



NEWS RELEASE

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TM RECORDS STEADY PERFORMANCE IN 1Q2022 WITH REVENUE & PATAMI UP 2.9% & 4.4%; MAINTAINS FOCUS ON ITS GROWTH STRATEGIES EXECUTION

1Q2022 Key Highlights (vs 1Q2021)

- Strong demand for voice, Internet and multimedia translated to a 2.9% increase in **operating revenue**, at RM2.89 billion compared to RM2.81 billion
- Reported **PATAMI** for the quarter stood at RM339.9 million, an increase of 4.4% as a result of lower finance cost from early redemption of RM2 billion sukuk completed in 1Q2021, as well as lower foreign exchange translation loss on borrowings. This was achieved despite higher tax charges from the application of Cukai Makmur tax rate
- Transformation expenses such as manpower optimisation, coupled with FX impact on trade settlements contributed to lower **EBIT** by 5.0% from RM589.7 million to RM560.4 million
- Invested 12.5% of revenue in **CAPEX** amounting to RM361.2 million for fibre coverage expansion, core network upgrade and support systems
- Improved **cash flow** from operations, as a result of cost-savings initiatives. FCF, however, is lower by 15.1% at RM658.8 million compared to RM775.7 million due to RM114.2 million higher CAPEX as the Group continues to invest in meeting customers' expectations and network delivery
- In the second year of its Transformation, the Group is on track to achieve its 2022 market guidance, focusing on strengthening its core businesses and investing in new growth areas

Telekom Malaysia Berhad (TM) continued its growth trajectory and long-term business sustainability, recording a steady performance in its First Quarter ended 31 March 2022 as compared to the same period last year (YoY).

The Group's operating revenue increased by 2.9% to RM2.89 billion, compared to RM2.81 billion in the same quarter last year, driven primarily by increased demand for voice, Internet and multimedia. Despite rising competition to offer converged solutions among telco and other technology players, TM continued to deliver strong customer growth across its operations.

Capitalising on its core businesses and investing into new growth areas, TM further ramped up its transformation initiatives, delivering profit after tax and non-controlling interests (PATAMI) for the quarter at RM339.9 million or 4.4% higher than the RM325.5 million recorded in 1Q2021. The Group also recorded lower financial costs subsequent to the early redemption of its RM2.0 billion sukuk in March 2021, as well as lower foreign exchange translation losses on borrowings. The Group has applied the *Cukai Makmur* statutory tax rate accordingly for the current quarter.

Accelerating into the second year of its Transformation, TM brought forward its manpower optimisation to enable earlier realisation of expected benefits to the Group. This, along with foreign exchange impact on trade settlement has led to a 5.0% decrease in EBIT at RM560.4 million for 1Q2022 compared to RM589.7 million in the same quarter last year. Excluding these costs, the Group's underlying EBIT is 14.0% higher at RM650.2 million compared to RM570.5 million in 1Q 2021. Free Cash Flow is lower by 15.1% at RM658.8 million compared to RM775.7 million due to higher CAPEX as the Group continues to invest in business expansion and meeting customers' demands through technology refresh and network delivery, ensuring steady growth.

unifi: Double-digit revenue and subscriber growth

unifi continued its growth performance, recording revenue increase of 10.6% from RM1.25 billion to RM1.38 billion in the current quarter. Sustained by increasing demand from Internet, voice and sales of devices, with cumulative fixed Internet subscribers increasing by 17.5% against the corresponding quarter last year. unifi remains the largest growth contributor for the Group.

unifi will continue to maintain its leadership in fixed broadband and enhance its Fixed-Mobile Convergence (FMC), enriched with TV and streaming content. This reflects its commitment to improve its FMC customer experience with better and seamless service. unifi will also grow its SME digital platform as a one-stop service centre for solutions catering especially to SMEs nationwide.

TM Wholesale (TMW): Higher revenue from increased demand for data services

TM Wholesale (TMW) also recorded a growth performance for 1Q2022, with revenue increasing by 1.2% from RM631.9 million in 1Q2021 to RM639.5 million, mainly contributed by higher revenue from voice and data services. This was underpinned by increasing demand from High-speed Broadband Access (HSBA) and higher International Voice and Data.

To date, TMW continues to enable industry broadband and 4G network via its fibre infrastructure, with the ongoing 5G rollout further strengthening that role. On the international front, it will continue to serve other OTTs and hyperscalers with connectivity and data centres, while regionally, TM Wholesale aspires to establish Malaysia as a digital hub for ASEAN via new submarine cables, enhanced data centre solutions and edge computing.

TM One: Renewed focus on growing B2B digital solutions market

TM One, the Group's enterprise and public sector arm, recorded a 7.4% decrease in revenue from RM925.2 million to RM856.8 million in 1Q2022 due to decline in data services revenue.

Strengthening and growing its B2B digital solutions, TM One has focused its efforts on high potential industry verticals, namely healthcare, manufacturing, education, oil & gas, banking, financial services & insurance (BFSI) and public sector. It has entered a partnership with Tune Protect and Huawei Malaysia that saw Tune Protect becoming the first organisation in Malaysia to host an insurance core system on public cloud (Cloud αEdge).

Commentary and Outlook from Imri Mokhtar, TM Group Chief Executive Officer

"With our economy and borders reopening, TM is powering Malaysia's journey on its road towards recovery, by ensuring the vision of an inclusive and extensive Digital Malaysia becomes a reality.

“Into the second year of our Transformation, we are focused on strengthening our core business while investing into new growth areas to meet customers’ demands. In ensuring sustainability in the long run, we continue to grow our profitability to invest and seize opportunities arising from digital acceleration.

“One of these opportunities is in the exciting space of digital solutions and services for enterprises. Building on TM One’s existing capability and relationships with enterprises and the public sector, we will deliver speed and agility through our new digital arm Credence: a corporate start-up led by technology leaders.

“unifi continues to better its fixed broadband and Fixed-Mobile Convergence value proposition to improve customer experience, while expanding our offerings to provide quality entertainment to customers at home or on-the-go.

“We have also achieved some key milestones in our sustainability efforts. TM One has successfully secured the Green Electricity Tariff from Tenaga Nasional Berhad for its data centres in Kuala Lumpur, Cyberjaya and Johor Bahru, contributing to a lower carbon footprint as the demand for cloud storage inevitably increases. This is in addition to the existing Green Building Index (GBI) certification earlier obtained for its core data centres. TM’s broader ESG commitment also remains consistent with Malaysia’s initiatives towards achieving net-zero Greenhouse Gas emission for the country by 2050.

“Meanwhile, TM Wholesale continues to establish Malaysia as a regional digital hub via new submarine cables, edge computing, data centres and supporting international connectivity. On the domestic front, TM Wholesale continues performing its role as the enabler for industry broadband, 4G and 5G network via fibre infrastructure that will transform the nation’s connectivity capabilities.”

End.