



NEWS RELEASE

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TM REPORTS STRONG 3Q2020 PERFORMANCE AMIDST CHALLENGING ENVIRONMENT

- *Encouraging QoQ revenue growth across all product lines*
- *Steady growth trajectory of broadband customers*
- *Cost optimisation initiatives continue to yield results, with strong profitability growth*

3Q2020 QoQ Key Financial and Operational Highlights *(All comparisons refer to the second quarter of 2020 (Quarter-on-Quarter (QoQ) comparison), except as noted):*

- ❖ **Group Revenue** grew 3.8% to RM2.69 billion from RM2.59 billion recorded in 2Q2020.
- ❖ **Group Reported Earnings Before Interest and Tax (EBIT)** increased by 7.0% QoQ to RM456.2 million, from RM426.3 million in 2Q2020.
- ❖ **Group Reported Profit After Tax and Non-controlling Interests (PATAMI)** rose 19.9% QoQ to RM329.5 million compared to RM274.7 million.
- ❖ **The total capital expenditure (capex)** for 3Q2020 stood at 14.9% of revenue or RM400.0 million.
- ❖ **unifi:** Continues convergence leadership with growth in broadband and mobile; highest convergence penetration of TM households at 58%.
- ❖ **TM ONE:** Strengthened position as the digital enabler for enterprise and public sector customers with connectivity and end-to-end cloud offerings.
- ❖ **TM Wholesale:** Continues to connect industry players, carriers, over-the-top (OTT) providers and content players in Malaysia and globally.
- ❖ **Addressing the digital divide:** Remain committed to increasing connectivity reach via Jalanan Digital Negara (JENDELA) and accelerating the digital economy with recently announced Malaysia Digital Economy Corporation (MDEC) collaboration.

Strong Business Performance for 3Q2020

Despite these unprecedented times, TM Group Revenue continues to increase QoQ recording a resilient 3.8% growth to RM2.69 billion from RM2.59 billion recorded in 2Q2020 on the back of higher revenue from voice, internet and data services.

Group EBIT for 3Q2020 increased by 7.0% QoQ to RM456.2 million, from RM426.3 million in 2Q2020, on the back of lower operating cost, from the Group's continued momentum from its cost optimisation programmes. This subsequently led to a 19.9% increase in Group PATAMI from RM274.7 million in the preceding quarter to RM329.5 million.

In 3Q2020, the company invested 14.9% of revenue in capex amounting to RM400.0 million - in line with guidance - as it continued to optimise its network and sweat its assets. Of the amount invested, 50% was for network access, 17% for core network, and the balance 33% for support system.

Imri Mokhtar, Group Chief Executive Officer, TM, commenting on the results:

“We are pleased to report another quarter of growth across all key financial metrics – revenue and profits – despite the challenging environment in Q3. Our efforts in cost optimisation continue to yield results with a healthy EBIT and a strong PATAMI. As we enter the ninth month of the Covid-19 pandemic, our priority continues to be the safety and health of our ‘Warga TM’ while continuously delivering connectivity and solutions excellence to our broad customer base.”

“We are seeing unifi gaining momentum, posting a 6.3% growth to 1.65 million subscribers, with our total broadband customer base now at 2.26 million. We achieved the highest convergence penetration (of three services or more) in TM households since 2018, of 58%, as more Malaysians embrace digital living-working in this new norm. On the wholesale front, we continue to collaborate with industry players in Malaysia and globally. At TM ONE, we further cemented our leadership position as the digital enabler for enterprise and public sector customers with enterprise-grade connectivity and end-to-end cloud offerings. We look forward to more collaborations with strategic partners and customers towards establishing a solid foundation for a more Digital Malaysia,” Imri concluded.

Operational Review: Maintaining Business Momentum

TM delivered another quarter of robust performance, driven by its agility to mitigate the impact of the pandemic on Group businesses and operations; leveraging on new avenues for growth in the ‘new normal’ whilst adapting to challenges.

- **unifi: Continues convergence leadership with growth in broadband and mobile**
 - ❖ Achieved the highest convergence penetration at 58% of TM households.
 - ❖ unifi customer base grew 6.3% to 1.65 million; total broadband customer base grew 2% to 2.26 million during the quarter.
 - ❖ Helped empower Small and Media Enterprises (SMEs) with relevant tools and knowledge to grow their businesses and embrace digitalisation with the launch of cari@unifi and eBiz Pack, unifi Business Club (uBC) collaboration with Lalamove and live webinars such as *Reboot* and *Sembang Bisnes*.
 - ❖ Partnered with Funding Society Malaysia to provide business financing solutions for Micro SMEs (MSMEs) utilising Yellow Pages’ digital platform.
 - ❖ unifi Mobile extended access to the daily free 1GB Productivity Internet offer to 24 hours, until 31 December 2020, to support Malaysian’s connectivity needs in Conditional Movement Control Order (CMCO).

- **TM ONE: Strengthened our position as digital enabler for enterprise and public sector customers with connectivity and end-to-end cloud offerings**
 - ❖ Scaled up the full capabilities of Cloud α (Cloud Alpha) suite of services with full data residency, locality and sovereignty.
 - ❖ Appointed as the technology partner of the Department of Statistics Malaysia (DOSM) to develop and maintain the Population and Housing Census of Malaysia 2020 (e-Census) platform.
 - ❖ Continue to support state governments and local city councils to establish future-ready smart cities and smart homes via its TM ONE Smart City Solution enabled by the Internet of Things (IoT) and various smart solutions.

- **TM Wholesale: Continues to connect industry players, carriers, over-the-top (OTT) providers and content players in Malaysia and globally**
 - ❖ **Domestic**
 - Secured a new contract with a domestic mobile player for cross ocean connectivity, backhaul connectivity solutions and broadband access capacity upgrade.
 - New backhaul connectivity deal with a domestic mobile player for new backhaul services.
 - ❖ **International**
 - Expansion of content delivery services with an Asian-based OTT player.
 - Secured a deal with an Asian-based OTT player for connectivity solution within Asia Pacific, and two (2) new long term data connectivity deals with global carriers.
 - Additional voice business deals with global service providers worldwide.

- **TM Network remained stable** throughout CMCO as a result of continuous network optimisation. This is despite traffic utilisation surging between 30% to 50% depending on peak hours, from March 2020 to November 2020 due to more Malaysians working from home.

- **Supporting the nation's digital agenda and addressing the digital divide:** Remain committed to increasing connectivity reach via JENDELA and accelerating the digital economy with the recently announced MDEC collaboration.

Prospects for the Current Financial Year Ending 31 December 2020

Following the Covid-19 pandemic, Bank Negara Malaysia has revised Malaysia's annual gross domestic product (GDP) forecast to contract between 3.5% to 5.5%¹, against 4.3% growth in 2019. Uncertainty from the most recent wave of the pandemic from October onwards is expected to bring about further revision to these numbers.

As the nation faces this adversity, relying even more on the internet and digital connectivity for work and studies, TM continues to serve as an essential service provider, ensuring stable network performance for the entire nation via both our retail and wholesale fronts. The Government's introduction of JENDELA in September 2020 as well as the RM7.4 billion allocations in the recent National Budget to deliver upgraded broadband services for year 2021 and 2022 will serve as a platform to accelerate Malaysia's digital connectivity through wider deployment of mobile, fibre and fixed wireless access. This will pave the way for 5G under the 12th Malaysia Plan (2021–2025).

TM is at the forefront in collaborating with other service providers, enabling and delivering JENDELA. We continue to seek opportunities to cater for future demands of connectivity, in line with our proven commitment to maintain business profitability whilst adapting to and exploring new norms and avenues from this dynamic circumstances that the nation faces today.

#End#

Issued by:

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

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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