

unifi DELIVERS ON PERFEXE 10 EXECUTION PLAN WITH 8.8% INTERNET REVENUE GROWTH, SUPPORTED BY THE HIGHEST QUARTERLY NET ADDITION

Key Highlights of 3Q 2017:

- **TM Group on track towards achieving 'Perfexe 10' aspirations**
 - **Malaysia's Convergence Champion:**
 - **unifi recorded highest quarterly net addition since 3Q2012**
 - **unifi net addition doubled QoQ by 55,000 to 1.06 million customers**
 - **unifi mobile achieved full-year target of 8.0% TM Household penetration**
 - **wifi@unifi available at over 7,000 locations nationwide**
- **Performance Year-to-date (YTD):**
 - **Group Revenue grew 0.7% YTD to RM8.89 billion led by internet**
 - **3Q2017 Internet revenue crossed milestone RM1.0 billion mark**
 - **HyppTV achieved highest quarterly premium channel buys in 3Q2017**
 - **Group Normalised EBIT stood at RM888.3 million YTD**
 - **Group Normalised PATAMI grew 11.0% YTD to RM641.3 million**

Telekom Malaysia Berhad Group of Companies (TM Group) today announced its financial results for the third quarter and 9 months ended 30 September 2017. The Group year-to-date (YTD) revenue grew by 0.7% against YTD 30 September 2016 from RM8.82 billion to RM8.89 billion, on the back of higher internet revenue contribution through higher unifi customer base and premium channel buys which were partly offset by lower voice and data services revenue. Internet revenue rose 8.8% YTD as compared to last year to RM2.96 billion, contributing to 33% of the Group's total revenue. For 3Q2017, internet revenue crossed the RM1.0 billion revenue mark for the first time. The Group also reported its highest quarterly premium channel buys in 3Q2017 since the launch of HyppTV in 2010.

Dato' Sri Mohammed Shazalli Ramly, Group Chief Executive Officer, TM said, "I'm particularly happy to report that as at 30 September 2017, we saw stronger growth in unifi as net addition doubled QoQ by 55,000 totalling 1.06 million customers. This is the highest quarterly unifi net add we have achieved since 3Q2012. To date, more than 94% of our unifi customers are on 10Mbps and above packages compared to only 75% last year. Our mobility service, unifi mobile (previously known as webe) showed very encouraging performance and I'm pleased to report that to date, we have achieved 8.0% of TM's household penetration FY2017 target ahead of expectations. This means we have achieved our target for the year earlier than expected. On products and services, we recently launched special unifi packages tailored for online entrepreneurs and students at institutions of higher learning to further boost technopreneurs' businesses and students' learning on a digital platform."

"We are progressing well in executing Perfexe 10 to quicken our pace in accelerating convergence and empowering digitisation. We have firmly embedded our aspirational targets in our business planning and will continue to roll out our various initiatives, with very precise execution plans. To date, we have achieved numerous internal milestones in the programme, which motivates us to keep delivering on our plans."

Group Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) stood at RM2.68 billion YTD, lower by 4.8% against last year primarily due to higher operating cost. After excluding non-operational items mainly the higher unrealised foreign exchange loss on international trade settlement, Normalised EBITDA stood at RM2.75 billion, lower by 3.0% compared to YTD September 2016.

Group Reported Earnings Before Interest and Tax (EBIT) was at RM822.4 million YTD. Stripping off some non-operational items, such as unrealised foreign exchange loss on international trade settlement, normalised EBIT stood at RM888.3 million, 0.4% higher against the same period last year.

Group Reported Profit Before Tax (PBT) was RM740.4 million YTD, lower by 8.4% as compared to RM807.9 million in the corresponding period last year consequent to higher operating cost against steady year-on-year revenue.

TM Group reported a healthy 5.0% increase in its Group Reported Profit After Tax and Non-controlling Interest (PATAMI) against YTD last year at RM652.7 million whilst normalised PATAMI was 11.0% higher at RM641.3 million upon excluding items such as unrealised foreign exchange impact on borrowings and international trade settlements.

The total capital expenditure (CAPEX) for the first nine months of 2017 as a percentage of revenue was at 18.4%, amounting to RM1.63 billion. By asset type, access comprised 43% of total spending, followed by core network at 36% and the remaining 21% was for support systems.

“We recently implemented our master brand strategy, resulting in the integration of multiple brands namely TM WiFi, Streamyx and webe mobile under the umbrella of our “unifi” brand. We have the roadmap towards full consolidation and convergence, namely the transitioning of our digital mobility services brand, “webe” to “unifi mobile”; Streamyx to Broadband; and our TM WiFi service to “wifi@unifi”. With this consolidation, unifi is now the single largest telecommunications brand in Malaysia,” he added.

“On the reorganisation of our business clusters, we rebranded and revitalised our Managed Accounts cluster into “TM ONE” from a sector-based approach, i.e., Enterprise and Public Sector, into a verticals approach. TM ONE is set to be the only trusted partner and enabler for enterprises and the public sector to fully realise their digital opportunities. In September, TM ONE strengthened its position as the largest contact centre solutions provider in Malaysia with the launch of its all-new Call Centre in Melaka. The establishment of the Call Centre is a testament of TM ONE’s continuous commitment to deliver enhanced service experience to customers nationwide,” he said.

In addition, TM ONE recently formalised a Memorandum of Understanding (MoU) with Iskandar Regional Development Authority (IRDA) for smart services deployment and delivery in Iskandar Malaysia. The agreement will enable TM ONE to implement smart services such as safety and security, smart mobility, city-wide services, energy and facilities management, as well as citizen portal in line with the Iskandar Malaysia Smart City Blueprint. Earlier this month, TM ONE also launched its new state-of-the-art Iskandar Puteri Data Centre. This carrier neutral data centre is the first commercial data centre in Malaysia to achieve Uptime Institute Tier III certification for design and constructed facility. This is to cater for market demand and expectation on more industry certified Data Centre, especially for the regulated verticals as well as global Multinational Corporation (MNC) expanding into Malaysia. The Group is committed to leverage on TM ONE’s core competencies and strengths in delivering the nation’s aspiration of becoming a world-class Digital and Internet of Things (IoT) hub in the region.

In supporting the Government’s initiative, TM GLOBAL successfully completed and commercially launched Sistem Kabel Rakyat 1Malaysia (SKR1M). SKR1M is the result of a successful Public-Private Partnership (PPP) collaboration between TM and the Government through Malaysian Communications and Multimedia Commission (MCMC).

With its digital empowerment pillar, the Group has successfully introduced new digital applications that serve both its customers as well as employees. Examples include the launch of “ifoundit!” application for its customers to locate and connect to over 7,000 wifi@unifi hotspots across Malaysia. Internally, TM Group has also introduced “Flow”, which is its new employee engagement application, facilitating better collaboration and responsiveness. Another innovative application is called “Hero”, which enables TM Group staff to log customer complaints directly to its customer experience team, without them having to dial its call centres. With the digitisation of these internal processes, the Group has “cemeteryed” several old standard operating procedures with a view to achieving cost savings and higher efficiency.

Prospects for the Current Financial Year Ending 31 December 2017

The Group foresees sustainable performance in the remaining quarter of the financial year despite competition and challenges in the telecommunication industry. In the following months, the Group will remain focused in accelerating its Convergence action plans and push forward with its Go Digital agenda towards delivering relevant convergence lifestyle communication services and end-to-end business solutions to all its customers.

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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 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 on the strategic investments made earlier in unifi mobile and TM ONE 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 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.

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 | Tel: (03) 2240 2699
HP: (011) 1000 0248
Email: izlyn@tm.com.my |
| 2 | Asma Abdul Aziz
Assistant General Manager
Media Management & External Communications
Group Brand and Communication | 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 | Tel: (03) 2240 2617
HP: (013) 360 3496
Email: msaiful@tm.com.my |