



NEWS RELEASE

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**TM ON TRACK FOR CONVERGENCE YEAR:
REPORTS FY 2015 GROUP REVENUE UP 4.3% TO RM11.72 BILLION;
GROUP REPORTED PROFIT BEFORE TAX AT RM911.8 MILLION; DECLARES
2nd INTERIM DIVIDEND PAYOUT OF 12.1 SEN PER SHARE OR RM454.7 MILLION**

Key Highlights of Financial Year (FY) 2015:

- **Group Revenue grew 4.3% to RM11.72 billion**
- **Group Reported Profit Before Tax (PBT) stood at RM911.8 million**
- **Customer satisfaction score of more than 72, above global telco average**
- **Group Reported Net Profit (PATAMI) of RM700.3 million**
- **Maintains position as Broadband Champion; on track to become Malaysia's Convergence Champion**
 - **Broadband customer base grew to 2.34 million, led by UniFi**
 - **Healthy UniFi take up rate at 44% with over 839,000 customers**
- **Meets dividend commitment - declares 2nd interim dividend of 12.1 sen per share or RM454.7 million; total dividend payout of 21.4 sen per share or RM804.2 million**

Telekom Malaysia Berhad (TM) announced its performance for the financial year ended 31 December 2015, with improvements in key areas despite a challenging economic environment and intense competition. TM Group revenue grew 4.3% YOY to RM11.72 billion as compared to RM11.24 billion recorded last year, on the back of higher revenue across all services.

Group Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY 2015 was 1.6% higher against FY 2014 at RM3.69 billion.

Group Operating Profit (Earnings Before Interest and Tax (EBIT)) for FY 2015 was RM1.26 billion, lower by 2.9% against RM1.29 billion in FY 2014 due to the full-year consolidation of Packet One Networks (Malaysia) Sdn Bhd (P1). Excluding one-off items such as unrealised forex gain on international trade settlements, Group Normalised EBIT stood at RM1.24 billion, 10.6% lower at RM1.39 billion in 2014.

Group Reported Profit Before Tax (PBT) was RM911.8 million, against RM1.11 billion in the corresponding period last year.

Group Reported Net Profit or Profit After Tax And Minority Interest (PATAMI) was RM700.3 million as compared to RM831.8 million recorded last year primarily due to foreign exchange losses from borrowings of the Group from the weakening Malaysian Ringgit against the US Dollar. Group Normalised PATAMI stood at RM894.9 million.

Speaking at the press conference after announcing the Company's 2015 full-year financial results, Tan Sri Zamzamzairani Mohd Isa, Group Chief Executive Officer of TM, said, "2015 was a busy year for TM. Despite a challenging environment, our current business continues to grow. We maintained our position as the nation's Broadband Champion; on track to become Malaysia's true Convergence Champion. Last year, our total broadband customer base grew by 4.9% to 2.34 million customers, driven by UniFi. UniFi continues to see a healthy growth of 15.1%, with more than 839,000 customers as at December 2015. Together with premises passed under High Speed Broadband Project Phase 2 (HSBB 2), we now have wider HSBB footprint of 1.89 million ports, with an overall take up rate of 44%. I'm pleased to note that 56% of our broadband customers are now on packages of 4Mbps and above. Also, with the launch of the all new UniFi and the UniFi Advance package last October, 46% of our UniFi customers are now on packages of 10Mbps and above."

Total capex spent for FY2015 was RM2.51 billion or 21.4% of revenue. Of the total spent, 48% is for Access, 31% is for core network, and 21% for support systems.

The Group achieved a TRI*M index score of more than 72 again - higher than the global telco average score of 69 for the consecutive 5th year.

True to TM's commitment of value creation through sustainable return on capital, the Group is declaring a 2nd interim dividend of 12.1 sen per share. Together with the 1st interim dividend of 9.3 sen per share amounting to RM349.5 million which was paid in September 2015, the total dividend payout is 21.4 sen per share, or RM804.2 million.

"Although 2015 was indeed a challenging year, TM was in active preparation for 2016, being the Year of Convergence for the TM Group, moving towards our entry into the mobility space. We will also be busy with further investments for growth, with the addition of our other projects, such as HSBB 2 and the Sub-Urban Broadband Project (SUBB). Both of these programmes are at an aggressive stage of rollout and we look forward to expanding our coverage of high quality broadband to more Malaysians. TM is also putting focus on our Managed Accounts segment; which we are re-branding as TM Business Solutions to the market, as an area of opportunity as we explore new capabilities and services to offer to our enterprise and public sector customers. Operationally, we will continue to focus on improving productivity through innovation with close attention to cost management. We are also embarking on a digitalisation programme – where we are undergoing phases of transforming our processes as well as customer-facing activities into a more digital-based experience. We believe this will benefit both our customers and TM in the long run," Tan Sri Zam added.

"P1 is progressing well as the TM Group's mobile arm and centre of excellence for mobility with the development of TM's overall LTE network roll-out being managed and planned for future growth. We are building on our core network, rolling out nationwide starting with urban areas and adjacent to existing base stations. To date, we have also successfully completed user trials for broadband, voice and SMS services - to ensure effective delivery of mobile services towards the launch later this year. The user trials also include domestic roaming services and we have also secured outbound international roaming with a worldwide footprint. Most importantly, we are executing our plans to develop the ecosystem for convergence, by leveraging on our assets and capabilities throughout the entire TM service delivery chain. This will enable TM's goal of becoming Malaysia's Convergence Champion, true to our promise of "Life and Business Made Easier," Tan Sri Zam concluded.

Prospects for the Next Financial Year Ending 31 December 2016

For TM, 2015 was an eventful year which ended with several exciting key developments. In December, we signed the 10-year Public-Private Partnership (PPP) agreement with the Government for the implementation of High Speed Broadband Phase 2 (HSBB 2) and Sub-Urban Broadband (SUBB) projects. These projects forge the expansion of previous HSBB infrastructure to cover other priority economic areas as well as sub-urban and rural areas. Under HSBB 2, 95 additional exchanges will be HSBB ready providing access to 390,000 premises by 2017, whilst SUBB involves delivering high speed broadband access (up to 20Mbps through copper line upgrades and up to 100Mbps for areas deployed with Fibre-to-the-Home technology).

TM signed two collaborations with regional Over-The-Top (OTT) players to deliver some of the best entertainment content to TM's customers, complementing our HyppTV offering. Our customers will now be able to enjoy access to the OTT content on multiple devices either via streaming or by downloading for offline viewing. We remain open for future collaboration with other OTT partners to suit the viewing behaviour demands of younger generations.

We will stay on course with our established Information Exchange and Innovation Exchange vision; investing for growth. We are now on our next transformation trajectory evolving from the nation's Broadband Champion to become Malaysia's Convergence Champion.

Through all the initiatives that we have in place, we will strive to connect and empower our customers nationwide, true to our promise of "Life and Business Made Easier for a better Malaysia".

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About TM

Telekom Malaysia Berhad (TM), Malaysia's Convergence Champion and No. 1 Converged Communications Services Provider, offers a comprehensive range of communication services and solutions in broadband, data and fixed-line. 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. TM remains steadfast in its transformation into a new generation communications provider to deliver an enhanced and integrated digital lifestyle to all Malaysians, and opening up possibilities through connection, communication and collaboration, towards our shared vision of elevating the nation into a high-income economy.

As a 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.

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