018 and within our guidance, as we continued to sweat our assets and optimise our network.

We expect the industry and competitive landscape to continuously evolve. We remain focused on delivering our strategies of accelerating convergence and empowering digital to enable a Digital Malaysia; whilst we strengthen our resilience with our PIP initiatives and improve on customer experience.”

Prospects for the Financial Year Ending 31 December 2019

The market is increasingly competitive, with players exploring opportunities to sustain and grow their business. We saw the Performance Improvement Programme 2019 – 2021 (PIP2019-2021) yield improved profitability for the Group in Quarter 1, 2019. In the coming months, we will continue to focus on our strategic pillars of “Converged Services”, “Simple and Digital” and “Lean and Lower Cost” in our daily operations to drive our performance and generate more value.

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Issued by:

Group Brand and Communication
Telekom Malaysia Berhad
Level 9 (North Wing), Menara TM,
Jalan Pantai Baharu
50672 Kuala Lumpur

For inquiries, please contact:

1	Asma Abdul Aziz Assistant General Manager Media Management & External Communications Group Brand and Communication	Tel: (03) 2240 3840 HP: (013) 364 1830 Email: asma_aa@tm.com.my
2	Saiful Azni Matmor Manager Media Management & External Communications Group Brand and Communication	Tel: (03) 2240 2617 HP: (013) 360 3496 Email: msaiful@tm.com.my