



News Release

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Kuala Lumpur

TM RECORDS HIGHER 1ST QUARTER PROFITS OF RM595.7 MILLION

Revenue increased by 10.4% to RM4.2 billion
EBITDA improved to RM2.0 billion
Group's mobile customers surpassed 30 million

OVERVIEW

Telekom Malaysia Berhad (TM) recorded higher earnings for the first quarter of 2007 with a Profit After Tax and Minority Interest (PATAMI) of RM595.7 million, a 9.2% increase from RM545.6 million registered in the first quarter of 2006, primarily due to higher operating revenue and other operating income. This is despite a lower foreign exchange gain of RM89.1 million recorded in the current quarter as compared to RM239.6 million recorded in the same quarter last year. The increase in other operating income was due to net gain on disposal of a property amounting to RM44.0 million. The disposal of the property was part of TM's capital management strategies to dispose off non-core assets.

The increased earnings was achieved on the back of RM4,181.2 million revenue, a growth of 10.4% from RM3,787.6 million registered in the corresponding period last year. This was mainly driven by higher revenue contribution from mobile, data and Internet and multimedia segments. The higher mobile revenue was attributed to an improved performance by Celcom (Malaysia) Berhad (Celcom) which grew its revenue by 16.8% to RM1,185.6 million.

Revenue Composition*	Q1 2007 (RM mil)	% Contribution	Q1 2006 (RM mil)	% Contribution	% of Change
Malaysia Business	1,731.1	41.4	1,725.7	45.6	+0.3
Celcom	1,185.6	28.4	1,015.2	26.8	+16.8
TM International	1,129.6	27.0	920.5	24.3	+22.7
TM Ventures	134.9	3.2	126.2	3.3	+6.9
TOTAL	4,181.2	100.0	3,787.6	100.0	+10.4

* after elimination of inter-company transactions

The Group also registered an improved Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of RM 2,037.8 million from RM 1,937.6 million achieved in the first quarter last year.

Commenting on the first quarter results, Dato' Abdul Wahid Omar, Group Chief Executive Officer, TM said, "We are happy to note that our efforts to strengthen the Group's domestic business continue to bear fruits as reflected by Celcom's improved performance and the strong growth of our Internet and multimedia segments. While our international operations continue to grow significantly contributing 28% to Group PATAMI and 27% to Group revenue, thus further strengthening our overall performance. We also registered 35.9% growth in our total mobile customers from 22.3 million in the first quarter of 2006 to 30.3 million in the current quarter. These encouraging achievements certainly give us added drive to intensify our efforts and compete aggressively in all the markets that we are in."

MALAYSIA

Malaysia Business - Fixed Services

In comparison to the corresponding period a year ago, Malaysia Business revenue, which is made up of fixed line, data and including Internet and multimedia, remained stable at RM1,731.1 million. The Internet and multimedia business in particular registered a strong revenue growth of 27.9% from RM195.0 million a year ago to RM249.4 million.

Q1 2007 also saw net addition of 88,000 broadband customers bringing the Group's total broadband customers to 952,000. Fixed customers maintained at 4.4 million.

Celcom – Domestic Mobile

The Group's domestic mobile business registered an encouraging 16.8% growth in revenue amidst the intensely competitive operating environment. Celcom grew its revenue to RM1,185.6 million from RM1,015.2 million last year, mainly driven by significant improvement in prepaid revenue which stood at RM682.5 million as compared to RM558.8 million recorded in the corresponding quarter last year. This was achieved despite the decrease in customer base from 7.2 million in Q1 2006 to 6.2 million in Q1 2007 as a result of the termination of the non-registered prepaid customers in Q4 2006.

Celcom recorded quarterly net addition of 162,000 customers in Q1 2007.

TM INTERNATIONAL – TM GROUP'S INTERNATIONAL OPERATIONS

Contribution from TM's overseas operations continued to grow in significance. For the quarter under review, TM's overseas operations contributed 28% to Group's PATAMI and 27% to Group revenue as compared to 29% and 24% respectively in the corresponding quarter last year.

Dialog, Sri Lanka

Dialog Telekom Limited (Dialog) continued to show steady growth registering a 26% increase in revenue of SLR 7.5 billion (SLR100 : RM3.182) in Q1 2007 as compared to SLR 6.0 billion in Q1 2006. Year-on-year Profit After Tax (PAT) saw a growth of 1% to SLR 2.4 billion and declined 6% from the previous quarter of SLR 2.6 billion. This is due to the impact from temporary closure of North East operations following current political unrest, higher finance costs owing to the increase in the benchmark rates by over 150bps. and the start-up cost of its media operations.

Dialog still maintains its dominant position as the number one mobile operator in Sri Lanka with a total customer base of 3.4 million.

XL, Indonesia

PT Excelcomindo Pratama Tbk. (XL) registered a revenue of Rp1,763 billion, up by 37% from Rp1,287 billion recorded in the same period last year. However, its PAT has declined to Rp. 176 billion (Rp1000 : RM0.38) in the current quarter as compared to Rp. 355 billion in the same quarter last year, mainly due to higher foreign exchange gain recorded in the latter quarter.

XL achieved a strong growth in its customer base which grew 23%, from 8.2 million in the Q1 2006 to 10.1 million by the end of Q1 2007.

The growth in XL customer base was driven by several factors, such as aggressive marketing efforts through innovative products and programs, as well as expansion in its sales and distribution network. As at end of the first quarter of 2007, XL's number of base transceiver stations stood at 7,871, an increase of 61% from 4,886 in Q1 of 2006.

TMIB, Bangladesh

TM International Bangladesh Limited (TMIB) posted a revenue of BDT 3.4 billion (BDT100 : RM5.023) in Q1 2007, up by 26% as compared to BDT 2.7 billion registered in the same period last year. Its PAT improved to BDT 895 million in this quarter compared to BDT 736 million a year ago.

TMIB's total customers stood at 6.3 million in first quarter 2007, registering a growth of 104% from 3.1 million recorded in the first quarter of 2006, and maintained its position as number two mobile operator in Bangladesh.

MOVING FORWARD

The operating environment in 2007 for the telecommunication industry will remain challenging and competitive with continued offerings of innovative, attractive and competitive packages by industry players, whilst preparing for the impact of a true convergence era.

TM will continue to aggressively deploy its broadband services to increase customer base as well as offering new attractive packages for its fixed line business in order to mitigate the decline in revenue from fixed line voice business with a view to improve profitability.

In the mobile sector, Celcom's encouraging results and brand repositioning are expected to improve further in tandem with the overall industry growth and also its aggressive promotional activities and pricing in light of intense competition.

The performance of the Group's international operations will continue to be affected by intense competition and also political unrest in the north and eastern parts of Sri Lanka. Notwithstanding this, the Group will continue to expand its network coverage mainly in Indonesia, Sri Lanka, Bangladesh, India and Cambodia as planned, thereby strengthening its position in the respective markets. In addition, the Group will also focus to come out with new product offerings and attractive packages in order to combat competition in the international arena and also find new and optimise existing revenue stream in Sri Lanka to mitigate loss in revenue from intermittent disruptions in its operations in the affected areas of Sri Lanka.

Based on the current quarter performance, and barring any unforeseen circumstances, the Board of Directors is of the view that TM is on track to achieve its Headline KPIs announced on 19 March 2007.

About TM

Telekom Malaysia Berhad (TM), a leading regional information and communications group, offers a comprehensive range of communication services and solutions in fixed-line, mobile, data and broadband. As one of the largest listed companies on Bursa Malaysia with an operating revenue of more than RM16 billion, TM is driven to deliver value to its stakeholders in a highly competitive environment.

The Group places emphasis on continuing customer service quality enhancements and innovations. Currently, with investments and operations in 13 countries around Asia and globally, TM is focused on sustainable growth in both the local and international markets.

On the Corporate Social Responsibility (CSR) front, the Group has always been a major corporate contributor towards responsible activities in the belief that these practices are a fundamental tenet of good corporate governance. The Group promotes 3 major platforms i.e. education, sports development and community/nation-building. Under education, TM has spent some RM800 million to develop Multimedia University into one of the top universities in Malaysia with more than 20,000 students. TM has also provided scholarships to over 10,000 graduates pursuing academic programs locally and overseas. On the sports front, TM is actively contributing towards the upliftment of football at all levels while under the community/nation-building platform, the Group contributes towards causes that bring value to the community and nation at large.

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

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