



NEWS RELEASE

Kuala Lumpur

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TM POSTS REVENUE OF RM2.85 BILLION FOR 1Q 2018; WILL CONTINUE TO ACCELERATE BROADBAND CONNECTIVITY, CONVERGENCE AND DIGITAL ECONOMY

Key Highlights of 1Q 2018:

- **Group Revenue of RM2.85 billion**
- **Group Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) at RM766.7 million**
- **Group Reported Earnings Before Interest and Tax (EBIT) stood at RM195.6 million**
- **Group Reported Profit Before Tax (PBT) was RM194.2 million**
- **Group Reported Profit After Tax and Non-controlling Interest (PATAMI) was RM157.1 million**
- **Delivering Convergence: Traction in mobility complementing fixed broadband services**
 - **Broadband customer base at 2.3 million, led by unifi**
 - **Steady unifi take up with 1.18 million customers activated**
 - **45% customers moving up the value chain with convergence portfolio of 3-Play (3P) services and above**
 - **unifi Mobile recorded good traction at 10% penetration of TM Households**

Telekom Malaysia Berhad (TM) today announced its financial results for the first quarter ended 31 March 2018, where the Group posted a revenue of RM2.85 billion, 3.9% lower year-on-year (YoY) from RM2.96 billion in the corresponding period last year. This was primarily due to a decline in voice, data and other telecommunication-related services, partially mitigated by an increase in internet revenue.

Group Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for 1Q 2018 was RM766.7 million as compared to RM949.6 million in 1Q 2017 due to the lower revenue. Stripping off non-operational items, Group Normalised EBITDA stood at RM777.7 million as compared to RM957.7 million in 1Q 2017.

Group Reported Earnings Before Interest and Tax (EBIT) for 1Q 2018 was at RM195.6 million, compared to RM303.8 million last year despite a lower operating cost from a reduction in depreciation and amortisation charges. Stripping off some non-operational items, such as unrealised foreign exchange loss on international trade settlement, Group Normalised EBIT stood at RM206.6 million as compared to RM311.9 million last year.

Group Reported Profit After Tax and Non-controlling Interests (PATAMI) stood at RM157.1 million as compared to RM230.4 million in the previous year despite a higher foreign exchange gain on the Group's borrowings in the current quarter compared to corresponding quarter of 2017; whilst Group Normalised PATAMI was RM105.3 million as compared to RM229.8 million in the previous year, after setting aside items such as unrealised foreign exchange impact on borrowings and international trade settlements.

Dato' Sri Mohammed Shazalli Ramly, Group Chief Executive Officer, TM said: "In 1Q 2018, we saw challenges across all our customer clusters which affected our performance. For the rest of this year, we remain guided by our two key strategic thrusts, namely to Accelerate Convergence and Empower Digital via our PERFEXE 10 approach. This will enable us to further accelerate broadband connectivity, convergence and digital economy. We will continue with our investment for long-term growth in line with our expansion plans but will also ensure that we fully sweat our existing assets. A multitude of exciting initiatives have been planned for this year. So our customers can look forward to more experiences in perfect oneness, only with unifi."

"We now have a converged nationwide coverage of unifi which includes broadband, mobility and wifi. Though we see declining numbers on the total fixed broadband customer base due to the drop in the number of pre-unifi (formerly known as Streamyx) customers, we are seeing steady quarterly growth for unifi at 4.5%. As at 31 March 2018, unifi achieved 1.18 million customers, while unifi Mobile achieved 10% penetration of TM's households. With mobility, we have begun to focus on upgrading our customers from pure voice or broadband customers toward triple- or quadruple-play services, converting them into convergence households. We are pleased to see more customers moving up the value chain with convergence, with 45% of TM's Households having a convergence portfolio of 3-Play (3P) services and above - a combination of phone, broadband, mobile and TV. Our first mobile liberation plan, unifi Mobile #BEBAS received encouraging response from the public, with take up of more than 1.3 million SIMs, which was achieved in record time. On top of that, we recently launched unifi Wireless Broadband, which is a service catering for home renters. It is one of our initiatives to empower a highly desired digital lifestyle to retain our existing customers as we work on attracting more to our fold. Meanwhile, for our enterprise and public sector customers, TM ONE will continue to work together with them as a trusted enabler for digital transformation," he added.

Total capital expenditure spent for 1Q 2018 as a percentage of revenue was 11.5%, amounting to RM327.4 million, centered mostly on major projects such as High Speed Broadband (HSBB), Sub-Urban Broadband (SUBB) and expansion of LTE footprint. Of the total spent, 65% was for Access, 17% was for core network, and 18% for support systems.

Prospects for the Current Financial Year Ending 31 December 2018

As we move forward in 2018, our strategy to Accelerate Convergence and Empower Digital remains relevant. Guided by our PERFEXE 10 execution plan, we have prioritised Group-wide initiatives to be more focused in delivering results faster in light of the current challenging market landscape.

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About TM

Telekom Malaysia Berhad (TM), Malaysia's Convergence Champion and No. 1 Converged Communications Services Provider offers a comprehensive suite of communication services and solutions in fixed (telephony and broadband), mobility, content, WiFi and smart services. 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 behaviour 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 will continue to leverage on the strategic investments made earlier in unifi Mobile and TM ONE to realise its Convergence and “Go Digital” aspirations as it moves beyond connectivity services into new value added digital services. The Company is embarking on a holistic approach covering customer experience, process optimisation and new business opportunities. This entails building a digitally aware and smarter workforce that acts as a catalyst to the digital transformation of TM, thus powering Malaysia’s digital economy.

TM looks forward to serving customers with relevant convergence propositions via the 5 pillars of Smarter Living, Smarter Businesses, Smarter Cities, Smarter Communities and a Smarter Nation - delivering a seamless digital experience and integrated business solutions to cater to individual lifestyle and business communication needs - towards making “Life and Business Easier for a Better Malaysia”.

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

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