



NEWS RELEASE

Kuala Lumpur

25 Nov 2016

TM REPORTS STRONGER YTD SEPTEMBER AND Q3 2016 GROUP PERFORMANCE

Key Highlights of YTD September 2016:

- Group Revenue grew 3.4% YTD to RM8.82 billion
- Group Reported Operating Profit (EBIT) was RM868.1 million YTD
- Group Reported Profit Before Tax (PBT) was 17.6% higher YTD to RM807.9 million
- Group Reported Profit or Profit After Tax and Non-controlling Interest (PATAMI) increased by 22.4% YTD to RM621.7 million
- A true Convergence Champion;
 - Steady broadband customer base grew 3.3% vs 3Q 2015 to 2.37 million, led by UniFi
 - UniFi continues to drive growth, with over 921,000 customers in 3Q2016
 - webe LTE service officially launched

Key Highlights of QoQ performance (3Q2016 vs 2Q2016):

- Group Revenue stood at RM2.9 billion
- Group EBIT increased by 9.2% QoQ to RM307.1 million
- Group Reported PBT grew 11.7% QoQ to RM218.8 million
- Group PATAMI rose 14.6% QoQ to RM159.8 million
- Overall Broadband customer base grew slightly 0.2% to 2.37 million

Telekom Malaysia Berhad (TM) today announced a 3.4% growth in Group Revenue to RM8.82 billion for the first nine (9) months ended 30 September 2016 against RM8.54 billion recorded in the corresponding period last year; on the back of higher revenue contribution from internet, data and others services.

Group Reported Operating Profit (EBIT) was RM868.1 million Year-to-Date (YTD), lower by 13.0% against last year primarily due to higher marketing cost, unrealised foreign exchange loss on international trade settlement and accelerated depreciation of assets. Stripping off some non-operational items, in particular unrealised foreign exchange loss on international trade settlement, Group Normalised EBIT was marginally lower by 0.6% YTD at RM885.1 million.

Group Reported PBT, however, was higher by 17.6% YTD to RM807.9 million, against RM687.2 million in the corresponding period last year due to net foreign exchange gain on borrowings.

TM reported a 22.4% increase YTD in its Group Reported PATAMI to RM621.7 million as a result of higher PBT and netting off the share of subsidiaries' performance to minority interests.

The total capital expenditure (Capex) for YTD September 2016 was RM1.65 billion or 18.7% of revenue, with spending during 3Q2016 at RM715.0 million. The higher Capex is in line with the

expansion of major projects whilst higher YTD cost as a percentage of revenue is in line with higher revenue and launch of new products and services.

Commenting on the YTD September 2016 financial results, Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer, TM said: "We remained resilient over the first nine months of the year despite an overall challenging environment. Our LTE service, webe, is now officially operational, and still has an impact on our financial performance, on account of the costs associated with the LTE rollout and Webe's initial operations.

The stronger nine months' performance was mainly attributed to positive growth in our key products, mainly internet & multimedia, data and other services. We recorded Group Revenue of RM8.82 billion, an increase of 3.4% against the same period last year. Group Reported PBT was higher by 17.6% YTD to RM807.9 million due to lower net finance cost. Consequently, after netting off the share of subsidiaries' performance to minority interests, our nine months' Group Reported PATAMI was also higher, by 22.4%.

Operationally, we recorded a 3.3% increase in total broadband customers YTD as compared to last year, from 2.29 million to 2.37 million. UniFi continues to drive growth, with over 921,000 customers in total. I'm also pleased to note that to date, more than 62% of our broadband customers are currently subscribing to packages of 4Mbps and above. Meanwhile, 75% of our UniFi customers are now on packages 10Mbps and above. Strong traction from upselling activities as well as higher purchase of premium IPTV content have also driven stronger broadband Average Revenue Per User (ARPU)."

"2016 is the 'Year of Convergence' for TM Group as we stake our claim as Malaysia's Convergence Champion. I'm pleased to say that we are the first and only truly converged communication service provider in Malaysia with webe now being offered to all Malaysians. webe was made available for public subscription in September 2016, offering a brand new end-to-end digital experience. webe's simple 'data liberation' proposition of unlimited calls, text and data usage enables members to use data the way it's meant to - with no restrictions. This allows them to make the most of mobile technology thus making their digital lifestyle easier - in line with our vision of 'Making Life and Business Easier for a Better Malaysia'," Tan Sri Zam added.

Comparison: Quarter-on-Quarter (3Q2016 vs 2Q2016 Results)

For the current quarter under review, Group Revenue stood at RM2.9 billion, lower by 4.0% QoQ mainly due to lower Indefeasible Right of Use (IRU) sales by Global & Wholesale and lower revenue from Managed Accounts customer projects.

Group EBIT grew by 9.2% QoQ to RM307.1 million from RM281.1 million in 2Q2016. On a normalised basis, EBIT improved by 17.9% QoQ to RM310.1 million from RM263.0 million in 2Q2016.

Group Reported PBT rose 11.7% QoQ to RM218.8 million, against RM195.9 million in the preceding quarter.

Group PATAMI was higher by 14.6% QoQ to RM159.8 million. Normalised PATAMI also increased 23.9% QoQ to RM207.5 million from RM167.5 million in 2Q2016.

In the broadband segment, both Streamyx and UniFi customers cumulatively grew by 0.2% QoQ from 2.365 million to 2.369 million customers.

Prospects for the Current Financial Year Ending 31 December 2016

For 2016, Malaysian Institute of Economic Research (MIER) maintains Malaysia's real GDP growth at 4.2%. As external sector remains sluggish due to the global slowdown, more weight is given to domestic demand to steer growth. As for 2017, real GDP growth is expected to edge up, registering growth of between 4.5 – 5.5%. (*Source: MIER Economic Outlook, 18 October 2016*).

In support of the Government's recognition on broadband connectivity as one of the key components contributing to the nation's Digital economic growth, TM has announced its Broadband Improvement Plan initiative which will be implemented next year. Under this initiative, eligible customers (subject to technical availability) will be upgraded to the next best plan in phases starting from January 2017. In addition, TM will also introduce a new greater value broadband package offering for non-UniFi customers in 2017. This is testament to our commitment to drive broadband reach and adoption nationwide, providing unlimited experiences, unmatched choices and unbeatable value for everyone.

In this quarter, TM signed with several property developers to work closely to strengthen the existing telecommunication and ICT infrastructure and facilitate the deployment of Smart Services, converged telecommunications and ICT with the deployment of a comprehensive Smart Services ecosystem for their developmental projects. With the availability of connectivity, ICT and Internet of Things (IoT) solutions integrated in local property developments, TM will be able to deliver an enhanced digital lifestyle to more Malaysians.

With all the above mentioned initiatives carried out thus far, TM looks forward to continue its journey this year as it embraces its transformation focusing on convergence, going digital, innovation and productivity. The Company will continue to boost its efforts to offer relevant fixed and mobile connectivity services, ICT and smart services solutions to cater for individual lifestyles of Malaysians and businesses alike, in line with its vision "To Make Life and Business Easier, for a Better Malaysia".

#END#

About TM

Telekom Malaysia Berhad (TM), Malaysia's Convergence Champion and No. 1 Converged Communications Services Provider, together with webe, its Centre of Excellence for Mobility, offers a comprehensive range of communication services and solutions in broadband, data, fixed-line and mobility. As a market leader, TM is driven by stakeholder value creation in a highly competitive environment. The Group places emphasis on delivering an enhanced customer experience via continuous customer service quality improvements and innovations, whilst focusing on increased operational efficiency and productivity.

Leveraging on our extensive global connectivity, network infrastructure and collective expertise, TM is well positioned to propel Malaysia as a regional Internet hub and digital gateway for South-East Asia.

As a multiple award winning model corporate citizen committed to good governance and transparency, TM continues its pledge to ensure the integrity of our processes, people and reputation as well as the sustainability of our operations. Our Corporate Responsibility (CR) ethos reinforces responsible behavior in the four main domains of the marketplace, workplace, the community and the environment. With a focus on ICT, the Group further promotes 3 major platforms i.e. education, community/nation-building and environment, through our Reaching Out programmes.

TM looks forward to continue serving customers with its comprehensive suite of offerings, delivering a seamless digital experience and integrated business solutions to meet their lifestyle and business communication needs - towards making "Life and Business Made Easier for a Better Malaysia".

For further information on TM, visit www.tm.com.my.

Issued by:

Group Brand and Communication
Telekom Malaysia Berhad
Level 8 (South Wing), Menara TM,
Jalan Pantai Baharu
50672 Kuala Lumpur

For inquiries please call:

- | | | |
|---|---|--|
| 1 | Izlyn Ramli Vice President Group Brand and Communication, TM | Tel: (03) 2240 2699 HP: (019) 500 0248 Email: izlyn@tm.com.my |
| 2 | Asma Abdul Aziz Assistant General Manager Media Management & External Communications Group Brand and Communication, TM | Tel: (03) 2240 3840 HP: (013) 364 1830 Email: asma_aa@tm.com.my |
| 3 | Saiful Azni Matmor Manager Media Management & External Communications Group Brand and Communication, TM | Tel: (03) 2240 2617 HP: (013) 360 3496 Email: msaiful@tm.com.my |