



# 1<sup>st</sup> QUARTER 2006 RESULTS

**Dato' Abdul Wahid Omar**  
**Group CEO**

**15 May 2006**

---

## Disclaimer

**This update is prepared as at the date hereof and does not relate to any matter or information which may come to light or be brought to our attention after that date. We do not undertake to inform you of such further matter or information.**

**This Presentation has been prepared solely for the use by the addressee in connection with the update. Copies should not be provided to any other person without the prior consent of Telekom Malaysia. No persons other than the addressee may rely on the contents of or any memo contained in this Presentation.**

## Performance Overview

### Financial Highlights

- Improved contribution from mobile segment exceeding 50% of Group Revenue
- Normalised EBITDA margin improvement to 45.0% through lower costs
- PAT after MI returned to black at RM519 million after hit by DeTeAsia claim in 4<sup>th</sup> Quarter 2005

### Operating Highlights

- Strong mobile customers growth of 9% to more than 22 million customers driven by XL
- Continued focus on Broadband saw positive net adds of 66,000 in 1Q 2006

### Developments

- Strengthened regional presence with further acquisition of Casacom and Samart I-Mobile
- XL successfully awarded with 3G licence
- Favourable revision of interconnect rates benefiting the Group

---

# Agenda

**Group Performance**

**Celcom Update**

**International Operations**

**Outlook**

## Group Financial Highlights

	1Q06	4Q05	1Q05	Q on Q	Y on Y
<b>Revenue</b>	3,787.6	3,754.0	3,414.9	+0.9%	+10.9%
<b>EBITDA**</b>	1,705.6	1,596.3	1,644.7	+6.8%	+3.7%
<b>EBITDA Margin**</b>	45.0%	42.5%	48.2%	+2.5pp	-3.2pp
<b>PAT (after MI)</b>	518.9	(701.3)*	374.5	>+100%	+38.6%
<b>EPS (sen)</b>	15.3	(20.7)*	11.1	>+100%	+37.8%
<b>Mobile Customers</b>	22.3 mil.	20.4 mil.	12.2 mil.	+9.3%	+82.8%
<b>Fixed Customers^</b>	7.0 mil.	6.9 mil.	6.6 mil.	+1.4%	+6.1%

\* Q405 affected by provision for claim by DeTeAsia

\*\* Normalised, 1Q 2006 adjusted for Forex Gains of RM213 million

^ Includes all fixed services – fixed lines, narrowband and broadband

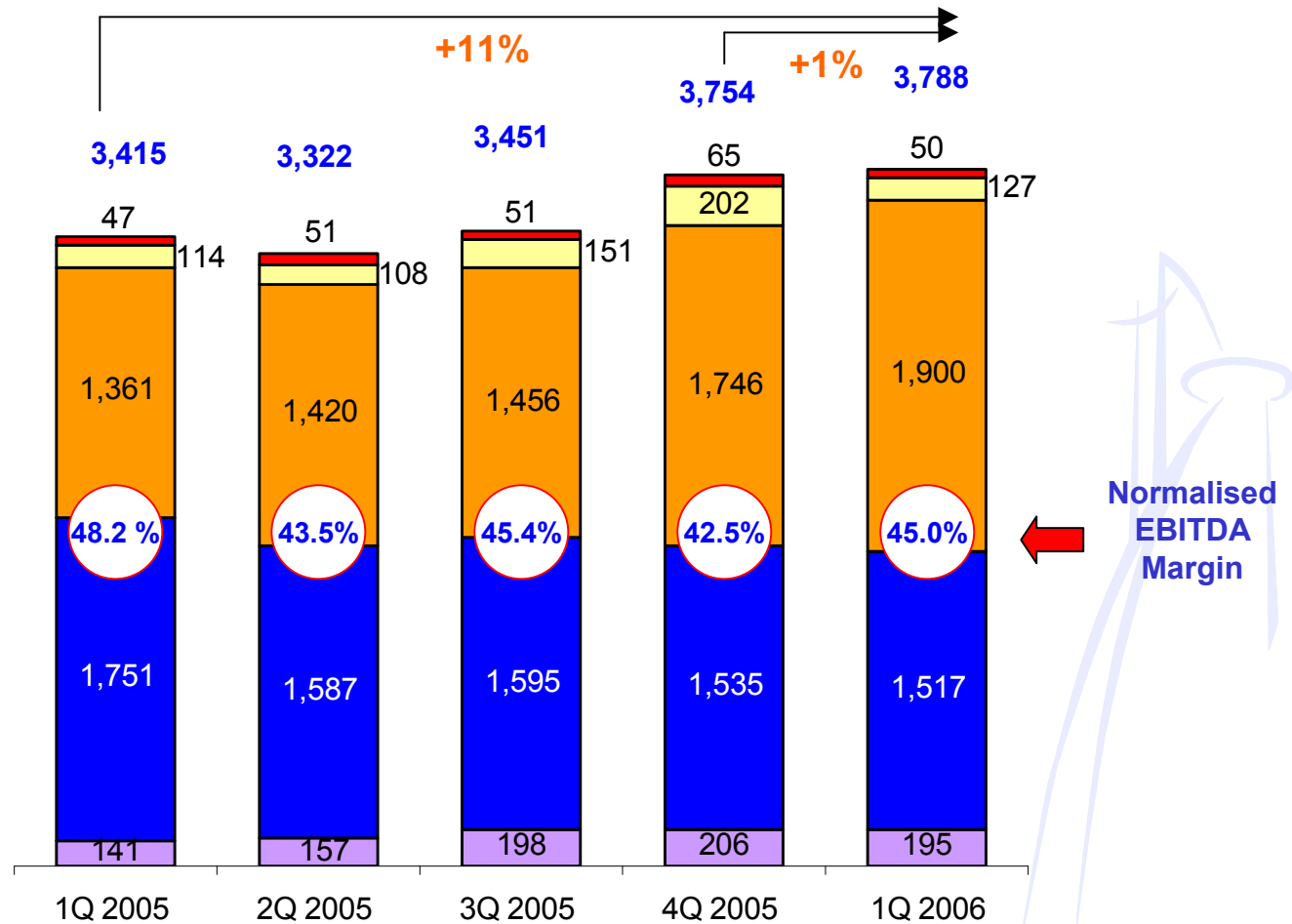
(In RM million, except ratios and customer numbers)

# Revenue Composition

EBITDA Margin improvement

**45%**

- Mobile contribution strengthened by overseas operations
- Decline in fixed voice revenue mitigated by focus on leased and data services



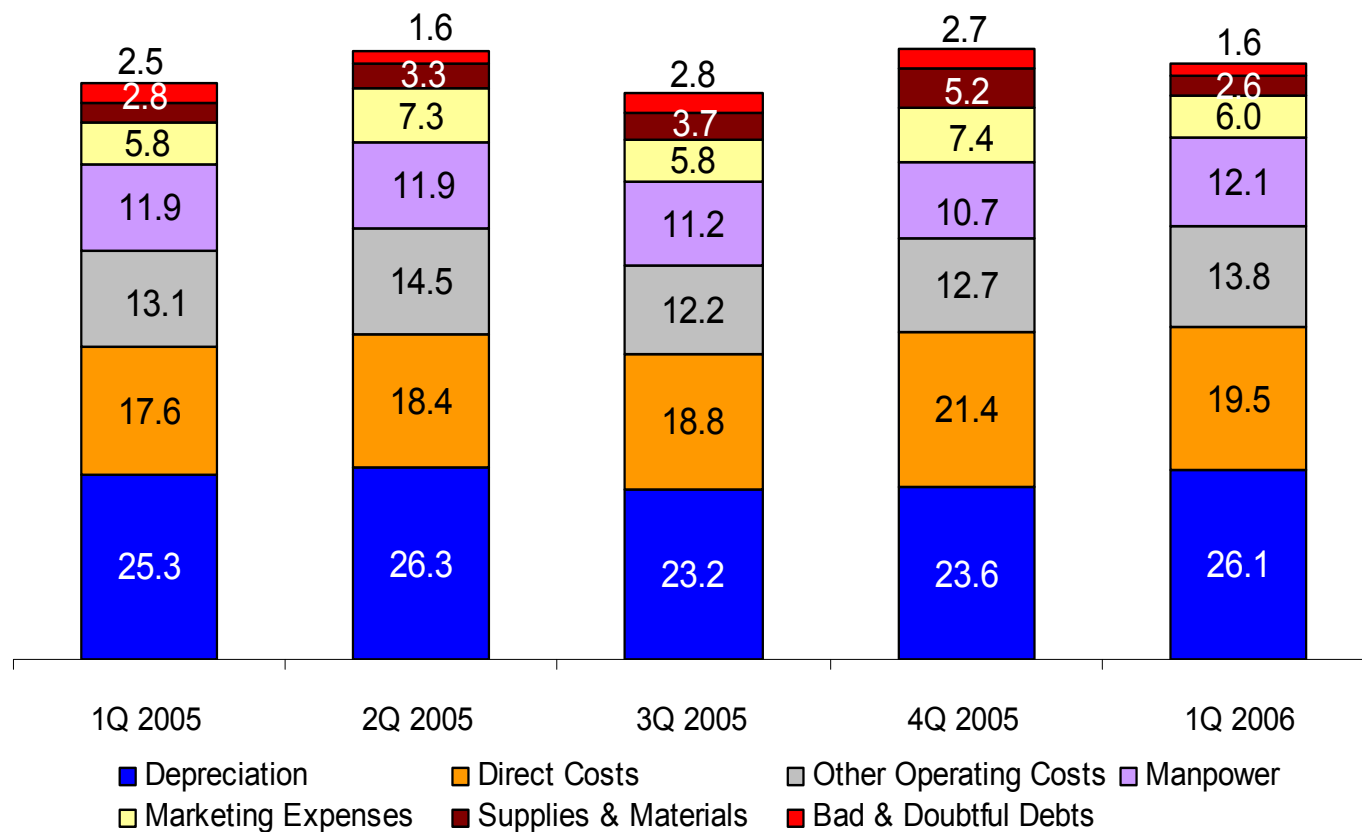
■ Internet & Multimedia 
 ■ Fixed Services 
 ■ Mobile 
 ■ Other Telecommunications 
 ■ Non-telecommunications

# Costs as a % of Revenue

Positive signs of cost control



- Positive control on bad debts
- Lower Direct Costs and Supplies & Materials
- Decrease in Marketing Expenses through lower A & P



# Group Balance Sheet

RM Million

	As at 31 Mar 2006	As at 31 Dec 2005
Shareholders' Funds	19,905.2	19,384.1
Minority Interests	737.5	654.0
Deferred & Long Term Liabilities	14,194.1	13,372.1
<i>Long Term Borrowings</i>	<i>11,208.8</i>	<i>10,405.0</i>
	<u>34,836.8</u>	<u>33,410.2</u>

Current Assets	9,824.1	10,430.5
<i>Cash &amp; Bank Balances</i>	<i>5,714.6</i>	<i>6,415.6</i>
Current Liabilities	6,248.9	7,774.1
<i>Short Term Borrowings</i>	<i>947.8</i>	<i>1,414.1</i>
Net Current Assets	3,575.2	2,656.4
Intangible Assets	7,182.0	6,971.7
Property Plant & Equipment	22,505.8	22,320.9
Other Non-current Assets	1,573.8	1,461.2
	<u>34,836.8</u>	<u>33,410.2</u>

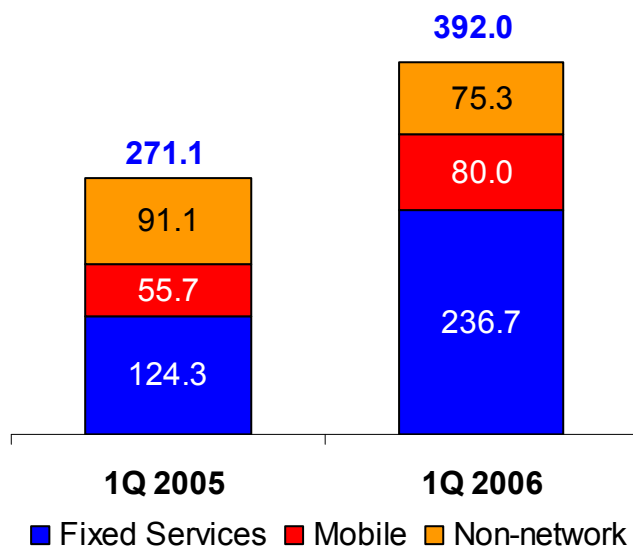
• Net Assets per Share (sen)	608.5	590.8
• Net Debt / Equity	0.31	0.27



# Group Capital Expenditure

## Domestic

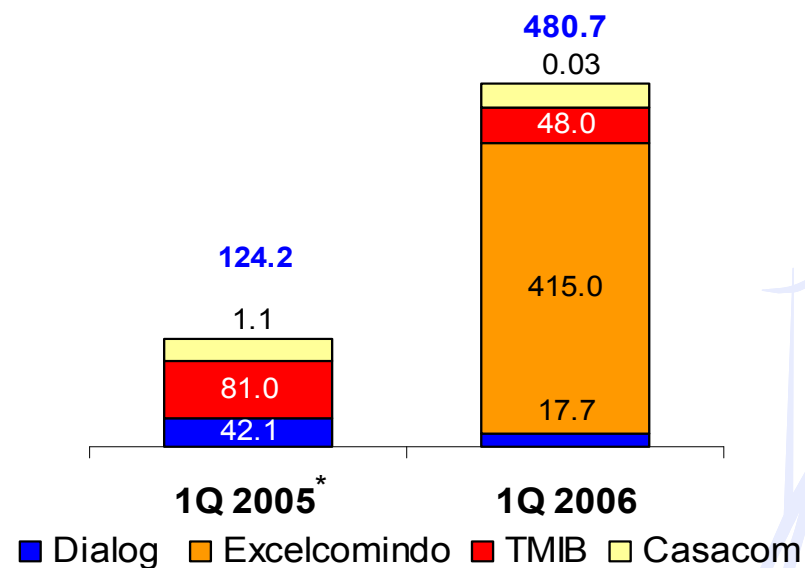
RM Million



- Focus on Broadband and data related services

## International

RM Million

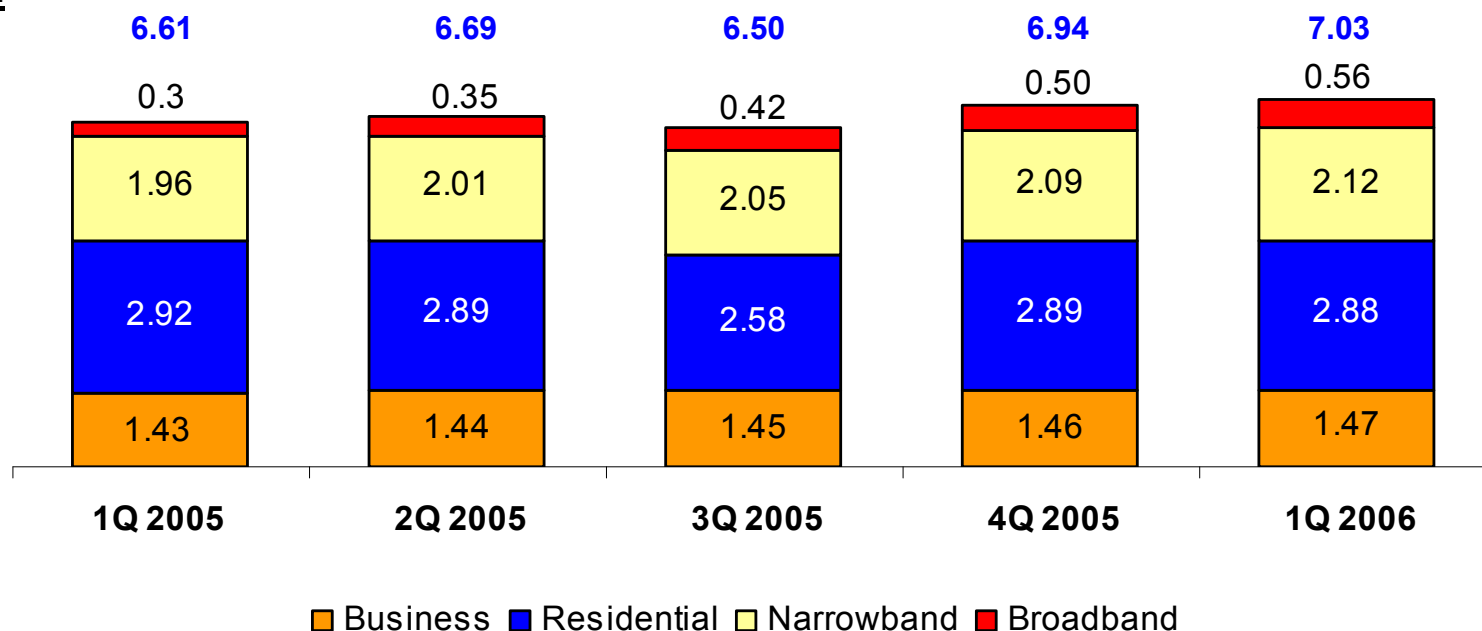


- XL aggressively expanding operations

\* XL's full consolidation only began in Q106

# Customer Base - Fixed & Internet Services

Million



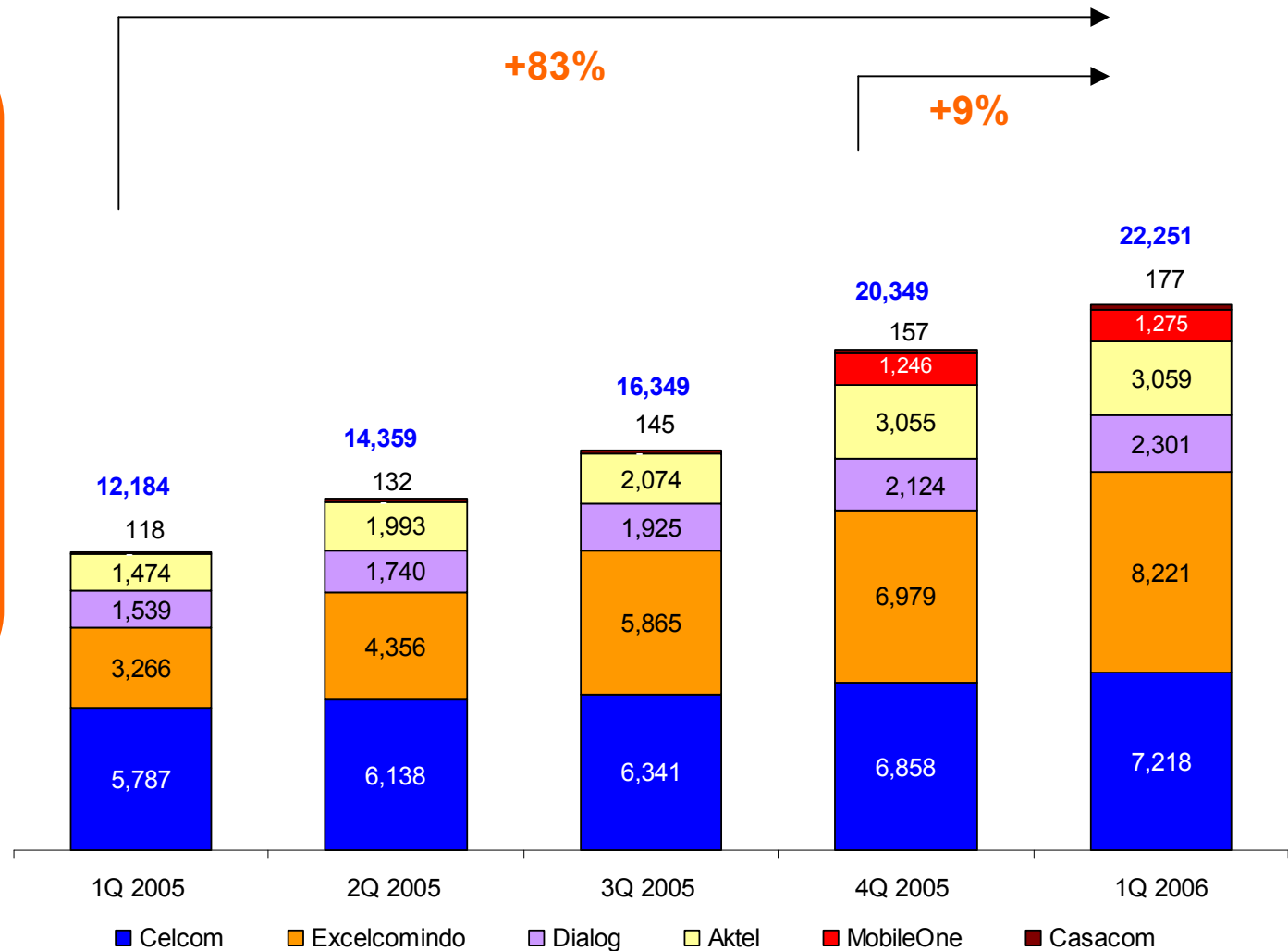
ARPU (RM)	1Q 2005	4Q 2005	1Q 2006
Business*	152	126	124
Residential*	50	41	38
Internet Dial-up	9	7	7
Internet Broadband	100	98	95

\* Call usage only

# Regional Customer Base - Mobile

Customers '000

- Strong Year on Year customer growth of 83%
- Quarterly growth spearheaded by XL with more than 1 million net adds



---

# Agenda

**Group Performance**

**Celcom Update**

**International Operations**

**Outlook**

# Overview



## Financial Highlights

- Lower revenue mainly due to effect of high churn in postpaid of 159k in 4Q 2005
- Bad debt improved to normal level
- Stable EBITDA Margin

## Operational Highlights

- Net addition remain strong (360k)
- Recovery signs for postpaid segment

## Focus

- Product simplicity
- Branded services
- Consumer guarantees



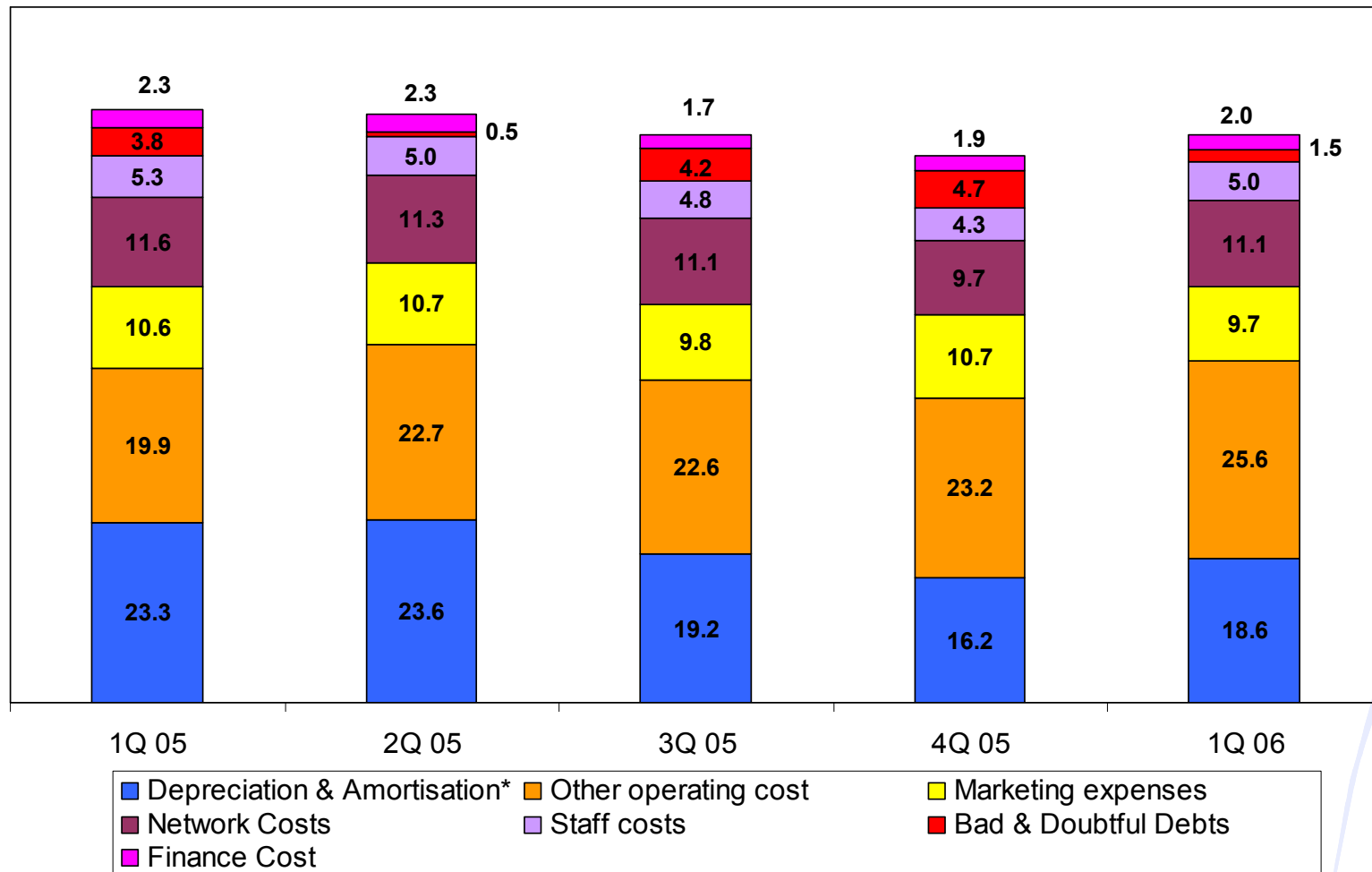
# Financial Highlights



	1Q 06	4Q 05	1Q 05	Q-on-Q	Y-on-Y
<b>Revenue</b>	1,051.5	1,121.6	1,122.2	-6.3%	-6.3%
<b>EBITDA</b>	474.1	510.3	520.9	-7.1%	-9.0%
<b>EBITDA Margin</b>	45.1%	45.5%	46.4%	-0.4pp	-1.3pp
<b>PBT</b>	267.8	(709.7)	207.2	+>100%	+29.3%
<b>PAT (after MI)</b>	180.3	(758.8)	139.5	+>100%	+29.2%
<b>PAT Margin</b>	17.1%	-67.6%	12.4%	+84.8pp	+4.7pp

\* Annualized  
 •All numbers in RM millions, except ratio data

# Costs as % of Revenue



Operating costs remained under control

# Balance Sheet Highlights



	Mar 2006	Dec 2005	% change
<b>Borrowings</b>	<b>1,108.7</b>	<b>1,139.0</b>	<b>-2.7%</b>
<b>Shareholder's Funds</b>	<b>2,662.4</b>	<b>2,482.1</b>	<b>7.3%</b>
<b>Cash &amp; Cash Equivalent</b>	<b>1,489.8</b>	<b>2,295.4</b>	<b>-35.1%</b>
<b>Gearing – Gross</b>	<b>41.7%</b>	<b>45.9%</b>	
<b>Gearing – Net</b>	<b>-14.3%</b>	<b>-46.6%</b>	
<b>Current Ratio</b>	<b>0.86</b>	<b>0.84</b>	
<b>NTA per Share (sen)</b>	<b>109.9</b>	<b>96.9</b>	

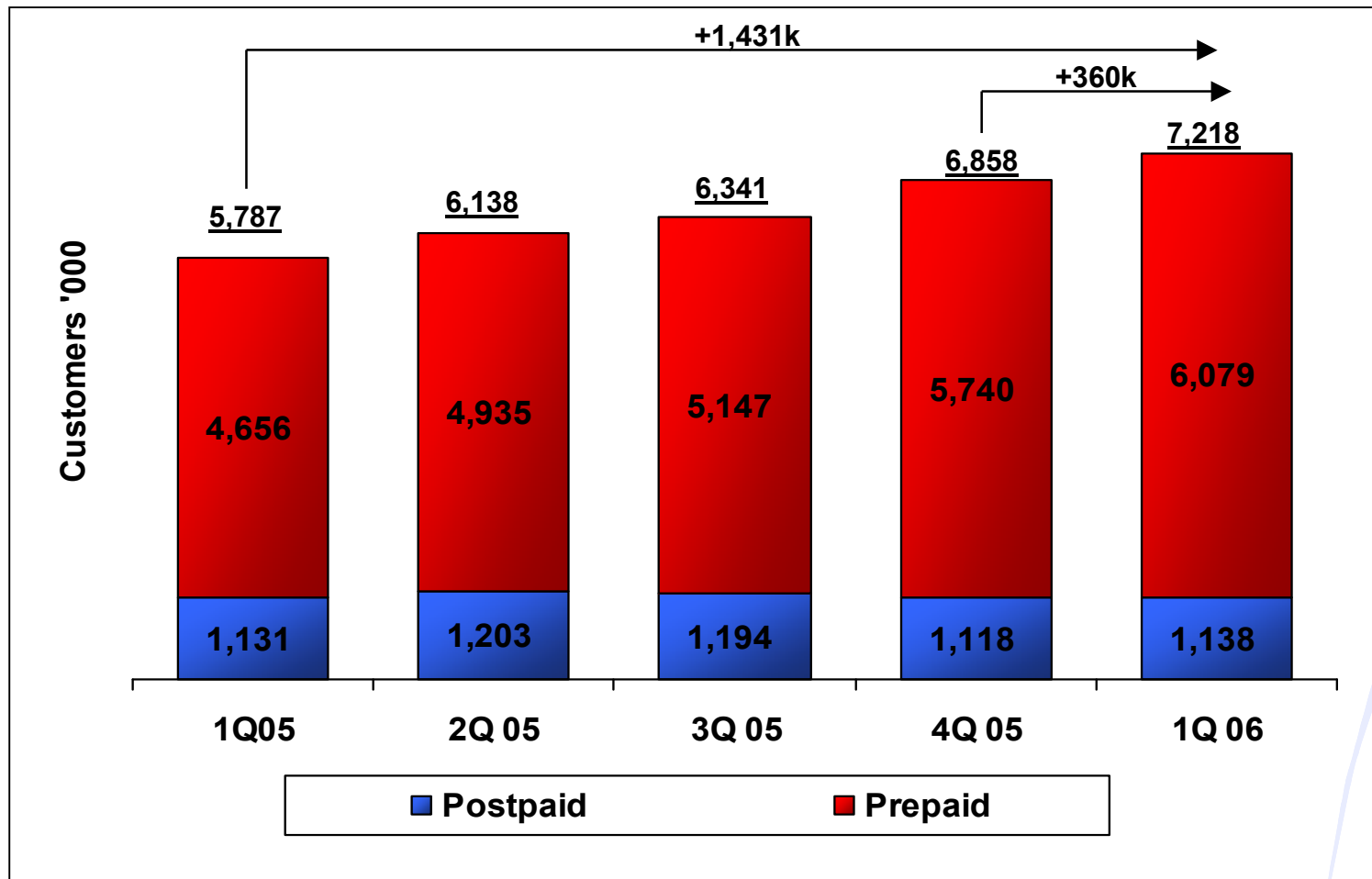
**Strong cash balance despite payment to DeTe Asia in January 2006**

**Improvement in all ratios**

- # Annualized
- All numbers in RM millions, except ratio data

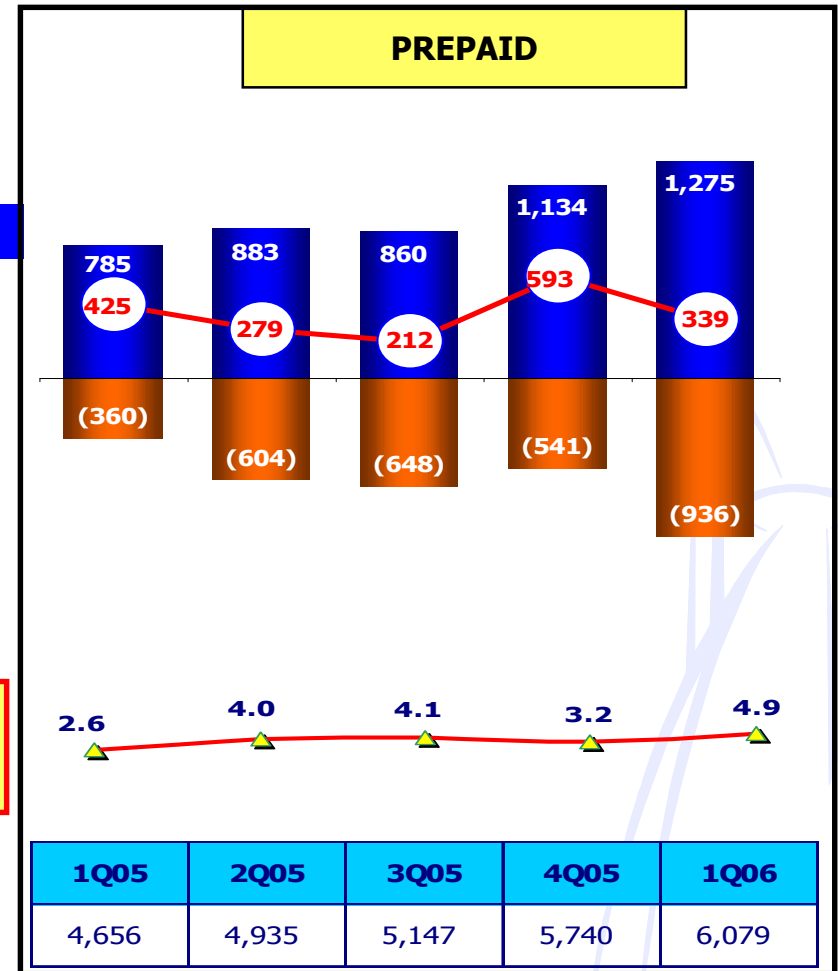
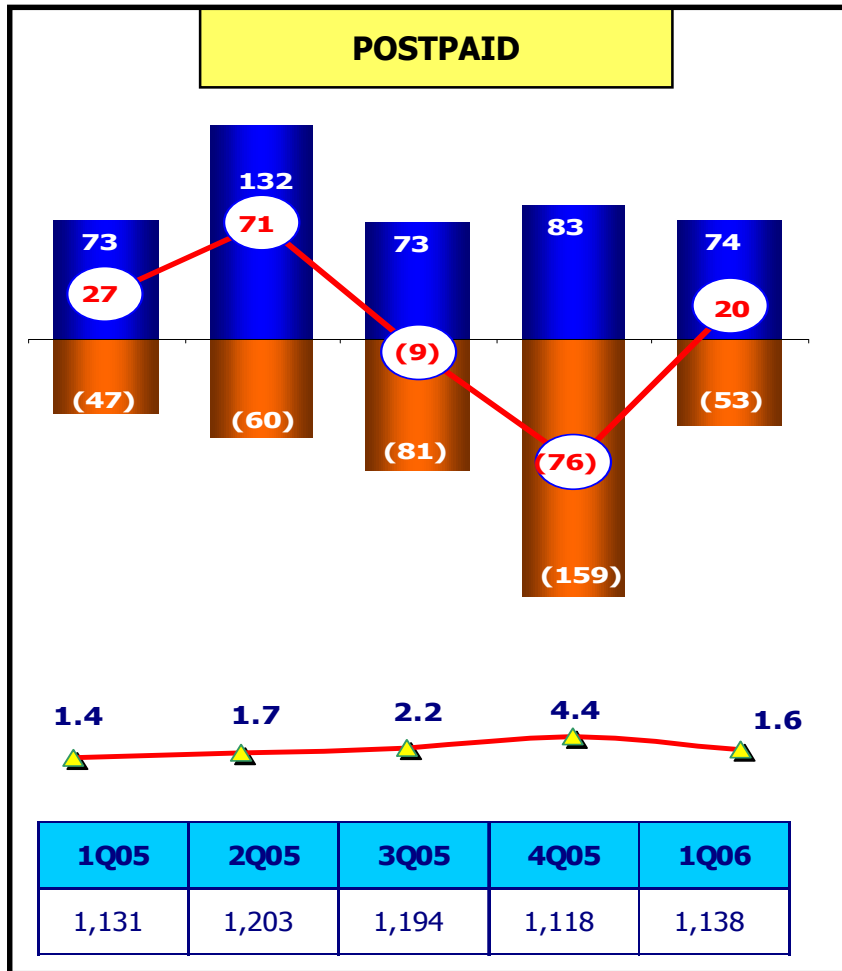


# Customer Base



Exceed 7 million mark in January 2006

# Postpaid churn contained contributing to positive net adds



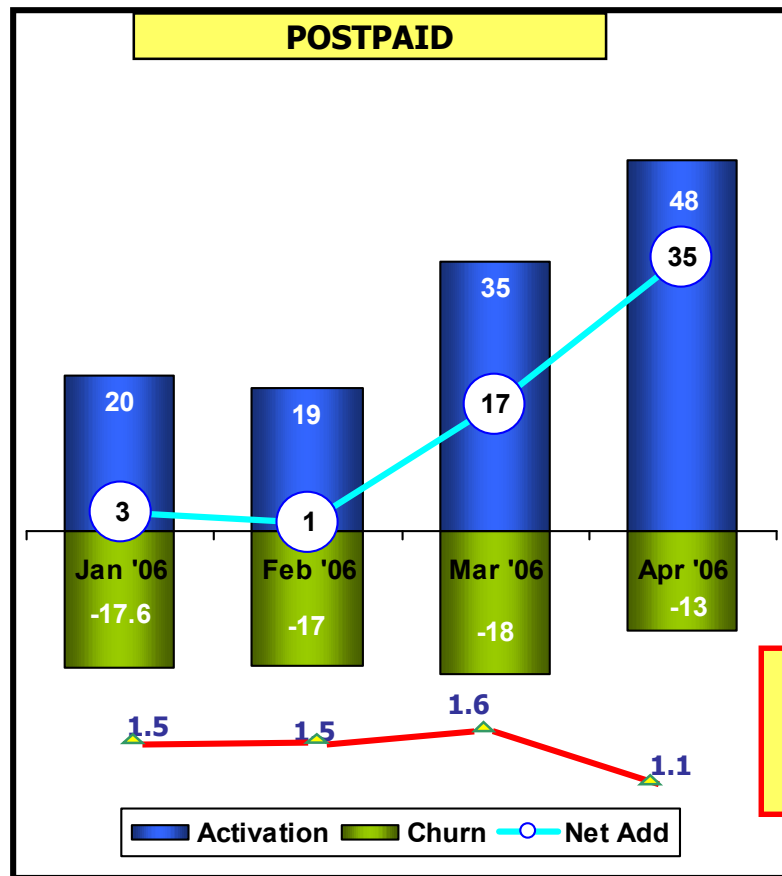
Total Customer  
Total Net Adds

5,787	6,138	6,341	6,858	7,218
451	351	204	517	360

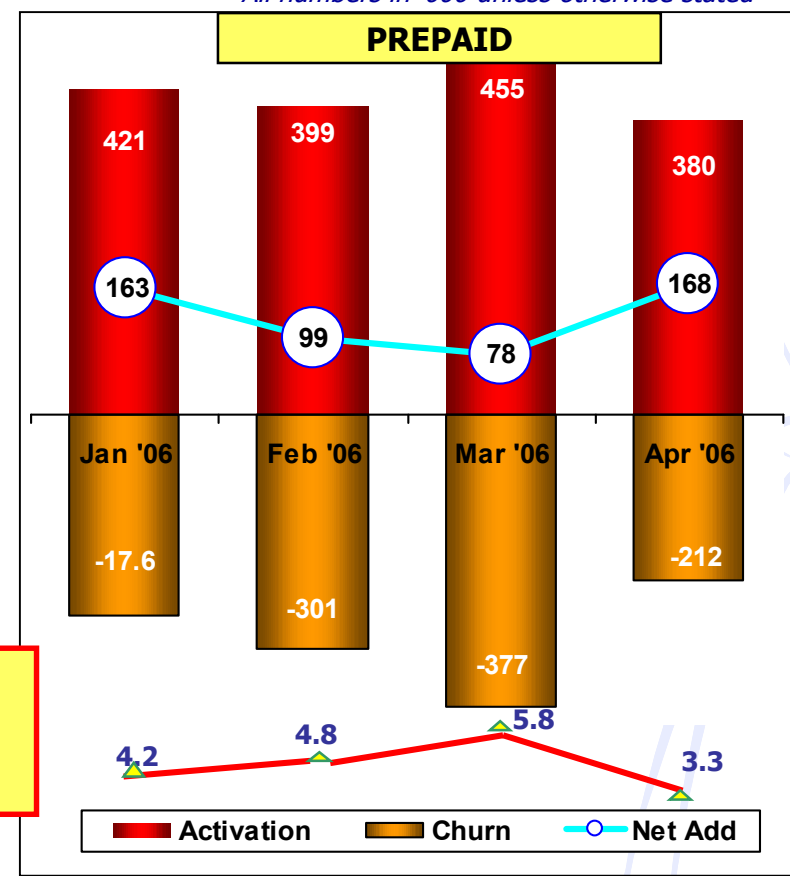
# Monthly Trends



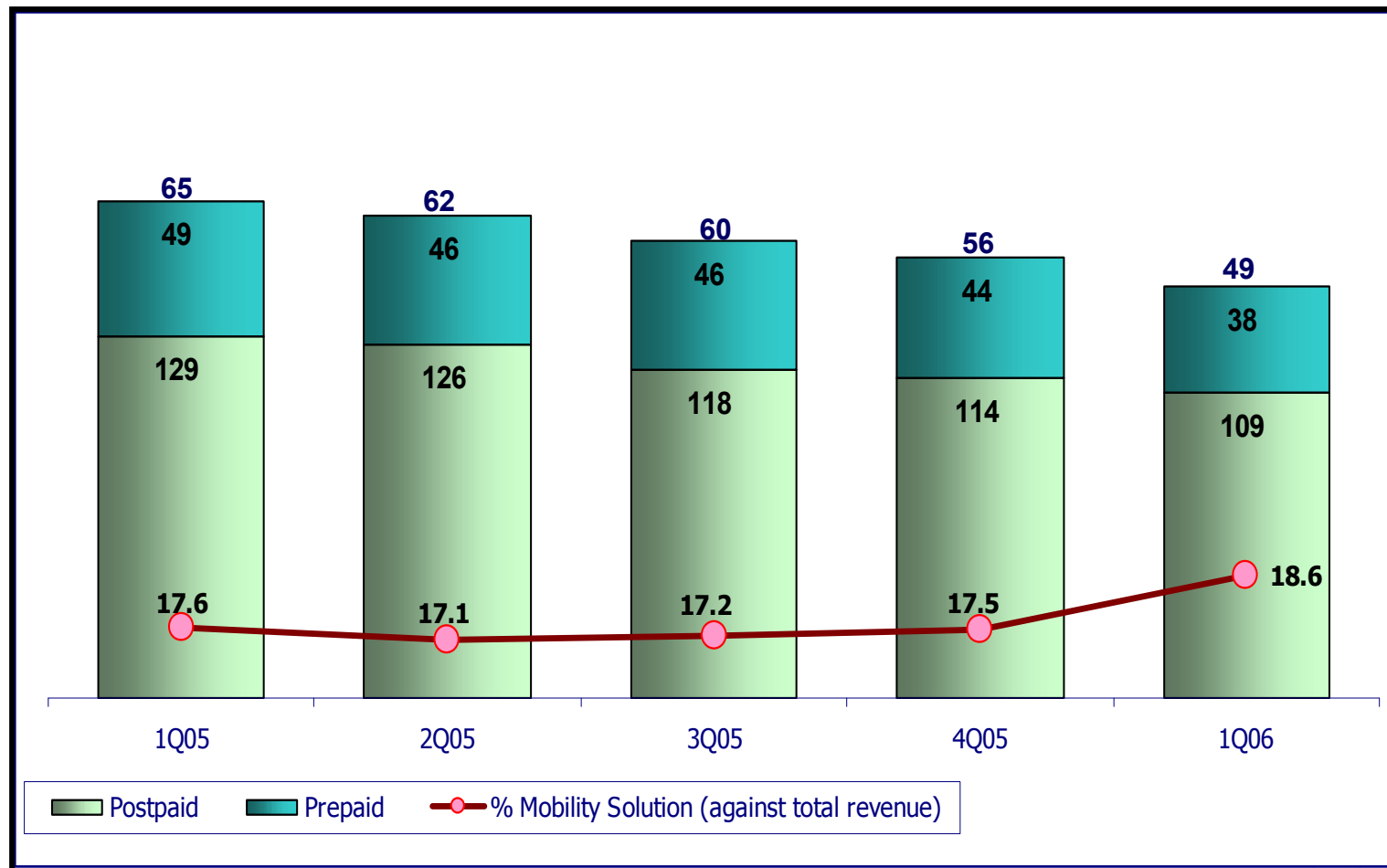
All numbers in '000 unless otherwise stated



**Churn Rate (%) p.m.**



# Declining ARPU



**Mobility solution improved further to 18.6% as % of revenue**

# Recent Key Initiatives

## 1Q 2006

- ❑ Bad debt back to normal level (after billing issues stabilize in Q4)
- ❑ Improvement in international 3G & GPRS roaming
- ❑ Improved postpaid activation
- ❑ Celcom-Air Asia strategic alliance
- ❑ 8Pax – best voice & SMS rates



## 2Q 2006 “Quick Hits”

### Improve trade experience

- Dealer portal enhancement

### Increase presence

- Merchandising and Brand presence
- Establishing 3G Experience Centers to showcase the “power” of Celcom 3G

### Reposition Minutes plan

- Revised postpaid plans – tailored toward customer needs and focus

### Enterprise-specific plan and products

- PowerTools enterprise pricing plan

### Improve international data coverage

- International data coverage leveraging Vodafone + others

### Consolidate brand activities around endorsements

- Brand personality re-launch
  - Football – 4 EPL players
  - Entertainment
  - Leisure
  - + TM personalities

### Leverage affinity branding

- World cup : Brazil endorsement

### Improve customer service perception

- Vodafone-co-brand campaign
- End to end churn and retention programs to customers
- Branded consumer CS

---

# Agenda

**Group Performance**

**Celcom Update**

**International Operations**

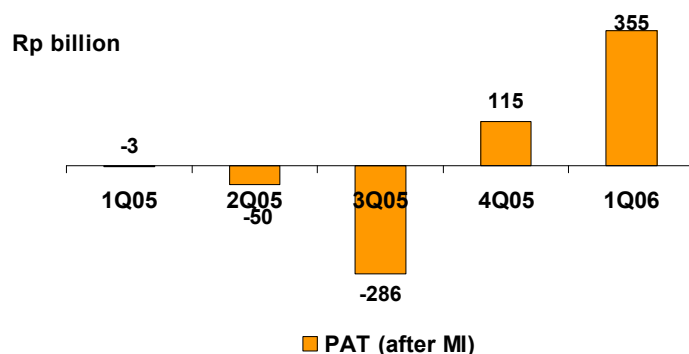
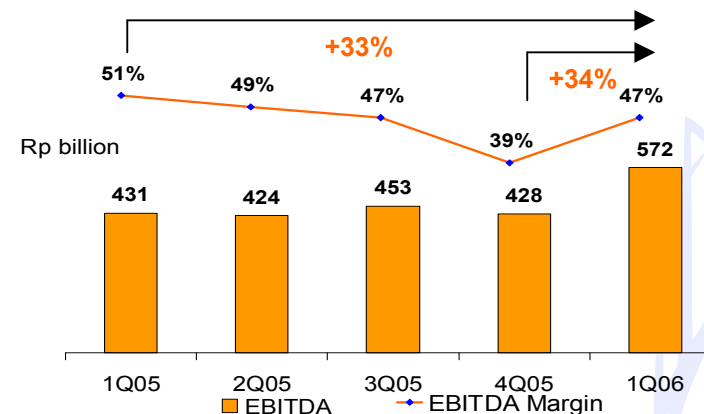
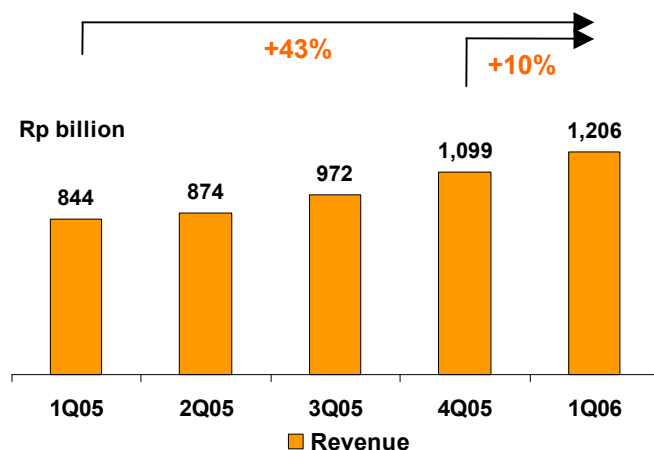
**Outlook**

# PT Excelcomindo Pratama Tbk.

A TMI Company



- Higher revenue backed by strong increase in customers
- Net profit compared to net loss a year ago



	As of 31 March 2006	As of 31 Dec 2005
Shareholders' Equity	3,984	3,629
Total Debt	5,539	3,432
Net Assets	9,523	7,062
Debt/Equity	1.39	0.95

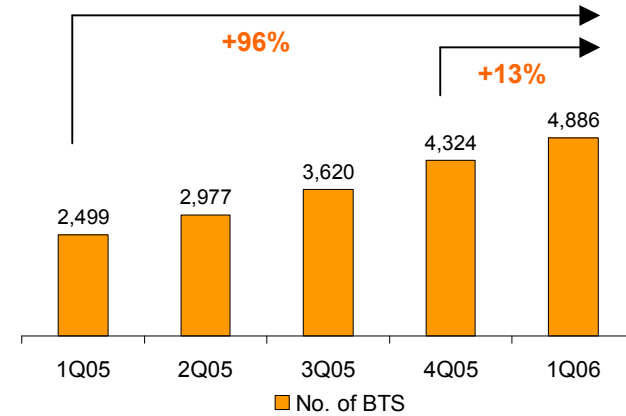
In Rp billion, except ratio data

# PT Excelcomindo Pratama Tbk.

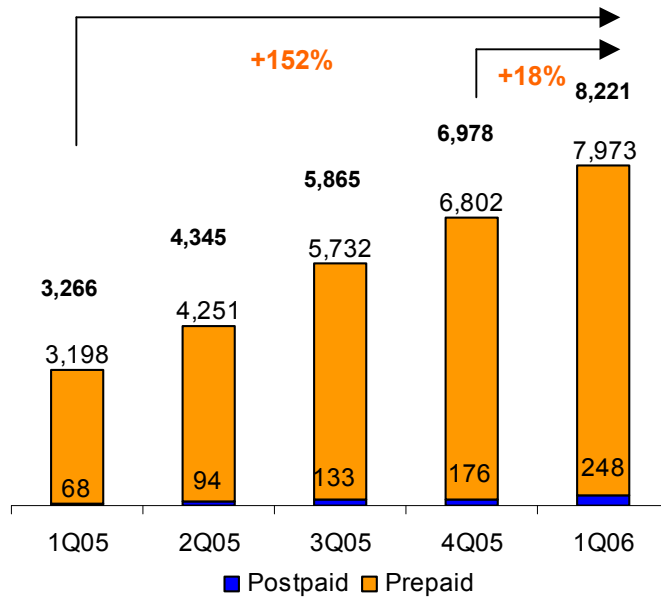
A TTM Company



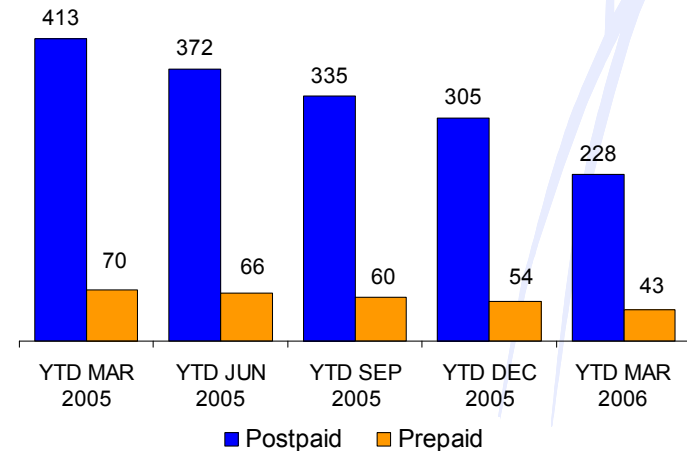
- Improvements in coverage, quality and brand awareness saw strong customers growth
- Number of BTS doubled year on year



Customers ('000)



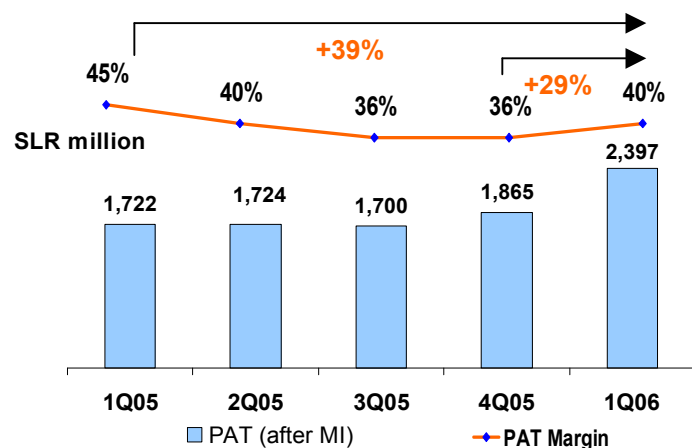
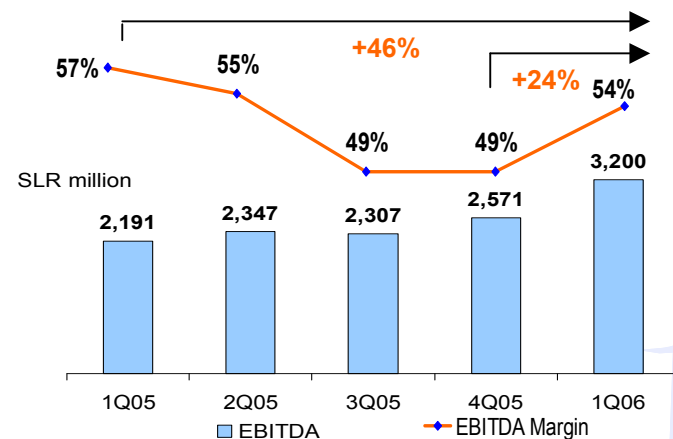
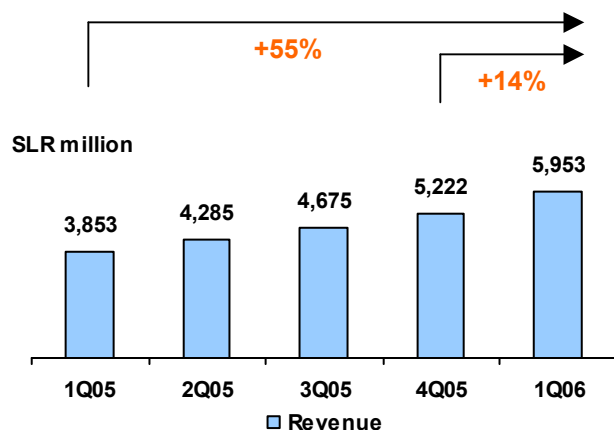
ARPU (Rupiah '000)





# Dialog Telekom Ltd.

- Steady growth in revenue and PAT
- Improvement in margins



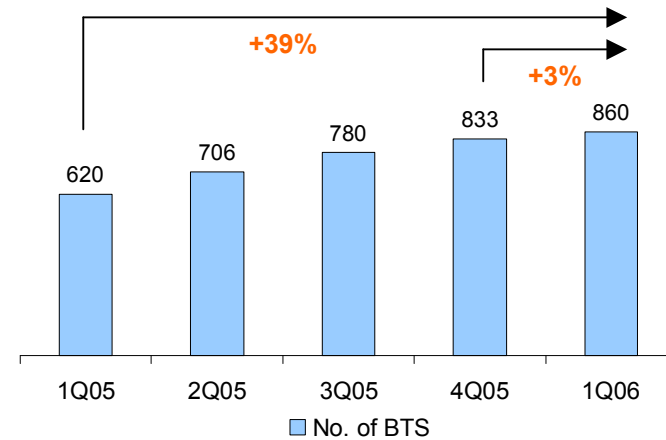
	As of 31 March 2006	As of 31 Dec 2005
Shareholders' Equity	19,675	17,201
Total Debt	10,573	9,975
Capital Employed	30,248	27,176
Debt/Equity	0.54	0.58

In SLR million, except ratio data

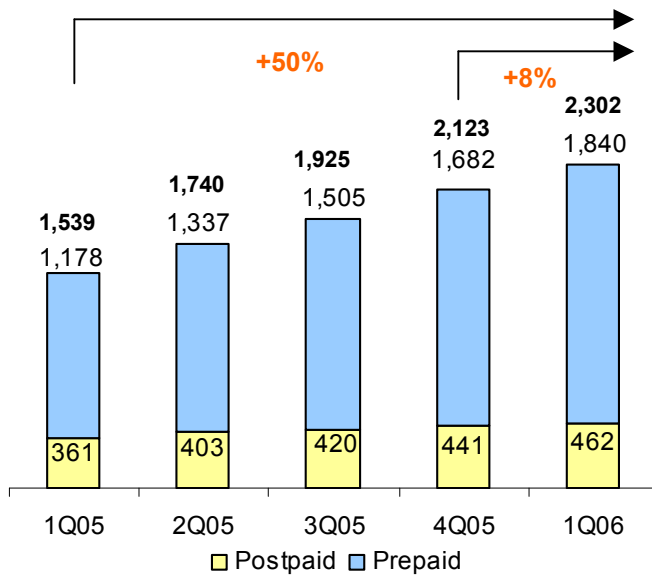


# Dialog Telekom Ltd.

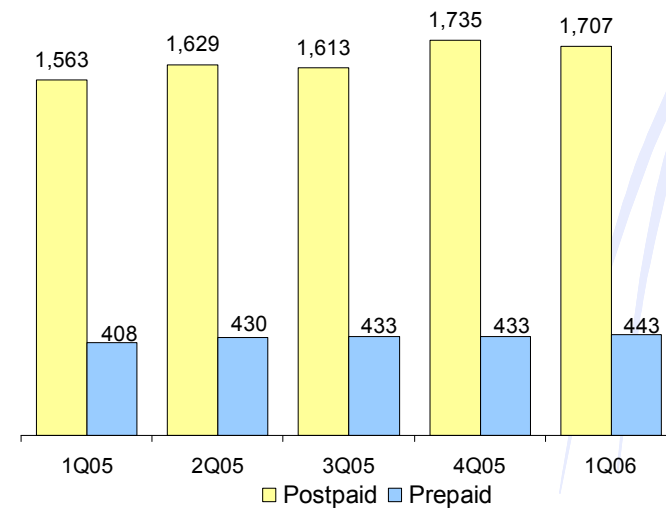
- Maintain Market leadership with continued growth in customers
- Coverage and Quality of Service Improvements



Customers ('000)

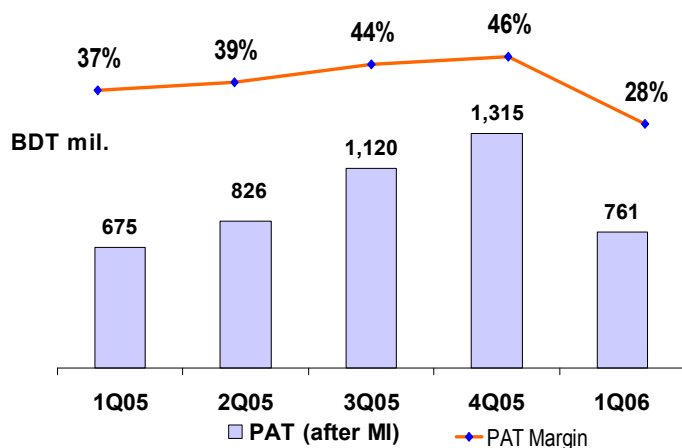
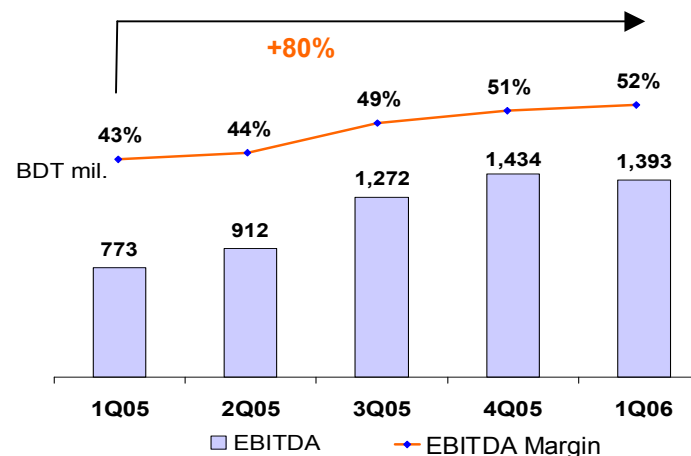
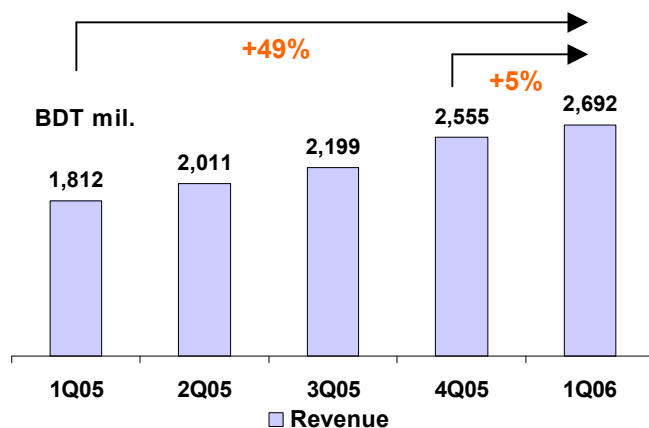


ARPU (SLR)



# TM International (Bangladesh) Ltd.

- Revenue increased compared to a year ago..
- Positive growth in EBITDA continues
- Lower PAT due to withdrawal of Tax Holiday



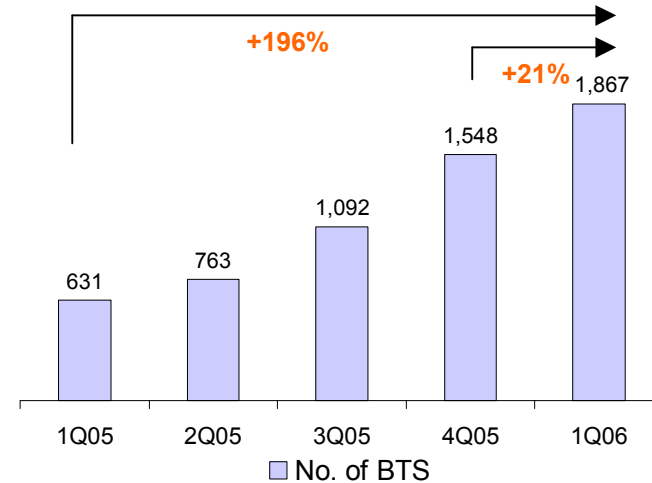
Particulars	As of 31 March 2006	As of 31 Dec 2005
Shareholders' Equity	9,117	8,356
Total Debt	11,122	9,752
Net Assets	20,239	18,108
Debt/Equity	1.22	1.17

In BDT million, except ratio data

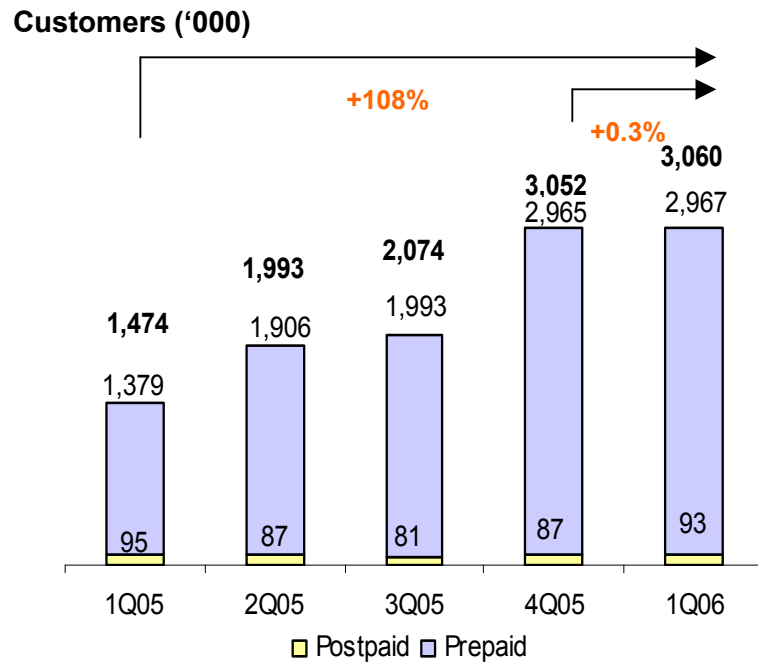
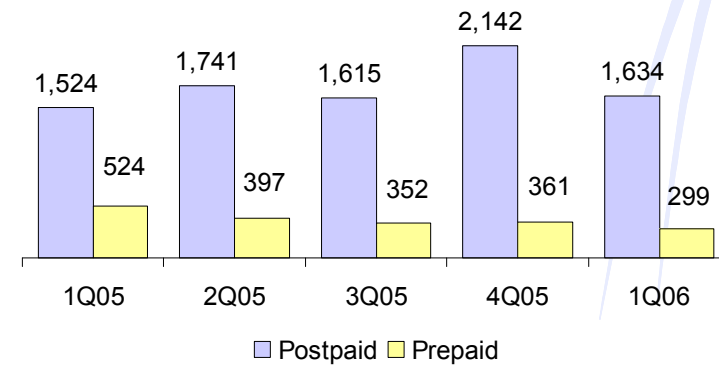
# TM International (Bangladesh) Ltd.



- Customers more than doubled Year on Year
- Commitment to improve network coverage



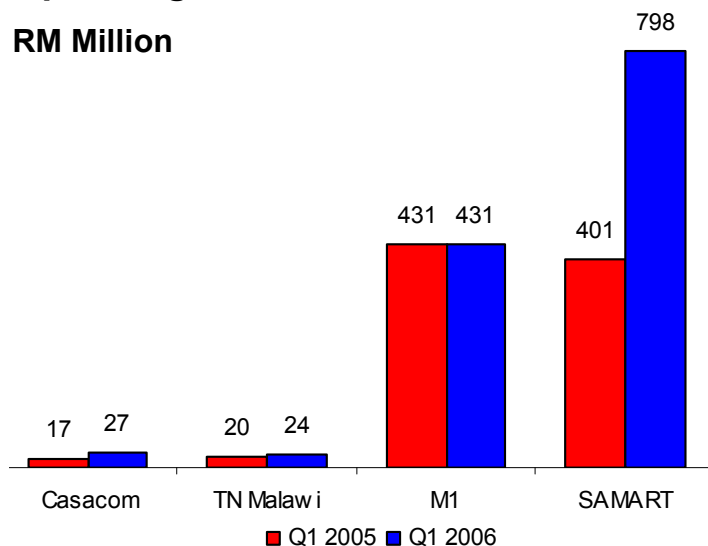
ARPU (BDT)



# Other International Operations

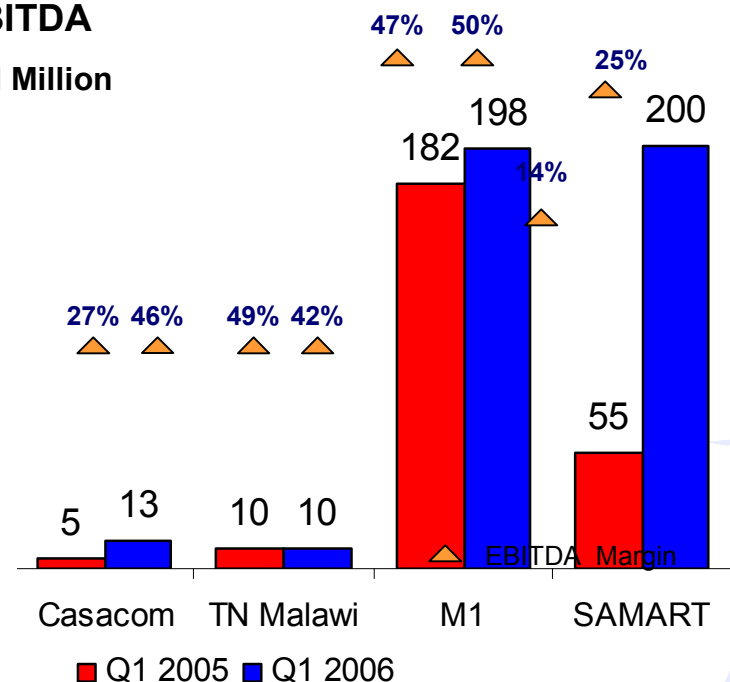
## Operating Revenue

RM Million



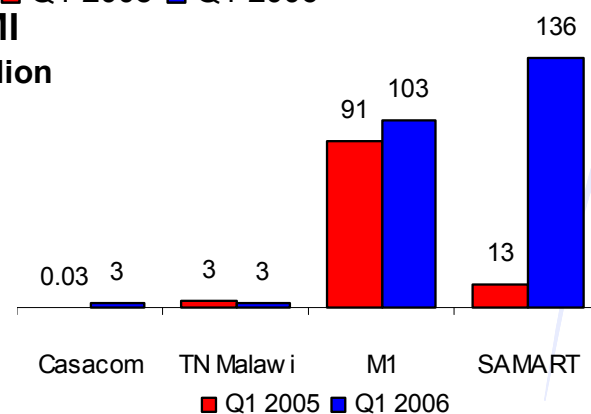
## EBITDA

RM Million



## PATAMI

RM Million

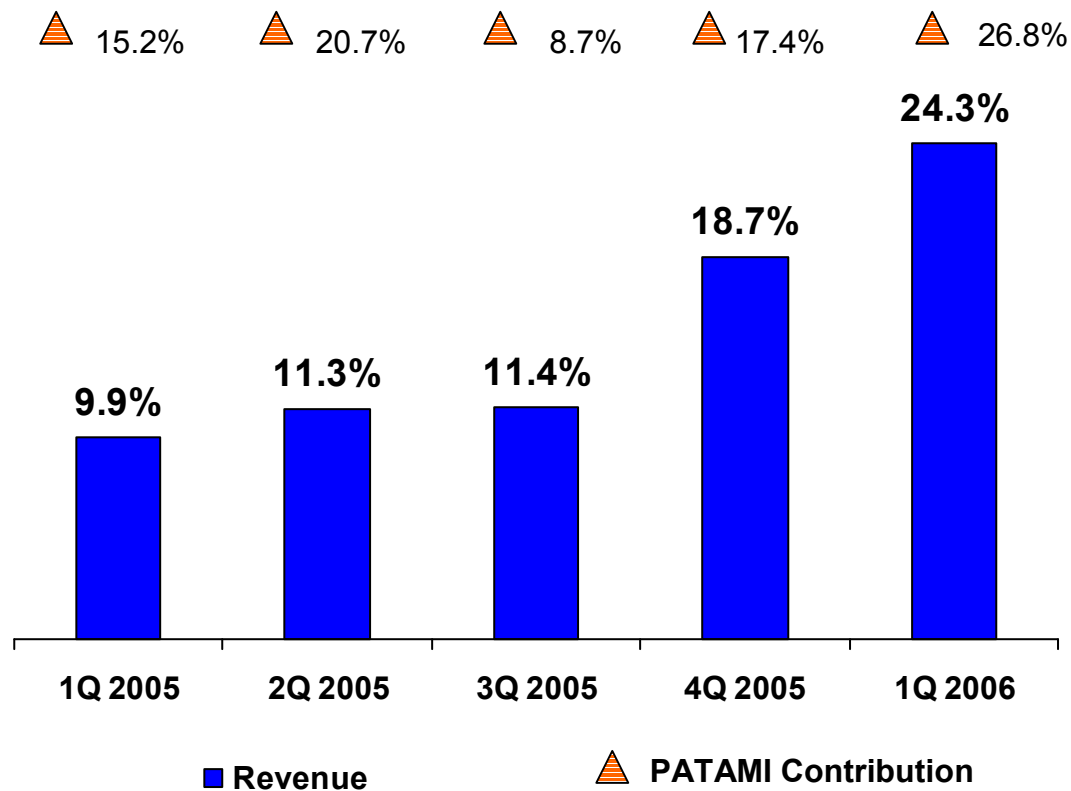


- Positive results from other international companies

\* Smart inclusive of gain from sale of investments

# Contribution from International Operations

- Improved contribution by international operations to Group's Revenue and PAT after MI



1Q 2006 due to forex gains mainly at XL

---

# Agenda

**Group Performance**

**Celcom Update**

**International Operations**

**Outlook**

## Outlook

### Domestic

- Improving Celcom's performance and slowing down the decline in fixed line business
- Strong focus on mobile data and enterprise segment by Celcom
- Continued push for Broadband and its related services
- Data focus for Fixed Services

### International

- Improve contribution from international operations
- Strengthen our regional presence





## Opening Up Possibilities



[www.tm.com.my](http://www.tm.com.my)