



NEWS RELEASE

Kuala Lumpur

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**TM POSTS INDUSTRY LEADING 1Q 2017 REVENUE GROWTH;
UP 3.8% YoY TO RM2.96 BILLION**

Key Highlights of 1Q 2017:

- **Group Revenue grew 3.8% YoY to RM2.96 billion**
- **Group Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased 2.9% YoY to RM949.6 million**
- **Group Reported Earnings Before Interest and Tax (EBIT) rose 8.5% YoY to RM303.8 million**
- **Group Normalised Profit After Tax and Non-controlling Interest (PATAMI) up 13.2% YoY to RM229.8 million**
- **On track to become Malaysia's Convergence Champion**
 - **Broadband customer base at 2.37 million, led by UniFi**
 - **UniFi take up remained strong with close to 979,000 customers activated**
 - **webe recorded good traction at 4.2% penetration of TM Households**

Telekom Malaysia Berhad (TM) today announced its financial results for the first quarter ended 31 March 2017, where the Group posted a revenue of RM2.96 billion, an industry-leading growth of 3.8% YoY from RM2.86 billion in the corresponding period last year, driven mainly by Internet and Others revenue, in particular customer projects.

Group Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for 1Q 2017 was higher by 2.9% against 1Q 2016, at RM949.6 million. Stripping off non-operational items, Group Normalised EBITDA saw 0.3% growth YoY, to RM957.7 million.

Group Reported Earnings Before Interest and Tax (EBIT) for 1Q 2017 grew 8.5% YoY to RM303.8 million as compared to RM279.9 million in 1Q 2016, mainly due to higher total revenue. Stripping off some non-operational items, such as unrealised foreign exchange loss on international trade settlement, the normalised EBIT stood at RM311.9 million.

Group Reported Profit After Tax and Non-controlling Interest (PATAMI) was at RM230.4 million, whilst Group Normalised PATAMI was higher by 13.2% YoY at RM229.8 million, after setting aside items such as unrealised foreign exchange impact on borrowings and international trade settlements.

Speaking at the media briefing to announce the Group's 1Q 2017 financial results, Dato' Sri Mohammed Shazalli Ramly, Group Chief Executive Officer, TM said: "This positive quarter results is testament of the strong foundation and momentum TM has built under Tan Sri Zamzamzairani Mohd Isa. What Datuk Bazlan and I, together with our new management team, will bring to the table is a renewed zest to deliver on our business plan - to lead in going digital and be a champion of convergence."

Meanwhile, Datuk Bazlan Osman, Executive Director / Deputy Group Chief Executive Officer, TM elaborated on the results, “1Q 2017 was an encouraging one for us despite an overall challenging environment. We recorded Group Revenue of RM2.96 billion, an increase of 3.8% against the corresponding period last year. This growth was primarily driven by higher revenue contribution from Internet and other services. Our broadband customer base remains strong, led by UniFi, which saw sustained growth. As at 31 March 2017, we recorded a total broadband customer base of more than 2.37 million customers. On UniFi, we had close to 979,000 customers activated as at 1Q 2017 with 81% of them on broadband packages with speeds of 10Mbps and above. The strong take up of our higher value packages with more people buying content, as well as continued upselling, resulted in a stable ARPU trend. We are also excited to update on our more holistic measure of convergence services in TM Households, where we see our mobility service, webe, recording good traction at 4.2% penetration of TM Households.”

Also present at the press conference were Tan Sri Dato’ Seri Dr. Sulaiman Mahbob, Chairman of TM and Nor Fadhilah Mohd Ali, Group Chief Financial Officer, TM.

Total capital expenditure spent for 1Q 2017 as a percentage of revenue was 11.9%, amounting to RM352 million, centered mostly on major projects such as High Speed Broadband (HSBB) and Sub-Urban Broadband (SUBB). Of the total spent, 53% was for Access, 23% was for core network, and 24% for support systems.

The Group foresees potential for new growth opportunities in its revitalised TM Business Solutions segment. TM looks forward to tap on these by shifting towards selling Converged Customer Solutions (which includes ICT, BPO and Smart Services), to meet the specific needs of its prioritised verticals. Earlier this month, TM held its inaugural Cloud Summit 2017 for the Enterprise and Public Sector segments to gain insights about the latest advancements in Cloud and Digital Services; which is set to transform Malaysian businesses and beyond. TM also recently announced the deployment of its new solution of cellular network architecture, Smart Centralised Radio Access Network (Smart C-RAN) for the Smart Putrajaya project, in support of the Government’s aspiration of establishing a greener, smarter, safer and connected city. In addition, TM will focus on monetising its investments in VADS’ Twin Core Data Centres, in Iskandar Puteri, Johor, which will be operational this year and in Cyberjaya subsequent to that.

In April, TM also launched webebroadband biz and webemobile biz to cater to the needs of small and medium scale enterprise customers, and to further strengthen webe’s position in the mobile space.

Prospects for the Current Financial Year Ending 31 December 2017

With the first quarter of 2017 locked in, TM will continue with action plans put in place, leveraging on the strategic investments made to realise its Convergence and “Go Digital” aspirations as TM moves beyond connectivity into quad play, with new value added digital and smart services.

TM foresees the outlook for the months ahead to remain positive. The Malaysian Institute of Economic Research (MIER) is maintaining its earlier projection for the real GDP for 2017 to grow at 4.5% with growth continually being driven by domestic demand, particularly by private expenditures. External demand is expected to be stronger, ending overdependence on domestic demand. (*Source: MIER’s Malaysian Economic Outlook dated 18 April 2017*).

To date, TM's UniFi offerings continue to enjoy positive take-up achieving more than 988,000 UniFi customers, of which close to 85% are those subscribing to speed packages of 10Mbps and above. At the recent 2017 Frost & Sullivan Malaysia Excellence Awards, TM was once again conferred the 'Telecom Service Provider of the Year' award making this the sixth time for the Company.

In recognition of the increasing need for enhanced telecommunication services and Smart Services, VADS Lyfe Sdn Bhd signed a Memorandum of Understanding (MOU) in January, for the development of integrated telecommunications, ICT and smart services for the KLIA Aeropolis development projects spearheaded by Malaysia Airport Holding Berhad. This collaboration will enable TM to promote Smart City Living through the provisioning of smart solutions, which include Smart Safety & Security, Smart Mobility, Smart Building Management as well as Tenant and Citizen services.

TM also announced the completion of the Malaysia-Cambodia-Thailand (MCT) submarine cable system in March. The approximately 1,300 km cable system will play an important role in the business growth of ASEAN and will become the catalyst for other growing industries in Indochina. The completion of the MCT submarine cable system further strengthens TM's pivotal role towards enhancing ASEAN connectivity.

"We will continue to spearhead the industry as Malaysia's Convergence Champion, delivering relevant convergence lifestyle communication services and end-to-end business solutions to all our customers - via the 5 pillars of Smarter Living, Smarter Businesses, Smarter Cities, Smarter Communities and a Smarter Nation; guided by our vision "To Make Life and Business Easier, for a Better Malaysia",” concluded Dato' Sri Shazalli.

#End#

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 into 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 will continue to leverage its strategic investments made earlier in webe and TM Business Solutions to realise its Convergence and “Go Digital” aspirations as its 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 competent and smarter workforce to act 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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