



3Q 2015 RESULTS

ANALYST BRIEFING

26 November 2015

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Performance Overview

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Financial Review

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Operating Highlights

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Concluding Remarks

3Q2015 Highlights

QoQ

- Revenue up 2.9% vs. 2Q2015, to RM2.92bn, driven by Data
- Reported EBIT up by 47.0% to RM449.0mn
Normalised EBIT up by 10.3%, to RM328.6mn
- Reported PATAMI lower by 21.4% to RM166.8mn
Normalised PATAMI lower by 8.9%, to RM200.2mn
- Total broadband customer base grew by 3.7% vs. 3Q2014, driven by Unifi

Life
Made **Easier**
Hidup Lebih Mudah

unifi

Business
Made **Easier**
Perniagaan Lebih Mudah

Streamyx



TMgo

Shop In A Box™

The background of the slide is an aerial photograph of the Telekom Malaysia Tower (TM Tower) in Kuala Lumpur, Malaysia. The tower is a tall, modern skyscraper with a distinctive triangular top and a large circular observation deck. The city of Kuala Lumpur is visible in the background, with a mix of urban development and greenery.

Performance Overview

Financial Review

Operating Highlights

Concluding Remarks

Group Results YTD Sep 2015



RM mn	Reported							
	3Q15	2Q15	% Change QoQ	3Q14	% Change YoY	YTD Sep 15	YTD Sep 14	% Change YTD vs YTD
Revenue	2,922.5	2,840.6	+2.9	2,636.0	+10.9	8,537.2	8,077.8	+5.7
Other Operating Income	29.2	29.4	-0.7	36.0	-18.9	91.0	116.7	-22.0
EBITDA	1,037.7	929.4	+11.7	879.4	+18.0	2,814.7	2,675.2	+5.2
Depn & Amort.	588.7	623.9	-5.6	570.2	+3.2	1,816.8	1,710.3	+6.2
EBIT	449.0	305.5	+47.0	309.2	+45.2	997.9	964.9	+3.4
Other Gains / (Loss)	(0.5)	(0.8)	-37.5	8.2	->100.0	(1.9)	6.5	->100.0
Net Finance Cost*	42.6	40.4	+5.4	41.2	+3.4	118.0	119.1	-0.9
FX (Gain) / Loss	153.3	14.5	+>100.0	14.7	+>100.0	209.0	4.7	+>100.0
Profit Before Tax (PBT)	259.0	256.1	+1.1	262.8	-1.4	687.2	851.8	-19.3
PATAMI	166.8	212.1	-21.4	188.8	-11.7	507.8	613.5	-17.2
Normalised PATAMI	200.2	219.7	-8.9	191.7	+4.4	591.2	591.0	0.0

Note:

Unless stated otherwise all figures shall be inclusive of P1

For Normalised EBIT and Normalised PBT refer Slides 7 and 8

•Excludes FX (Gain)/Loss

Normalised EBIT

Normalised EBIT 10.3% higher QoQ



In RM mn	3Q15	2Q15	3Q14	YTD Sep 15	YTD Sep 14
Reported EBIT	449.0	305.5	309.2	997.9	964.9
Non Operational					
FX (Gain)/Loss on International Trade Settlement	(120.4)	(7.9)	(3.6)	(127.9)	0.9
Loss on Sale of Assets	-	0.2	-	0.4	0.3
Negative Goodwill on acquisition of a new subsidiary	-	-	-	-	(21.9)
Normalised EBIT	328.6	297.8	305.6	870.4	944.2
Normalised EBIT Margin	11.1%	10.4%	11.4%	10.1%	11.6%
Reported EBIT Margin	15.2%	10.6%	11.6%	11.6%	11.8%

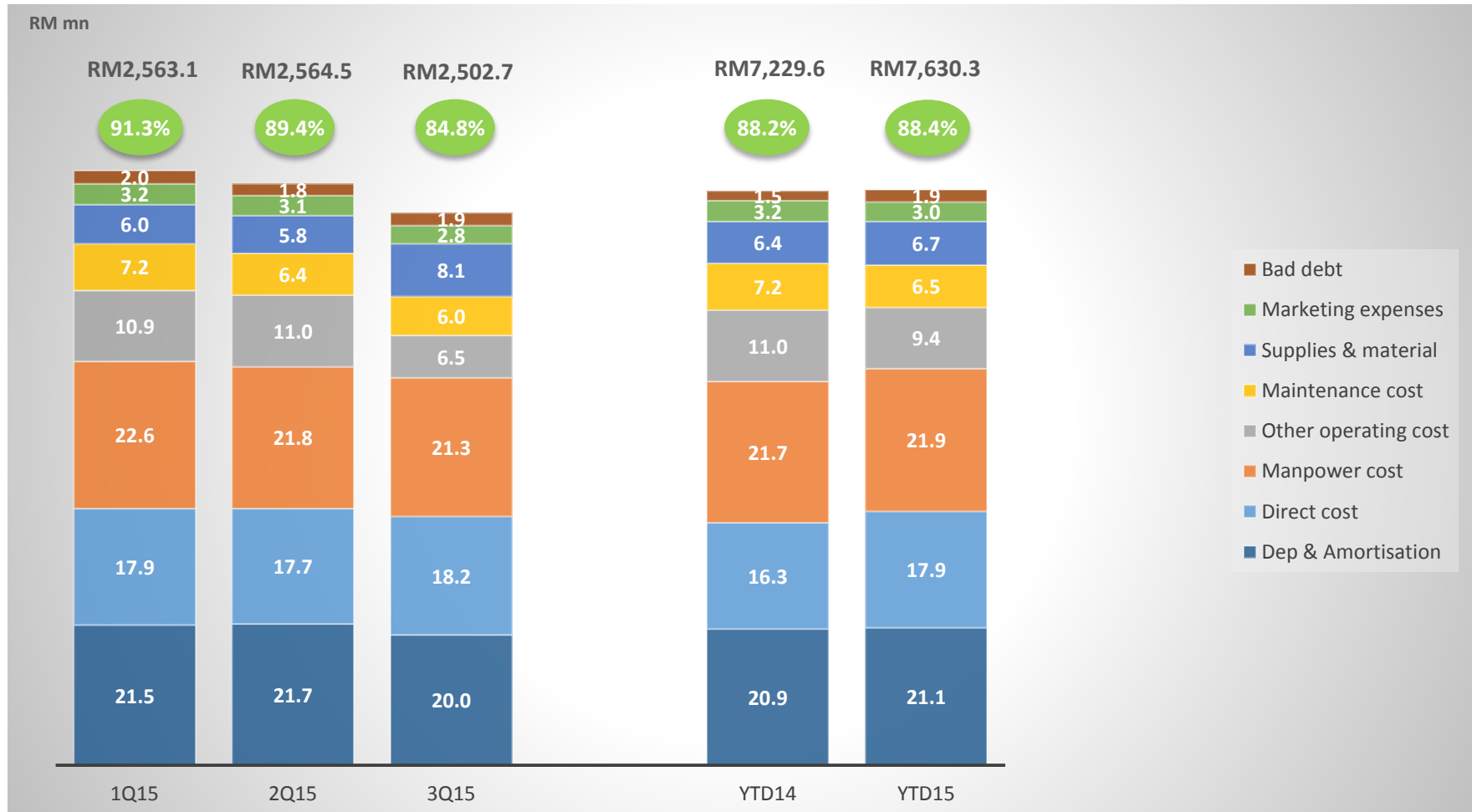
EBIT is calculated as Total Revenue (Operating Revenue + Oth. Operating Income) less Operating Cost

EBIT Margin is calculated as percentage of EBIT against Total Revenue

Normalised EBIT Margin is calculated as percentage of Normalised EBIT against Normalised Total Revenue (Operating Revenue + Oth. Operating Income – Loss on Sale of Assets – Negative Goodwill on acquisition of new subsidiary)

In RM mn	3Q15	2Q15	3Q14	YTD Sep 15	YTD Sep 14
Reported PBT	259.0	256.1	262.8	687.2	851.8
Non Operational					
FX (Gain)/Loss on International trade Settlement	(120.4)	(7.9)	(3.6)	(127.9)	0.9
Other (Gain)/Losses & Impairment*	0.5	1.0	(8.2)	2.3	(6.2)
Unrealised FX (Gain)/Loss on Long Term loans	153.3	14.5	14.7	209.0	4.7
Negative Goodwill on acquisition of a new subsidiary	-	-	-	-	(21.9)
Normalised PBT	292.4	263.7	265.7	770.6	829.3

* Comprise of fair value (FV) changes of FVTPL (FV through P&L) investment and gain/loss on disposal for AFS (available for sale) investments.



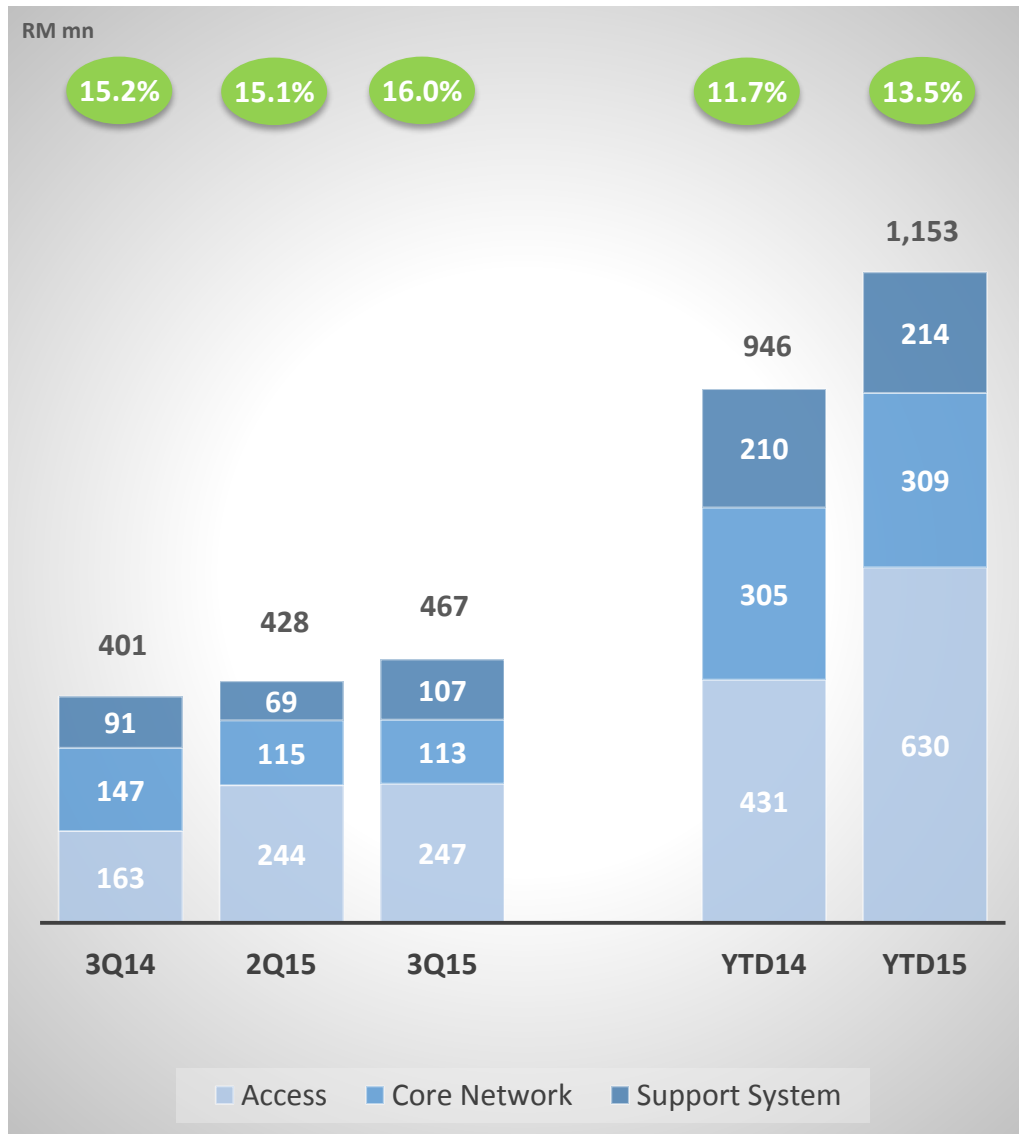
Total Cost / Revenue (%)

¹ Revenue = Operating Revenue + Other Operating Income

Note: The classification of cost is as per financial reporting

(Please refer to Appendix for quarterly details & breakdown)

Group Capital Expenditure



- YTD Sept 2015: 13.5% of revenue at RM1.15bn
- 55% Access
- 27% Core Network
- 18% Support Systems

Capex / Revenue (%)

Group Cash Flow



RM mn	YTD Sep 15	YTD Sep 14
Cash & cash equivalent at start	2,975.0	2,514.5
Cashflows from operating activities	1,577.7	1,809.0
Cashflows used-in investing activities	(1,631.6)	(1,605.1)
Capex	1,153.4	946.0
Cashflows from financing activities	(11.8)	(1,035.3)
Effect of exchange rate changes	1.8	(0.3)
Cash & cash equivalent at end	2,911.1	1,682.8
Free cash-flow (EBITDA – Capex)	1,661.3	1,729.2

Key Financial Ratios

	30 Sep 15	31 Dec 14		30 Sep 15	31 Dec 14
Return on Invested Capital ¹	6.20%	7.72%	Gross Debt to EBITDA	1.86	1.77
Return on Equity ²	10.50%	12.80%	Net Debt/EBITDA	1.07	1.02
Return on Assets ¹	5.04%	6.34%	Gross Debt/Equity	0.99	0.85
Current Ratio ³	1.37	1.33	Net Debt/Equity	0.60	0.46
WACC	7.43%	7.54%	Net Assets/Share (sen)	201.0	203.6

¹ Based on Normalised EBIT

² Based on Normalised PATAMI

The background of the slide is an aerial photograph of the TM Tower in Taipei. The tower is a tall, modern skyscraper with a distinctive triangular top and a large circular observation deck. The city of Taipei is visible in the background, with its dense urban landscape and a major highway in the foreground.

Performance Overview

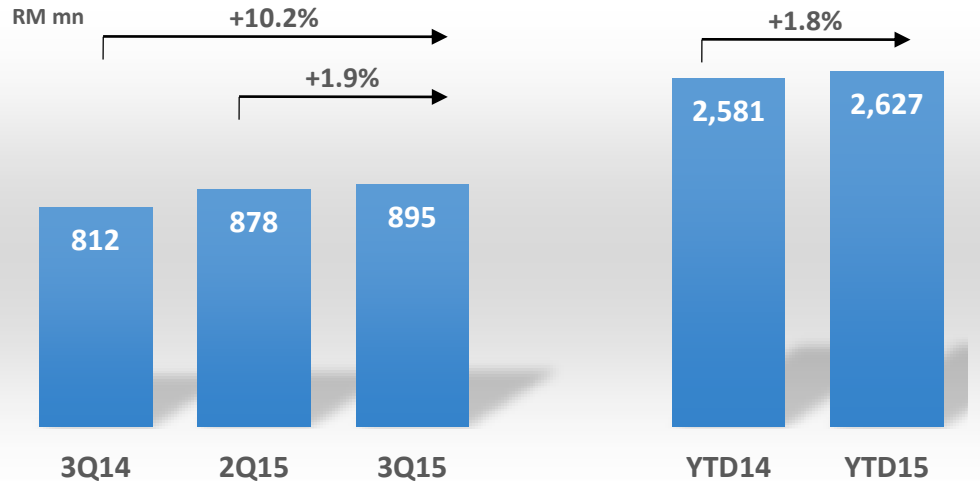
Financial Review

Operating Highlights

Concluding Remarks

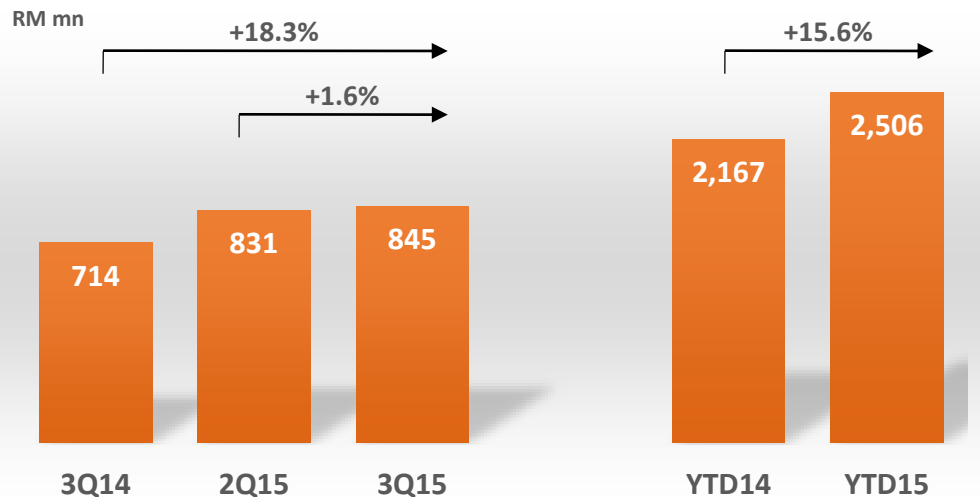
Group Total Revenue by Product

Voice



- 31% of Group Revenue
- Higher by 1.9%, due to higher bilateral revenue at Global & Wholesale
- Lower revenue at Mass Market & Managed Accounts due to lower usage and lower DEL customers

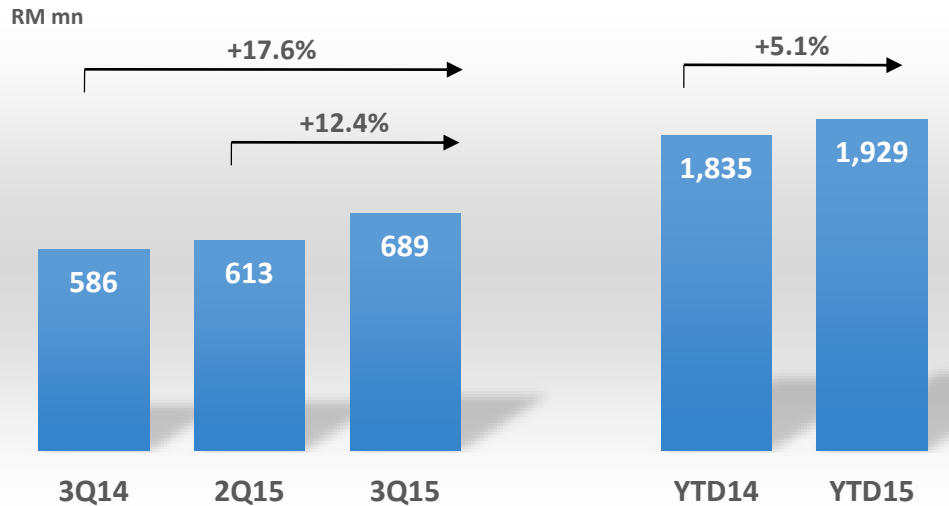
Internet



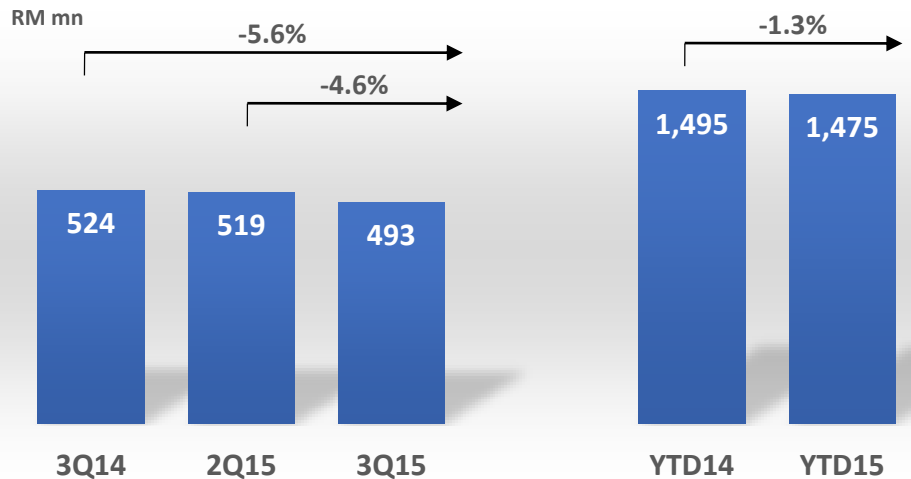
- 29% of Group Revenue
- Higher by 1.6% mainly due to upselling and IPTV revenue

Group Total Revenue by Product

Data



Others*



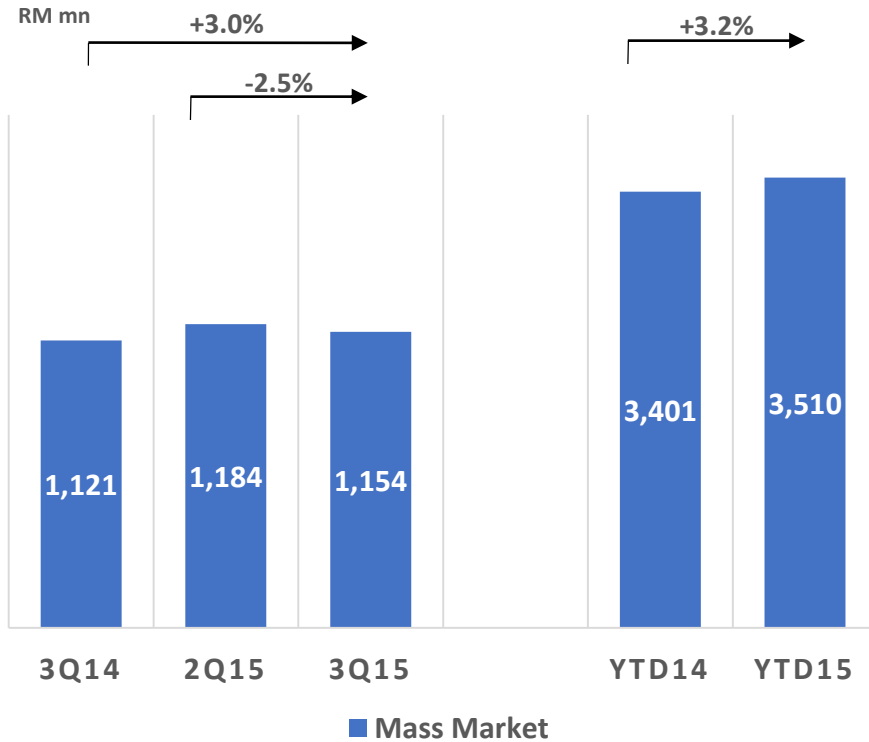
*Others comprise other telco and non-telco services
(i.e ICT-BPO, MMU tuition fees, customer projects)

- 23% of Group Revenue
- Higher by 12.4%, mainly due to higher leased services, IRU and Wholesale Ethernet at Global & Wholesale
- 17% of Group Revenue
- Lower by 4.6% due to lower USP maintenance revenue at Managed Accounts, offset by higher revenue at VADS and GTC

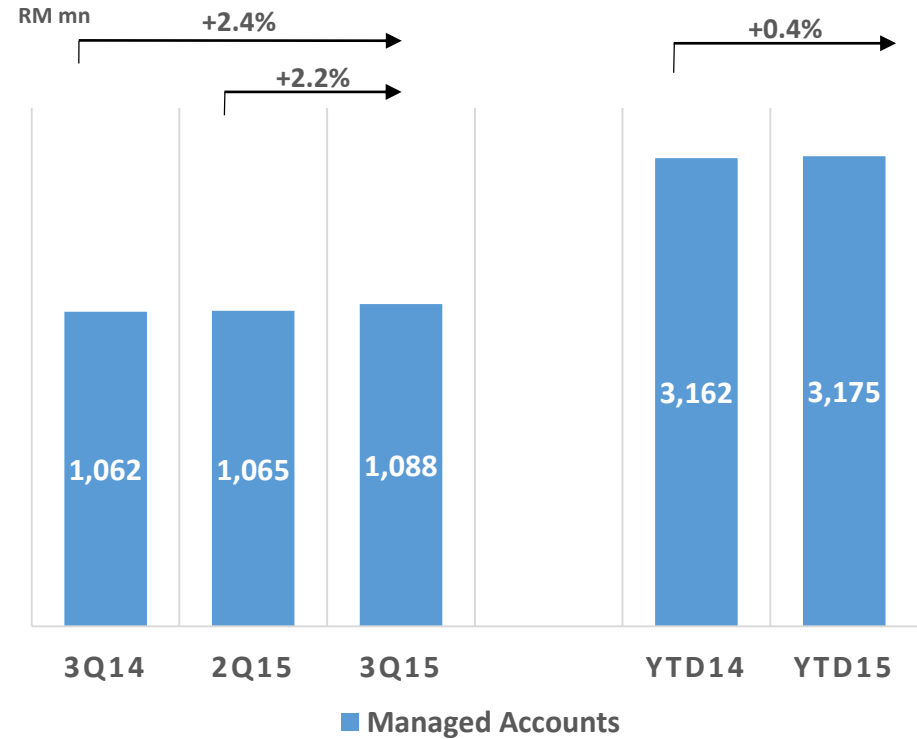
Group Total Revenue by Lines of Business



Mass Market



Managed Accounts

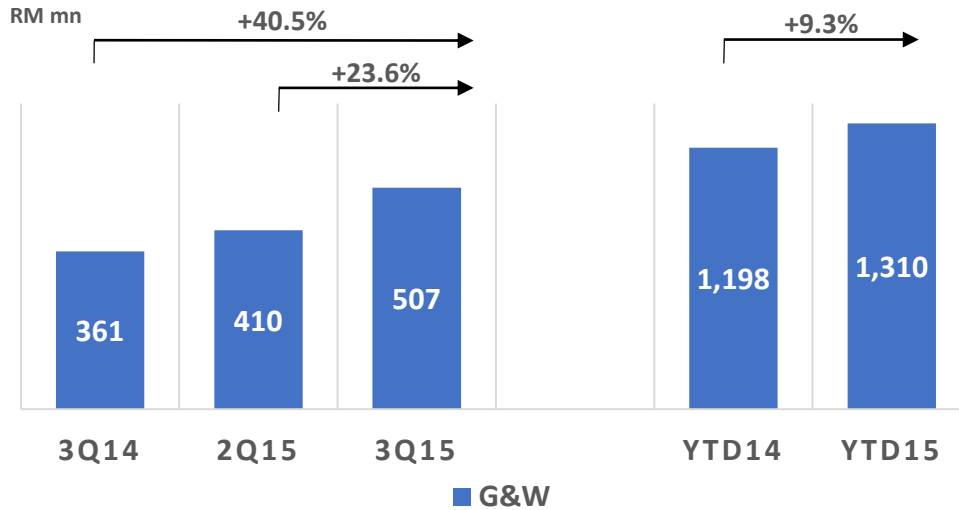


- 2.5% lower QoQ, mainly due to lower voice and others revenue
- Higher internet revenue from upselling, TMGo and IPTV content

- 2.2% growth mainly due to higher data, ICT and BPO revenue

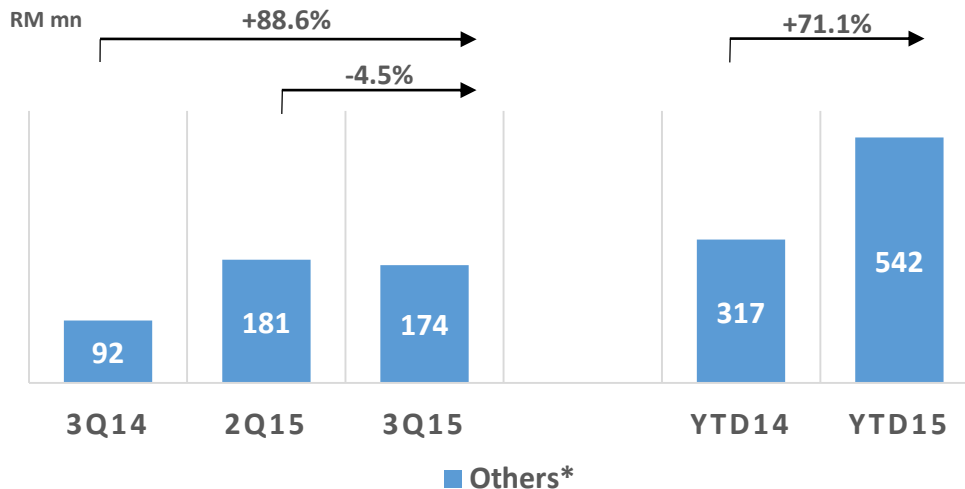
Group Total Revenue by Lines of Business

Global & Wholesale



- 23.6% higher mainly due to higher voice and data revenue
- Higher bilateral traffic minutes, IRU and international leased revenue

Others*



- Lower by 4.5% mainly due to lower HSBB grant amortisation

* Others comprise revenue from Property Development, TM R&D, UTBS, MKL & P1

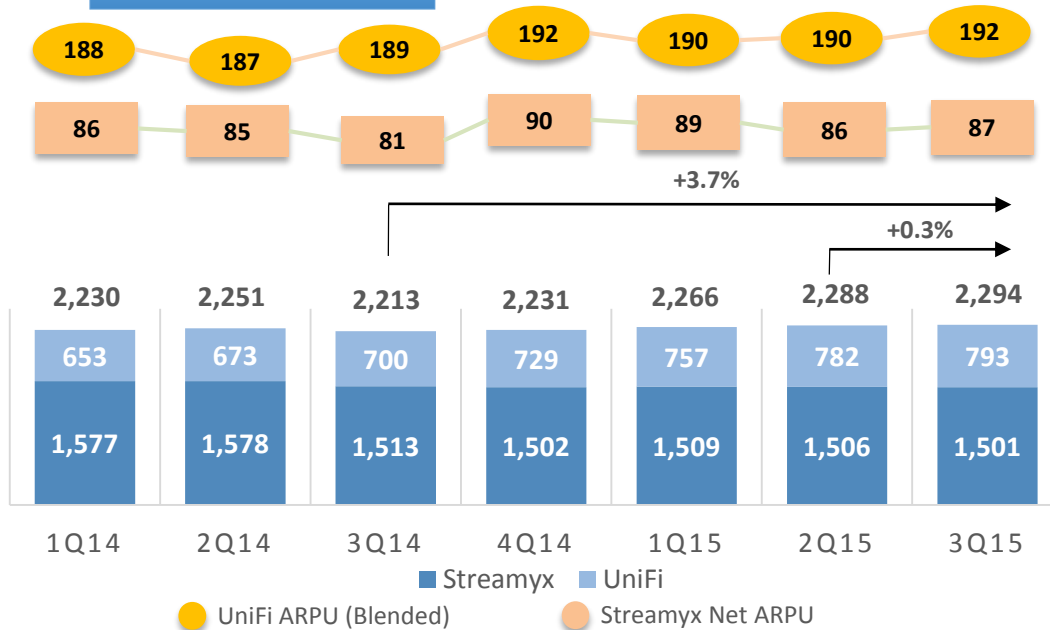
Note : Unless stated otherwise all figures shall be inclusive of P1

Physical Highlights

Broadband

ARPU (RM)

Customers (In thousand)

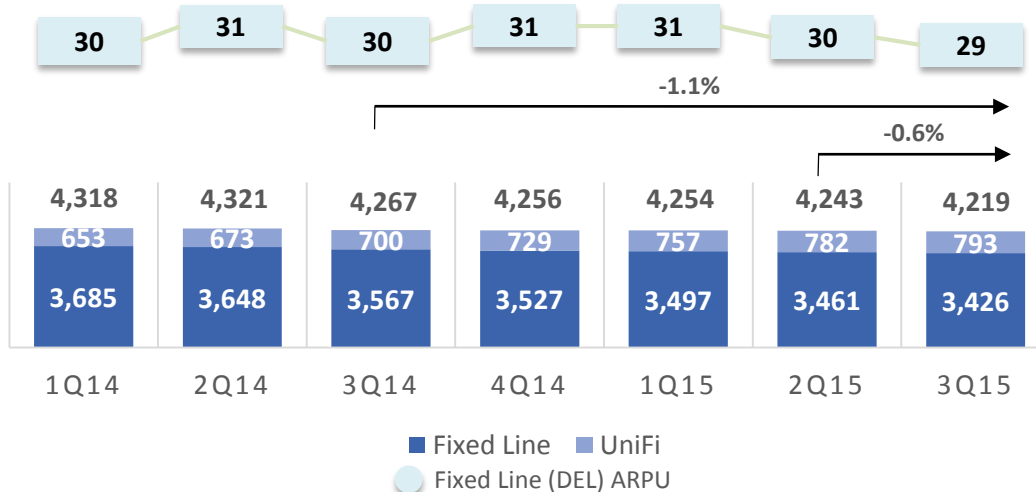


- Unifi continues to drive growth, currently at 793,000
- Total broadband customers close to 2.3mn
- Higher Unifi and Streamyx ARPU, respectively

Fixed Line

ARPU (RM)

Customers (In thousand)



- 0.6% lower DEL customers, especially at Mass Market
- ARPU stable at RM29

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Performance Overview

Financial Review

Operating Highlights

Concluding Remarks

Unmatched choices for the makers of tomorrow

Introducing the all new UniFi

#ForTheMakersOfTomorrow

*Price displayed is EXCLUSIVE of GST

Promotion price
RM **179**
per month
Normal Price
RM499/month



unifi

Unifi ADVANCE Plans

- Unifi ADVANCE Plans for homes and businesses
- Speeds from 30Mbps with HyppTV packages or complete business solutions
- Amazing Add-Ons to give an unmatched experience – upgrade to 50Mbps, data on the go, voice plans

Complete business solutions with the all new UniFi BIZ

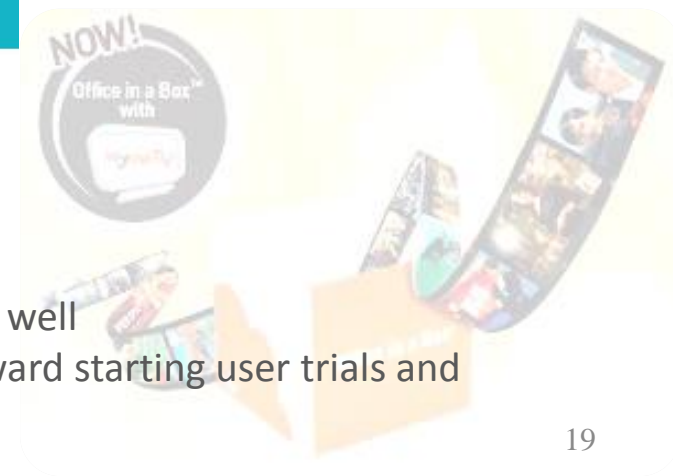
#ForTheMakersOfTomorrow

*Price displayed is EXCLUSIVE of GST

Promotion price
RM **259**
per month
Normal Price
RM299/month



unifi



P1

- LTE network roll-out progressing well
- P1 and TM working together toward starting user trials and network readiness tests

- Revenue up 2.9% QoQ, driven by Voice & Data
- Reported EBIT higher by 47% to RM449mn, Normalised EBIT at RM328.6mn
- Forex and tax impact – lower Reported PATAMI at RM166.8mn, Normalised PATAMI at RM200.2mn
- Total broadband customer grew to almost 2.3mn despite Unifi improvement initiative; stable ARPU



Appendices

Normalised EBITDA

Lower Normalised EBITDA QoQ due to forex



In RM mn	3Q15	2Q15	3Q14	YTD Sep 15	YTD Sep 14
Reported EBITDA	1,037.7	929.4	879.4	2,814.7	2,675.2
Non Operational					
FX (Gain)/Loss on International trade settlement	(120.4)	(7.9)	(3.6)	(127.9)	0.9
Loss on Sale of Assets	-	0.2	-	0.4	0.3
Negative Goodwill on acquisition of a new subsidiary	-	-	-	-	(21.9)
Normalised EBITDA	917.3	921.7	875.8	2,687.2	2,654.5
Normalised EBITDA Margin	31.1%	32.1%	32.8%	31.1%	32.5%
Reported EBITDA Margin	35.2%	32.4%	32.9%	32.6%	32.6%

EBITDA is calculated as Total Revenue (Operating Revenue + Oth. Operating Income) less Operating Cost (Exc. Depreciation, Amortisation & Impairment).

EBITDA Margin is calculated as percentage of EBITDA against Total Revenue

Normalised EBITDA Margin is calculated as percentage of Normalised EBITDA against Normalised Total Revenue (Operating Revenue + Oth. Operating Income – Loss on Sale of Assets – Negative Goodwill on acquisition of a new subsidiary)

In RM mn	3Q15	2Q15	3Q14	YTD Sep 15	YTD Sep 14
Reported PATAMI	166.8	212.1	188.8	507.8	613.5
Non Operational					
FX (Gain)/Loss on International trade settlement	(120.4)	(7.9)	(3.6)	(127.9)	0.9
Other (Gain)/Losses & Impairment*	0.5	1.0	(8.2)	2.3	(6.2)
Unrealised FX (Gain)/Loss on Long Term loans	153.3	14.5	14.7	209.0	4.7
Impact of tax rate changes	-	-	-	-	-
Negative Goodwill on acquisition of a new subsidiary	-	-	-	-	(21.9)
Normalised PATAMI	200.2	219.7	191.7	591.2	591.0

* Comprise of fair value (FV) changes of FVTPL (FV through P&L) investment gain/loss on disposal for AFS (available for sale) investments and gain/loss Sale of Assets

Cost % of Revenue

	3Q15	2Q15	3Q14	YTD Sep 15	YTD Sep 14	Comments (3Q2015 vs. 3Q2014)
Operating Revenue (RM mil)	2,922.5	2,840.6	2,636.0	8,537.2	8,077.8	-
Other Operating Income (RM mil)	29.2	29.4	36.0	91.0	116.7	-
Direct Costs %	18.2	17.7	16.1	17.9	16.3	International outpayment – higher bilateral minutes at G&W, USP contribution
RM mil.	537.7	507.5	431.5	1,547.5	1,335.1	
Manpower %	21.3	21.8	20.5	21.9	21.7	Higher staff benefits
RM mil.	629.0	624.7	547.1	1,886.8	1,778.1	
Supplies & Materials %	8.1	5.9	7.1	6.7	6.4	Higher materials cost at Managed Accounts, subscriber equipment
RM mil.	239.1	167.9	189.9	574.0	526.3	
Bad & Doubtful Debts %	1.9	1.8	1.1	1.9	1.5	-
RM mil.	56.2	51.0	30.1	164.4	124.1	
Marketing Expenses %	2.8	3.1	3.3	3.0	3.2	-
RM mil.	83.2	89.0	88.6	261.3	262.9	
Maintenance Cost %	6.0	6.4	7.7	6.5	7.2	Lower engineering services expenses incurred at TM Government
RM mil.	177.9	183.7	206.4	564.5	589.5	
Other Operating Costs %	6.5	11.0	11.2	9.4	11.0	Impact of forex gain for international trade settlement, lower professional fees and utilities
RM mil.	190.9	316.8	299.0	815.0	903.3	
Depreciation & Amortisation %	20.0	21.7	21.3	21.1	20.9	Provisional write-off by P1 of dropped and dismantled WiMax sites in 2Q2015
RM mil.	588.7	623.9	570.2	1,816.8	1,710.3	
Total (RM mil)	2,502.7	2,564.5	2,362.8	7,630.3	7,229.6	
Total (%)	84.8	89.4	88.4	88.4	88.2	

Group Balance Sheet

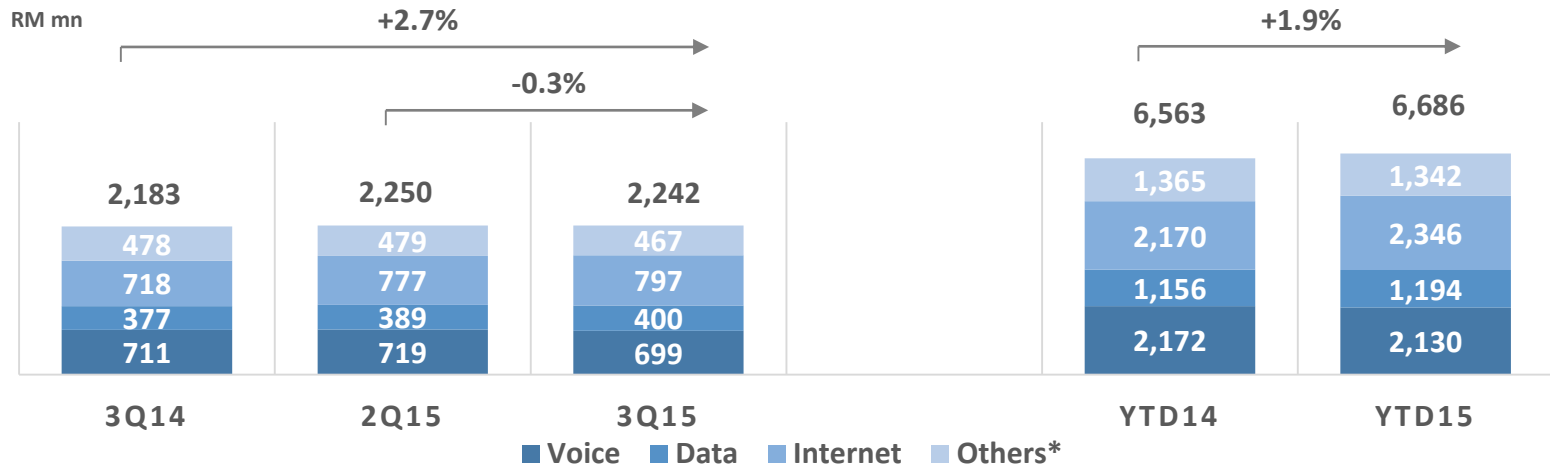


RM Million	At as 30 Sep 2015	As at 31 Dec 2014
Shareholders' Funds	7,552.0	7,571.1
Non-Controlling Interests	294.3	388.8
Deferred & Long Term Liabilities	10,358.2	9,806.1
<i>Long Term Borrowings</i>	<i>7,015.8</i>	<i>6,251.4</i>
<i>Deferred Tax</i>	<i>1,234.7</i>	<i>1,258.0</i>
<i>Deferred Income</i>	<i>1,770.3</i>	<i>1,823.1</i>
<i>Derivative financial instruments</i>	<i>290.9</i>	<i>337.8</i>
<i>Trade and other payables</i>	<i>46.5</i>	<i>135.8</i>
	18,204.5	17,766.0
Current Assets	7,212.4	6,481.2
<i>Trade Receivables</i>	<i>2,859.0</i>	<i>2,237.2</i>
<i>Other Receivables</i>	<i>617.5</i>	<i>588.1</i>
<i>Cash & Bank Balances</i>	<i>2,911.7</i>	<i>2,985.8</i>
<i>Others</i>	<i>824.2</i>	<i>670.1</i>
Current Liabilities	5,251.9	4,857.2
<i>Trade and Other Payables</i>	<i>3,495.6</i>	<i>3,605.2</i>
<i>Short Term Borrowings</i>	<i>460.8</i>	<i>197.0</i>
<i>Others</i>	<i>1,295.5</i>	<i>1,055.0</i>
Net Current Assets/(Liabilities)	1,960.5	1,624.0
Property Plant & Equipment	14,344.1	14,785.1
Other Non-Current Assets	1,899.9	1,356.9
	18,204.5	17,766.0

Mass Market & Managed Accounts



Revenue by Product

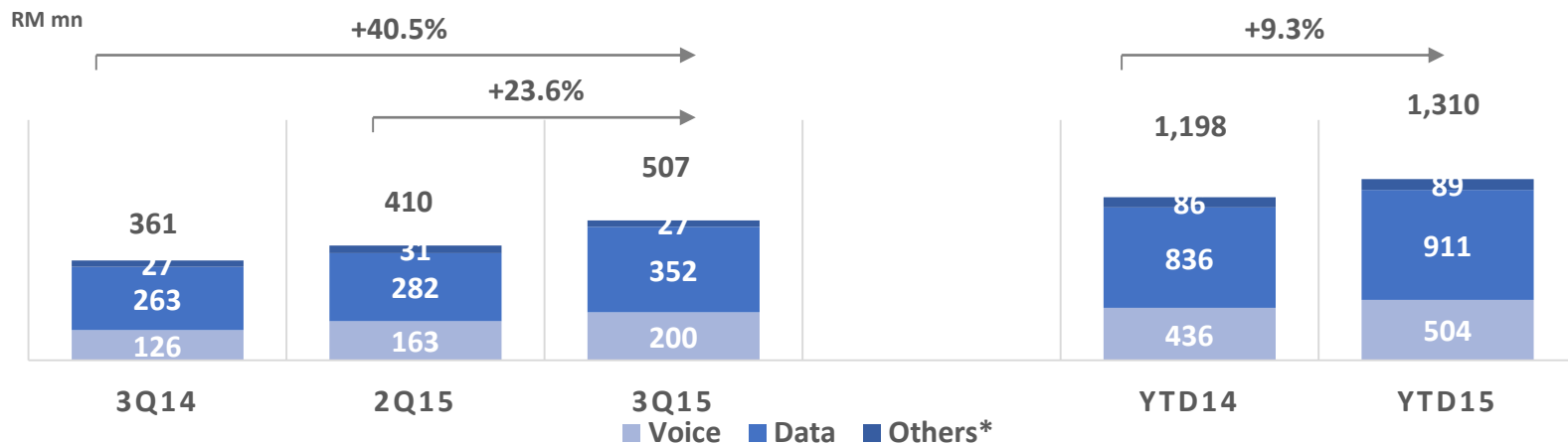


Note: Total revenue is after inter-co elimination. Revenue of product is before inter-co elimination

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

Global & Wholesale

Revenue by Product



Note: Total revenue is after inter-co elimination. Revenue of product is before inter-co elimination

*Others include Internet



THANK YOU

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