



# 2006 ANNUAL RESULTS

23 February 2007

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## Disclaimer

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## Performance Overview

### Financial Highlights

- Group revenue FY 2006 grew 17.6% Y o Y to RM16.4 billion
- EBITDA improved 44.4% from RM5.3 billion to RM7.5 billion
- PATAMI increased to RM2.07 billion as compared to RM811 million in FY 2005
- TM achieved headline EBITDA margin of 45.9% and Return on Capital Employed for 2006 of 11.7%

### Operating Highlights

- Regional mobile customers base grew by 39.7% Y o Y to 28.5 million from 20.4 million
- Broadband net adds remained strong with a growth of 74.5% Y o Y to 864k customers in 2006

### Developments

- Better performance in key overseas investments in Indonesia, Sri Lanka and Bangladesh
- Strengthening regional presence with new investments in India, Cambodia and Thailand
- Reorganisation into a more focused business structure and initiated Performance Improvement Program

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# Agenda

**Group Performance**

**Celcom Update**

**International Operations**

**Outlook**

# Group Financial Highlights

(In RM million, except ratios and customer numbers)

	4Q06	3Q06	Q on Q	4Q05	Y on Y	FY2006	FY2005	Y on Y
Revenue	4,408	4,228	+4.3%	3,754	+17.4%	16,399	13,942	+17.6%
EBITDA	2,047	1,889	+8.4%	619	+>100%	7,530	5,213	+44.4%
EBITDA Margin	46.4%	44.7%	+1.7pp	16.5%	+29.9pp	45.9%	37.4%	+8.5pp
PBT	912	734	+24.3%	(381)	+>100%	3,133	1,520	+>100%
PATAMI	632	482	+31.1%	(701)	+>100%	2,069	811	+>100%
Mobile Customers	28.5 mil	26.5 mil.	+7.5%	20.4 mil.	+39.7 %			
Fixed <sup>^</sup> Customers	4.4 mil.	4.4 mil.	-	4.3mil.	+2.3%			
Broadband Customers	864k	732k	+18.0%	495k	+74.5%			

<sup>^</sup> Business & Residential

Note:

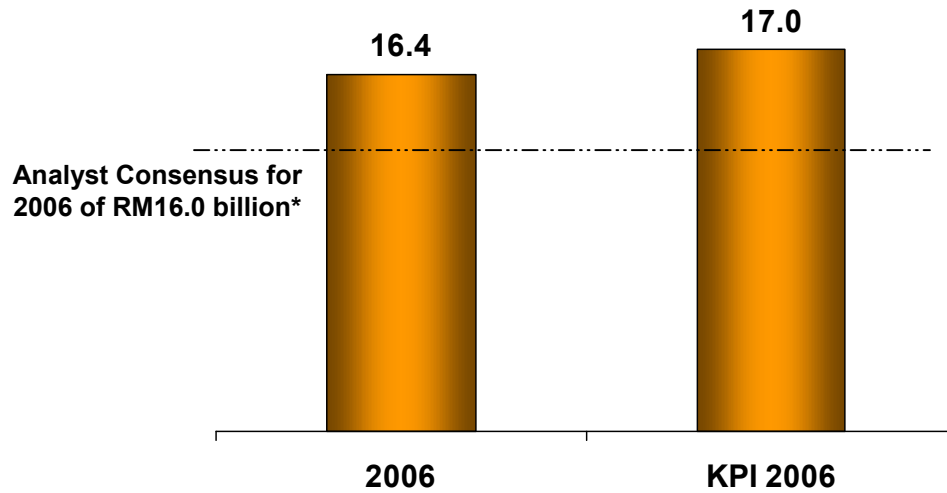
2005 EBITDA and Earnings affected by provision for DeTe claim RM879.5 million

Forex Gains for 2006 was RM285 million

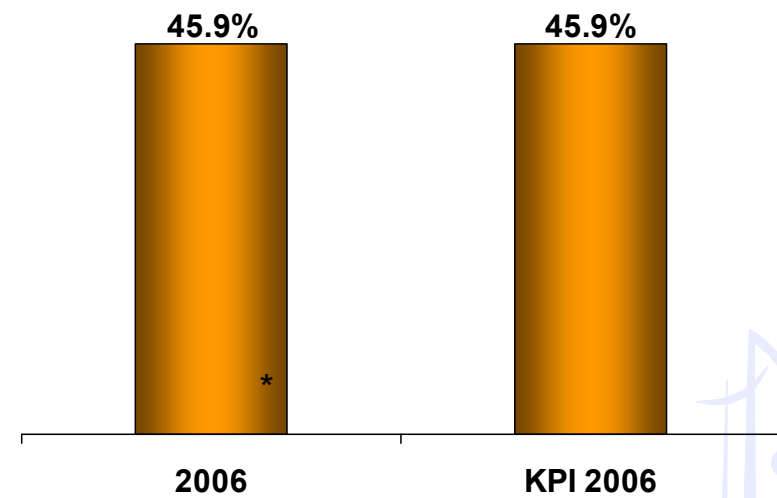
FY 2005 – due to change in accounting policy in respect of FRS 121

# TM achieved core KPIs for 2006

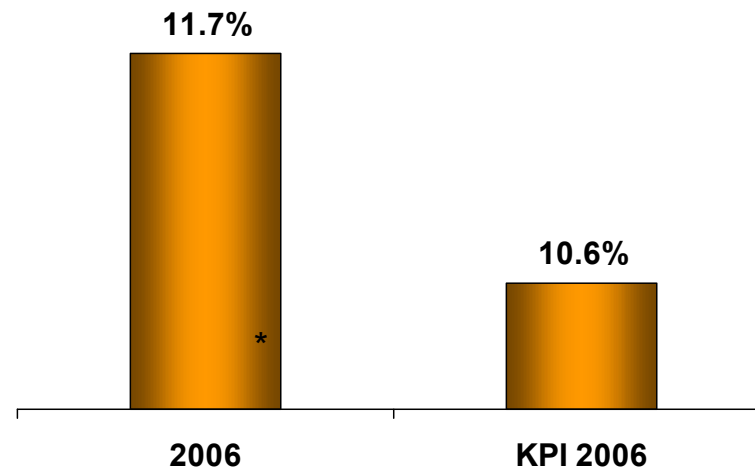
Revenue  
RM billions



EBITDA Margin



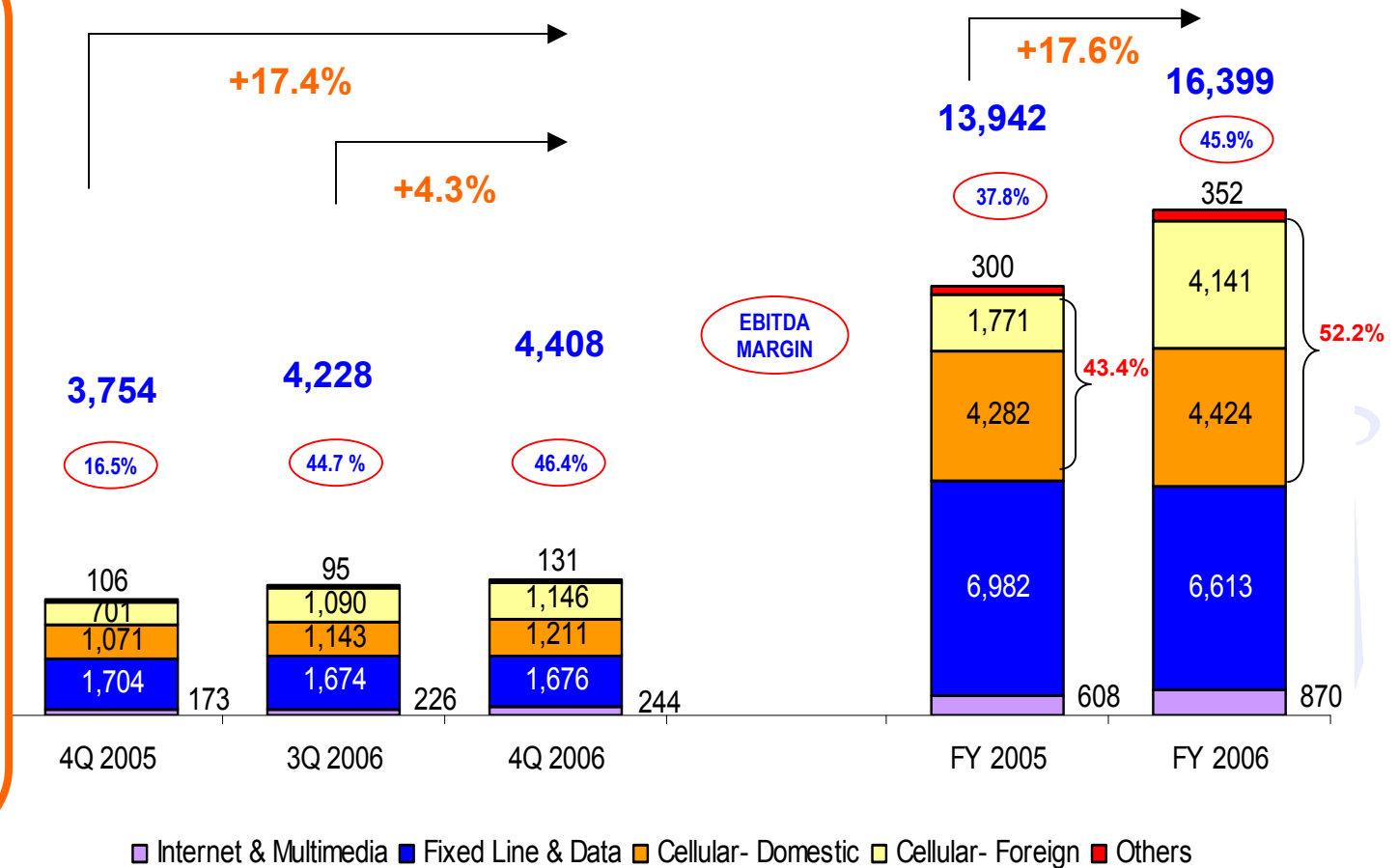
Return on Capital Employed



\* Source : Thomson Financial

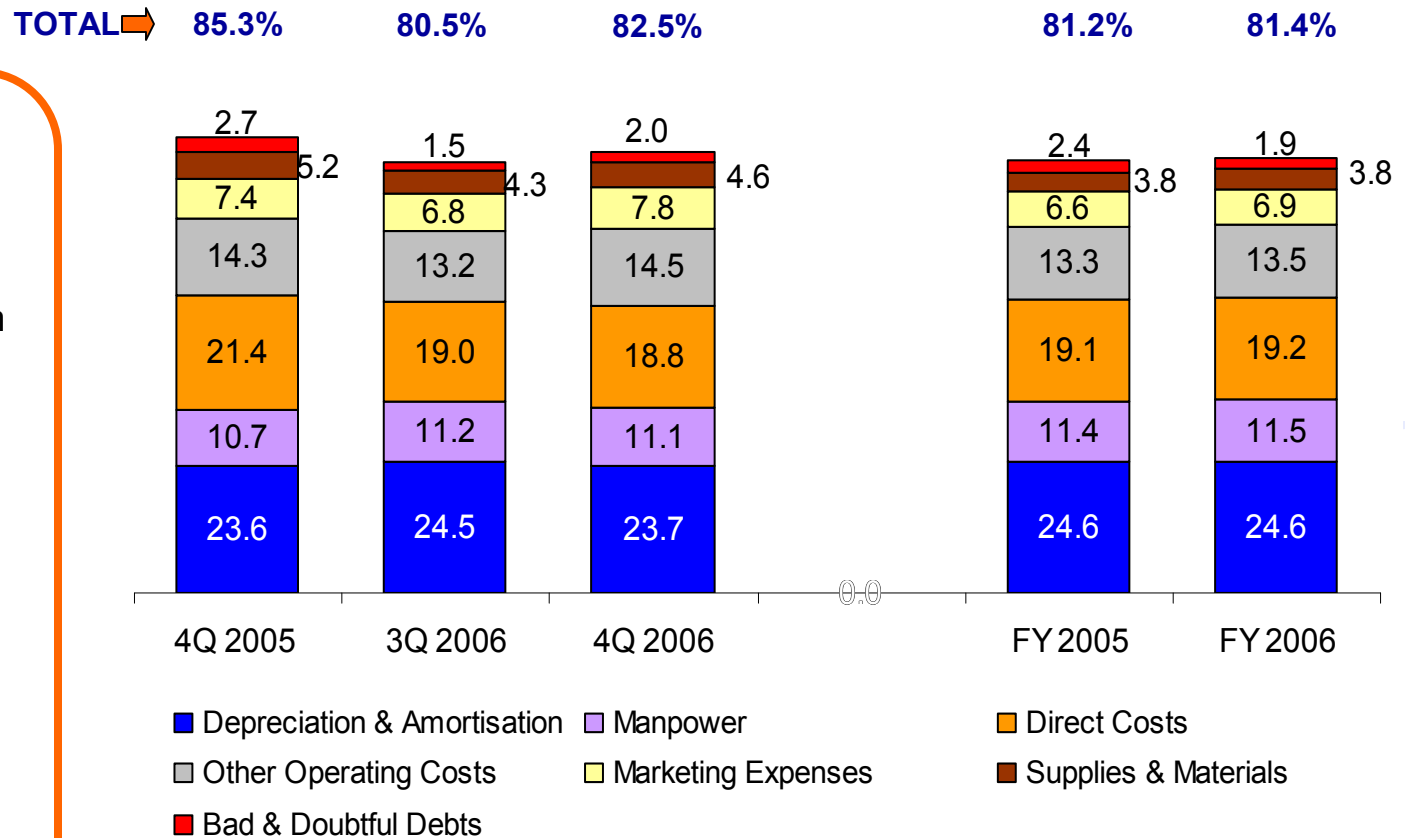
# Revenue Composition

- Continued revenue growth driven by mobile operations.
- Mobile revenue (52.2%) exceeded fixed line revenue for the first time.
- Steady growth in the Internet and Multimedia segment mitigates the decline in traditional fixed line revenue.



# Costs as a % of Revenue

- Costs contained in 2006 despite aggressive overseas expansion
- Lower Bad Debts Y o Y due to better credit management
- Higher Marketing Expenses in 4Q 2006 due to festive promotions and overseas activities





# Group Balance Sheet

RM Million	As at 31 Dec 2006	As at 31 Dec 2005
Shareholders' Funds	19,911.1	18,987.4
Minority Interests	836.5	654.0
Deferred & Long Term Liabilities	12,609.3	13,235.4
<i>Long Term Borrowings</i>	<i>10,282.8</i>	<i>10,801.7</i>
	<b>33,356.9</b>	<b>32,876.8</b>
Current Assets	8,661.4	10,430.5
<i>Cash &amp; Bank Balances</i>	<i>4,680.4</i>	<i>6,415.6</i>
Current Liabilities	8,486.6	8,307.5
<i>Short Term Borrowings</i>	<i>1,803.1</i>	<i>1,414.1</i>
Net Current Assets	174.8	2,123.0
Intangible Assets	7,059.1	6,971.7
Property Plant & Equipment	24,026.5	22,320.9
Other Non-current Assets	2,096.5	1,461.2
	<b>33,356.9</b>	<b>32,876.8</b>

- Lower cash and bank balance due to :
- Payment of DT claim (RM874m)
- Investment in Casacom (RM108m), SIM (RM125m) & Spice (RM649m)
- Payment of FY05 final dividend (RM611m) & 2006 interim dividend (RM 391m)

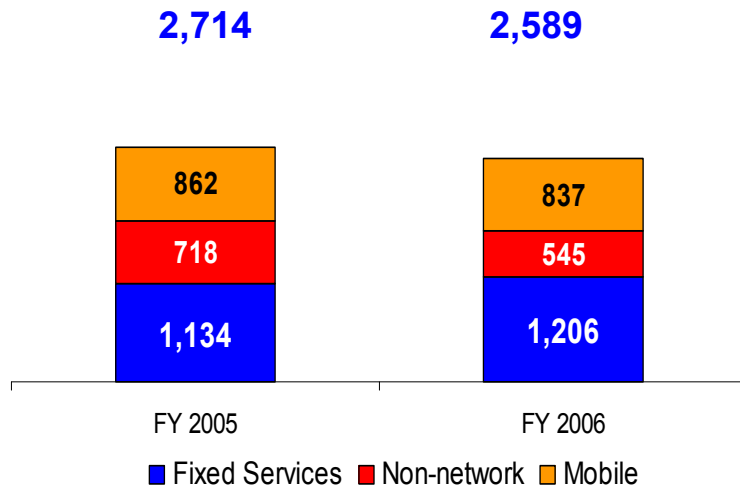
	31 Dec 06	31 Dec 05		31 Dec 06	31 Dec 05
✓ Return on Capital Employed	11.7%	9.3%	Debt to EBITDA	1.61	1.87
✓ Return on Equity	10.6%	8.8%	Net Debt/ Equity	0.37	0.31
✓ Return on Assets	5.0%	4.3%	Net Assets/Share (sen)	586	559.9
Current Ratio	1.02	1.26	✓ EPS (sen)	61.0	23.9

- ✓ Improvement in Efficiency Ratios and EPS

# Group Capital Expenditure

## Domestic

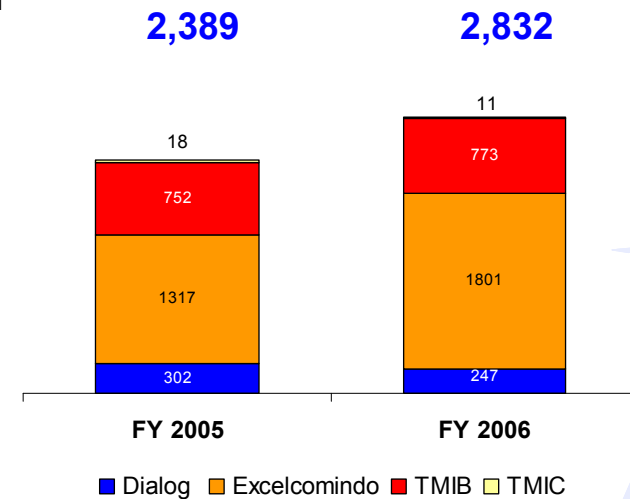
RM Million



- Domestic capex mainly on Broadband and Cellular

## International

RM Million

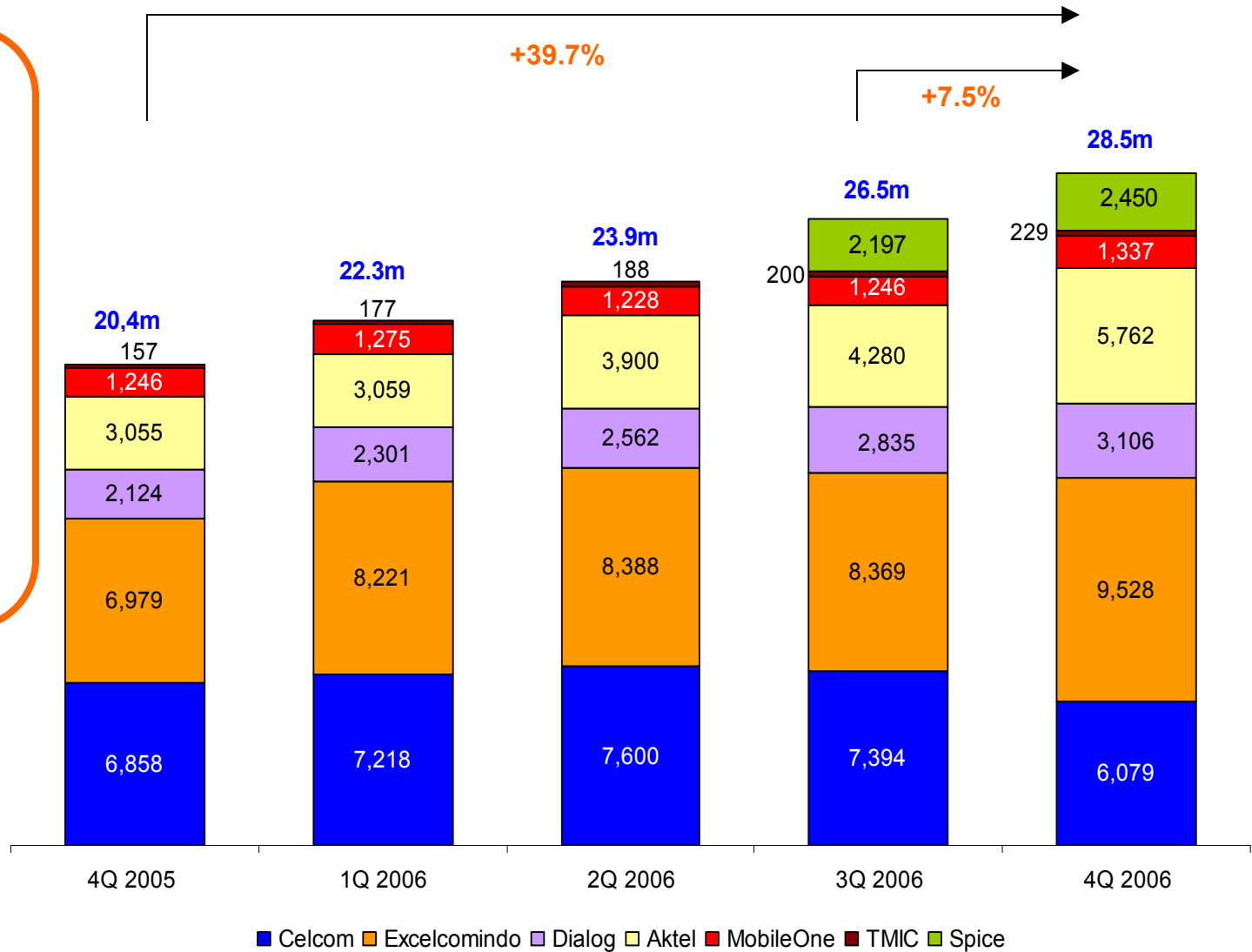


- Substantial capital expenditure in 2006 driven by aggressive subscriber growth and network expansion mainly in XL.

# Regional Customer Base - Mobile

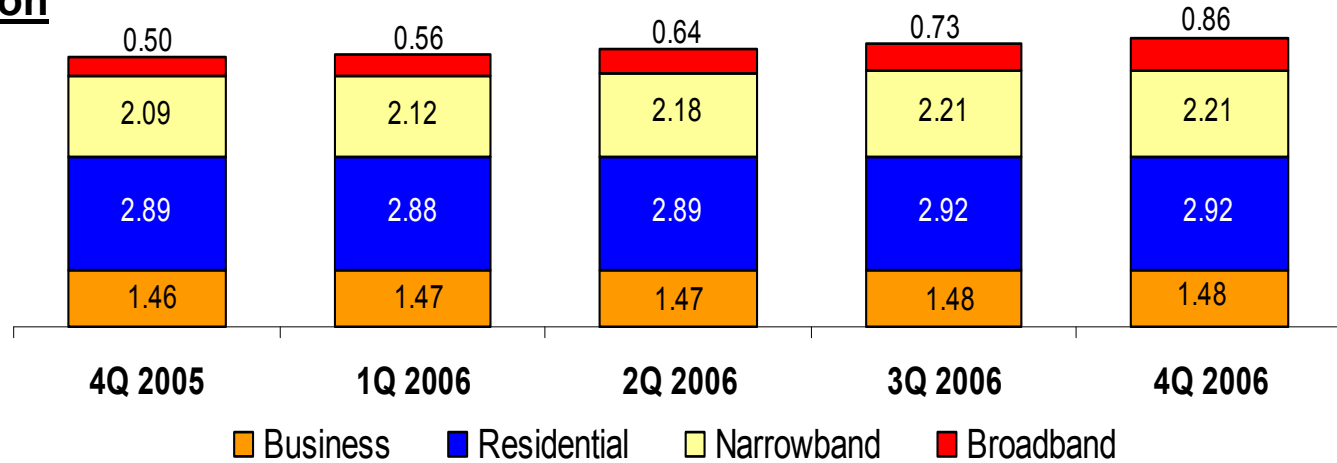
Customers '000

- Strong Y o Y growth of regional mobile customers of 39.7% to 28.5 million
- Celcom's lower customer base in 4Q06 due to prepaid registration clean-up



# Customer Base - Fixed & Internet Services

**Million**



**ARPU (RM)**  
**Business\***  
**Residential\***  
**Internet Dial-up**  
**Internet Broadband**

	4Q 2005	3Q 2006	4Q 2006
Business*	126	139	128
Residential*	41	36	37
Internet Dial-up	7	7	7
Internet Broadband	98	94	94



\* Call usage only

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# Agenda

**Group Performance**

**Celcom Update**

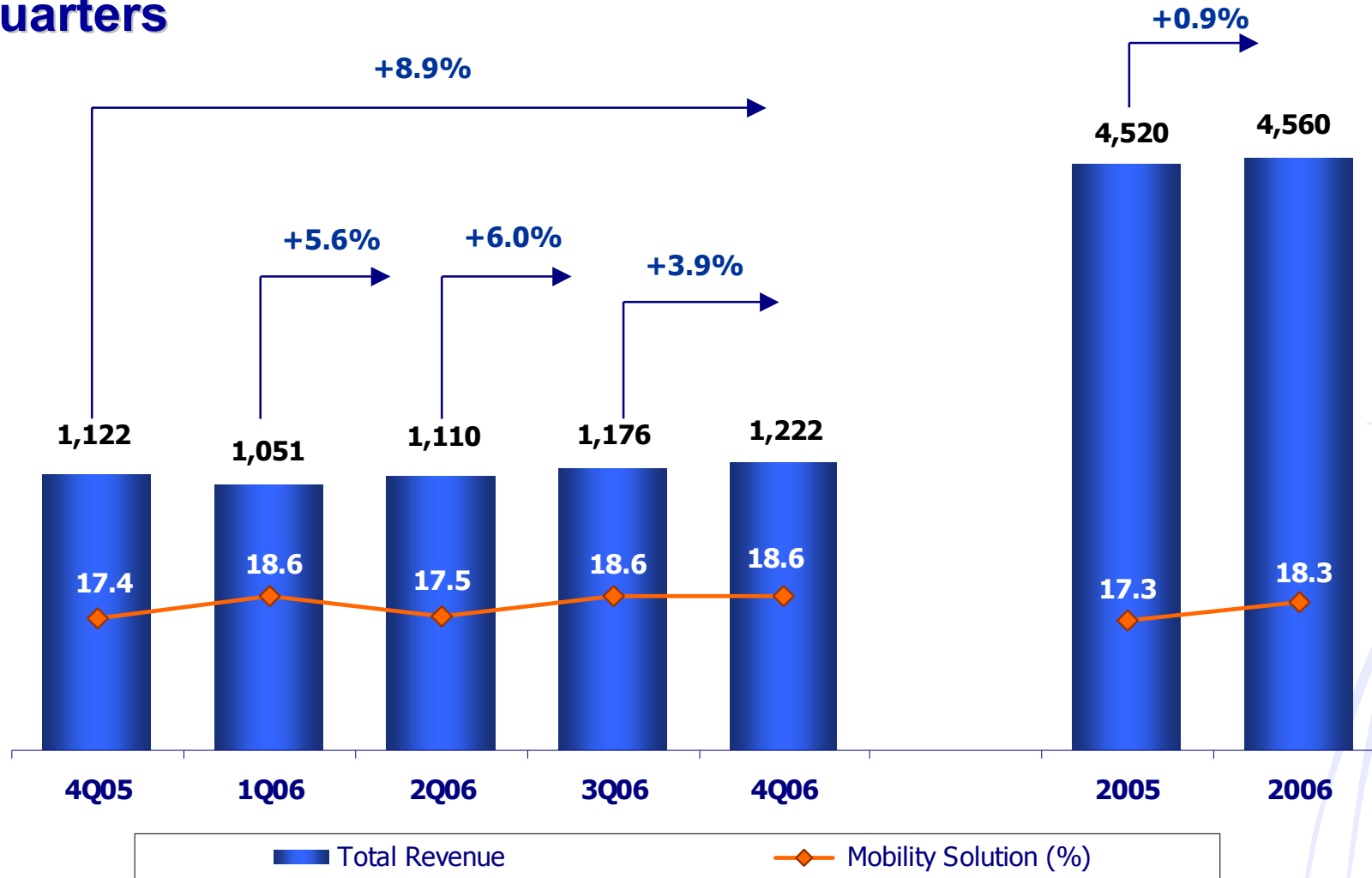
**International Operations**

**Outlook**

## Celcom Key Highlights

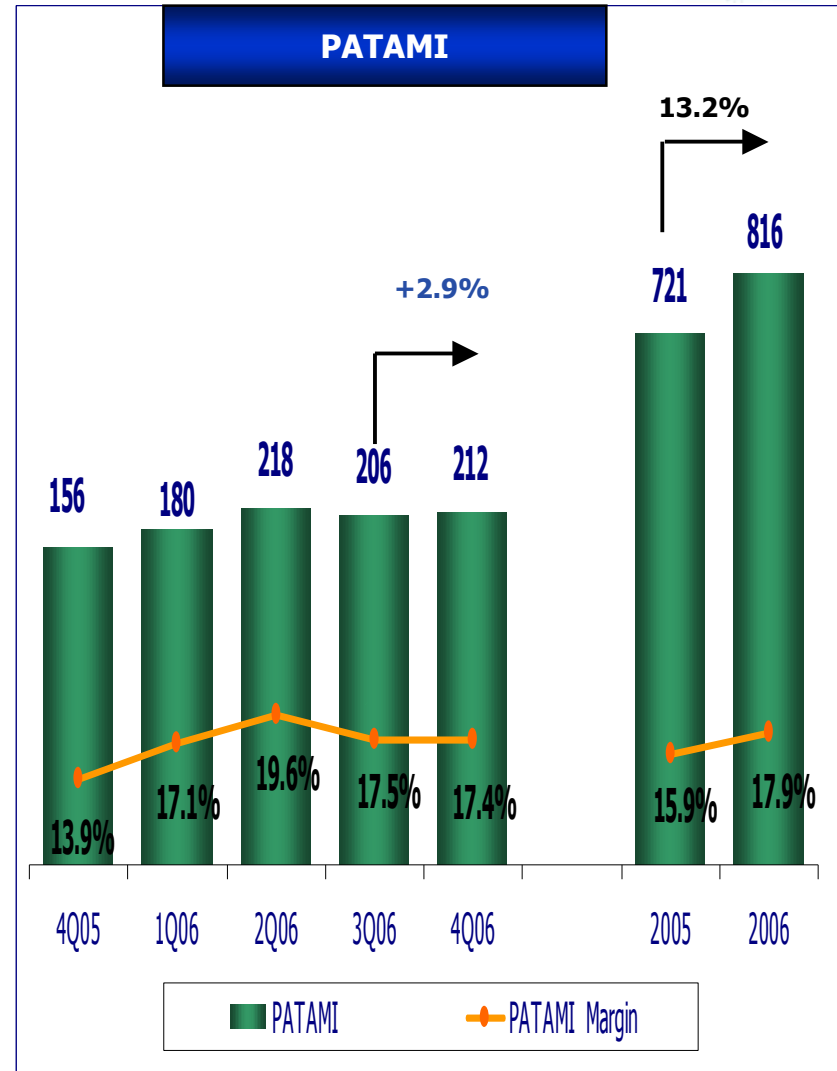
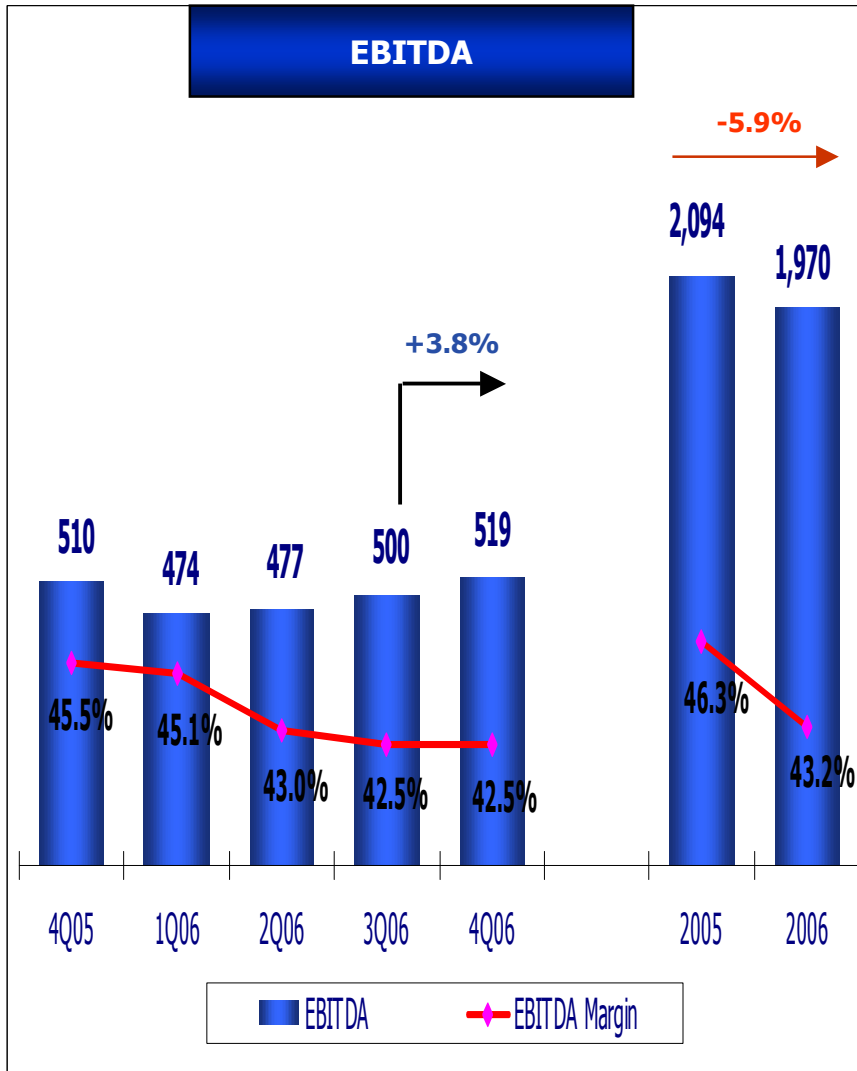
- **Encouraging revenue growth continues**
  - Above industry average growth for the last 2 quarters
  - Q-o-Q improved by 4%
  - Momentum expected to continue
- **Earnings improved but margins stabilising**
  - Q-o-Q margins stabilising
  - Q-o-Q EBITDA and PATAMI increased by 4% and 3% respectively
  - Y-o-Y PATAMI strengthened by 13%
- **ARPU for both postpaid and prepaid improved**
  - Prepaid ARPU grew by 18% to RM45
  - Postpaid ARPU grew by 2% to RM109
- **Balance sheet strengthened**
  - Strong cash reserve despite capital repayment in Q4 and payment to DeTe in Q1
  - Further improvement in key performance indicators
- **Prepaid registration had minimal impact on revenue base**

# Encouraging revenue growth for three consecutive quarters



- Higher VAS and data usage
- Marked improvement in recent quarters driven by higher usage

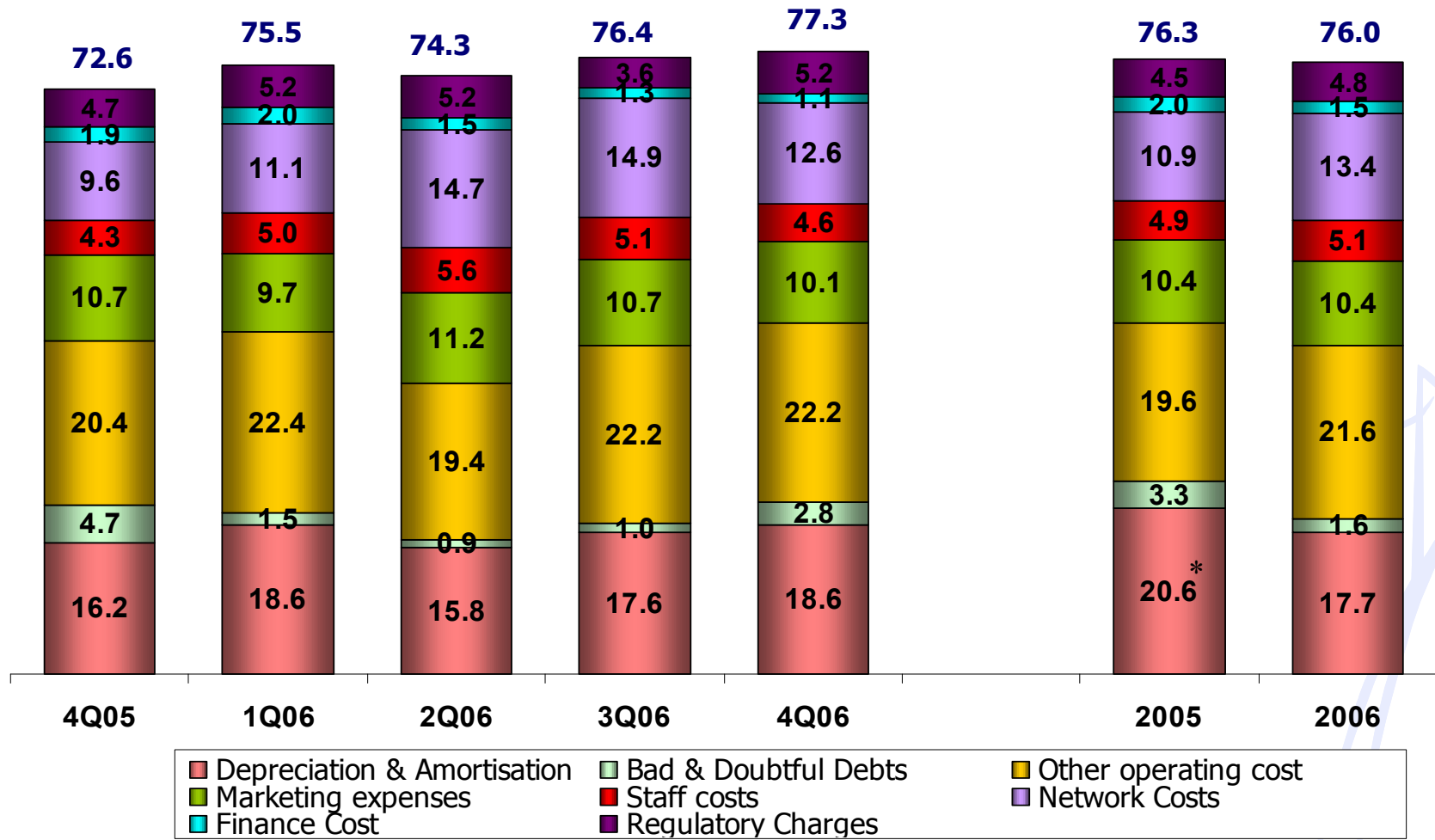
# Earnings - Margins stabilising



- Q-o-Q margins remain stable
- Lower Y-o-Y EBITDA margin due to TM internal charges and 3G costs



# Operating cost as a % of Revenue



- Lower depreciation in FY2006 as certain assets have been fully depreciated
- Higher network costs contributed by TM internal charges and 3G costs

\* Includes amortisation of goodwill

# Key Balance Sheet items and ratios

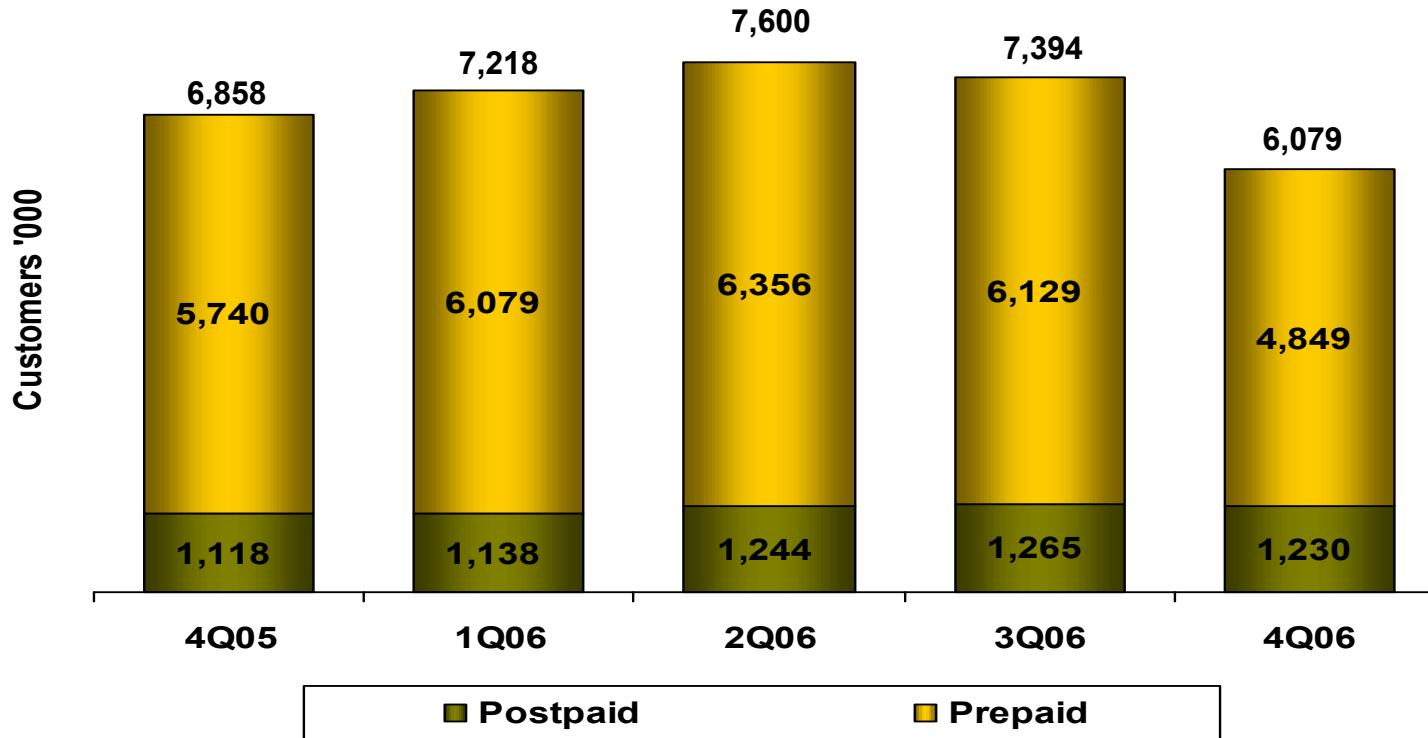


	2005	2006	% change
<b>Borrowings</b>	<b>1,139.0</b>	<b>746.5</b>	<b>-34.5%</b>
<b>Shareholder's Funds</b>	<b>2,482.1</b>	<b>2,577.3</b>	<b>3.9%</b>
<b>Cash &amp; Cash Equivalent</b>	<b>2,295.4</b>	<b>1,201.1</b>	<b>-47.7%</b>
<hr style="border-top: 1px dashed orange;"/>			
<b>Gearing – Gross</b>	<b>45.9%</b>	<b>29.0%</b>	
<b>Gearing – Net</b>	<b>-46.6%</b>	<b>-17.7%</b>	
<b>Current Ratio</b>	<b>0.84</b>	<b>0.61</b>	
<b>NTA per Share (sen)</b>	<b>96.9</b>	<b>108.8</b>	
<b>Return on Equity*</b>	<b>29.0%</b>	<b>31.7%</b>	
<b>Return on Capital Employed*</b>	<b>25.9%</b>	<b>38.8%</b>	
<b>EPS (sen)*</b>	<b>29.0</b>	<b>36.1</b>	

- Cash reserves still above RM1 billion despite capital repayment to shareholder of RM700m in Q4 and payment to DeTe of about RM900m in Q1
- Most Key ratios improved

*\* 2005 ratios exclude DeTe payment  
All numbers in RM millions, except ratio data*

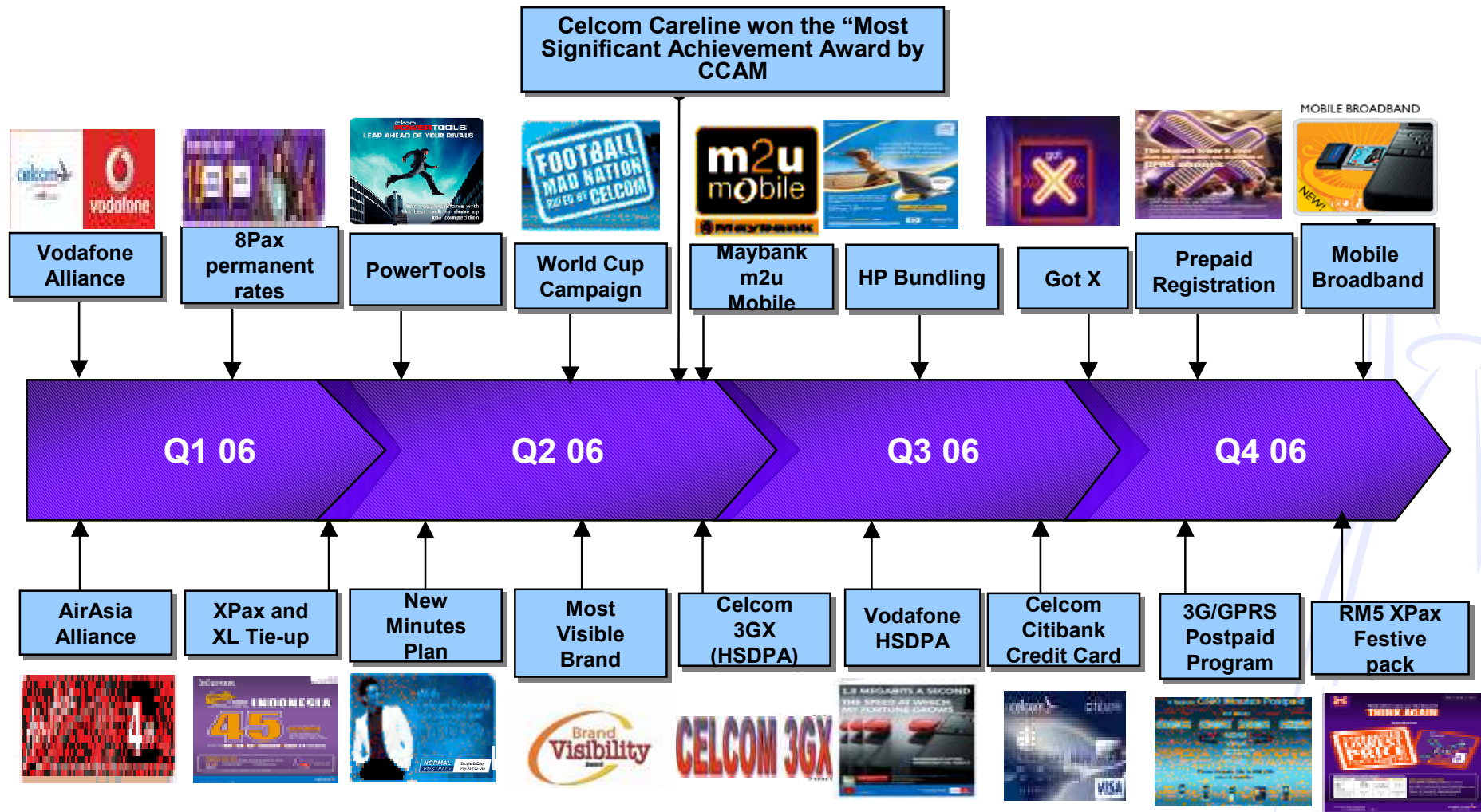
## ARPU for both postpaid and prepaid improved



ARPU (RM)	4Q05	1Q06	2Q06	3Q06	4Q06
Postpaid	114	109	108	107	109
Prepaid	44	38	36	38	45
Blended	56	49	47	49	56

- Minimal impact of prepaid registration on revenue base

# 2006 at a Glance : Various initiatives launched to remain competitive



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# Agenda

**Group Performance**

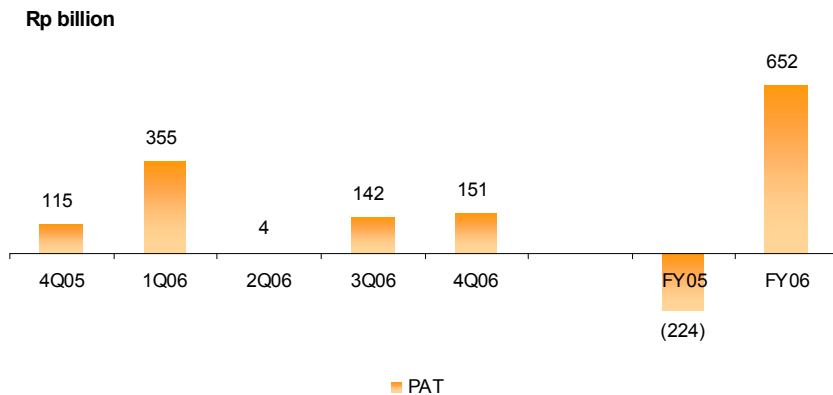
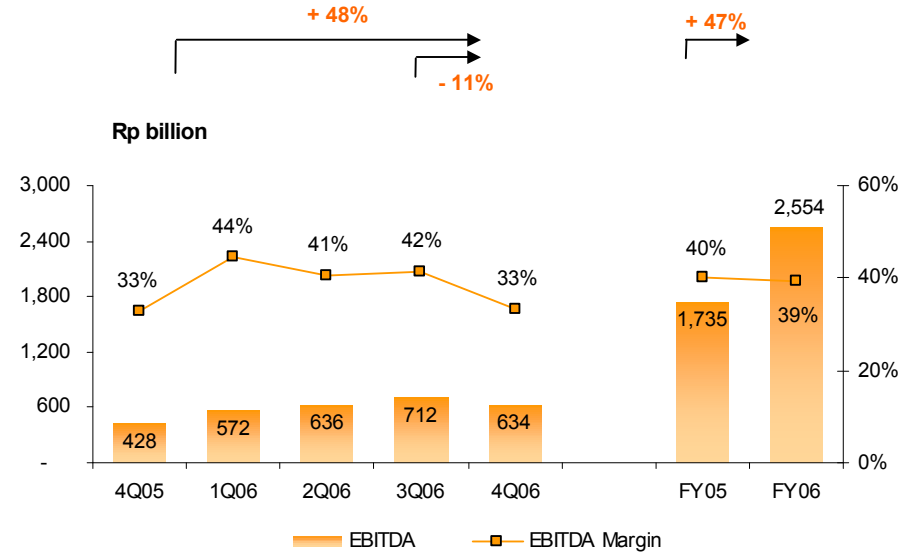
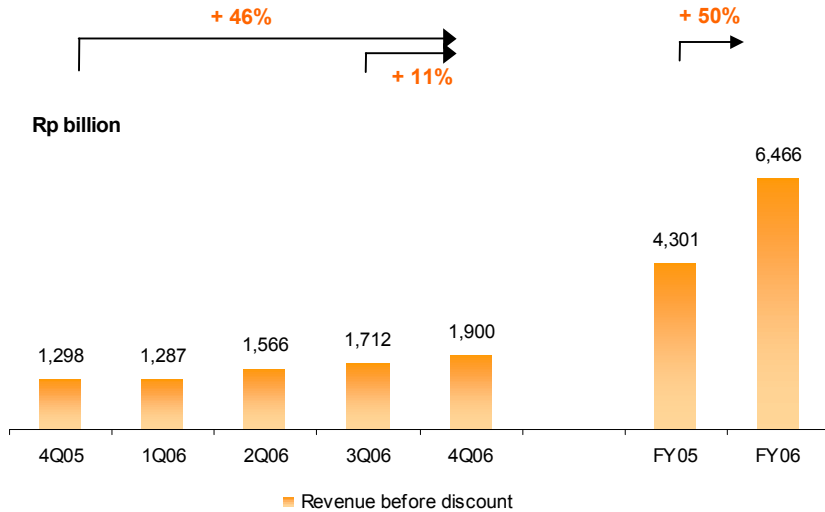
**Celcom Update**

**International Operations**

**Outlook**

# XL - Financial Highlights

IDR1000 : RM0.39



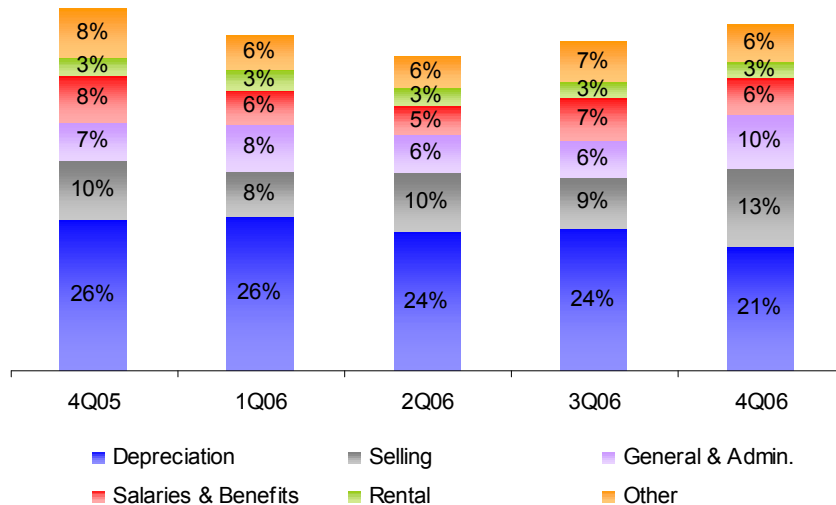
- Increase in revenue and EBITDA due to huge growth in mobile customers
- FY 2006 PAT increased due to the better operational performance and strengthening of Indonesian Rupiah against U.S dollars

# XL - Financial Highlights

IDR1000 : RM0.39



## Costs as % of Gross Revenue



- 4Q 2006 Selling expense was higher than Q3 2006 due to more A&P activities and higher sales commission in line with increase in revenue
- 4Q 2006 General & Admin expenses was higher than Q3 2006 due to higher frequency fee, electricity and fuel expenses

## Balance Sheet

(in Rp billion)

	As at 31 Dec 06	As at 31 Dec 05
<b>Shareholders' Funds</b>	4,281	3,629
<b>Deferred &amp; long Term Liabilities</b>	6,013	3,484
- Long Term Borrowings	5,345	3,401
	<b>10,294</b>	<b>7,113</b>
<b>Fixed Assets</b>	10,462	7,471
<b>Intangible Assets</b>	-	-
<b>Other Assets</b>	991	512
<b>Current Assets</b>	1,183	1,371
- Cash & Bank Balances	587	880
<b>Current Liabilities</b>	2,342	2,240
- Short Term Borrowings	-	688
	<b>10,294</b>	<b>7,113</b>



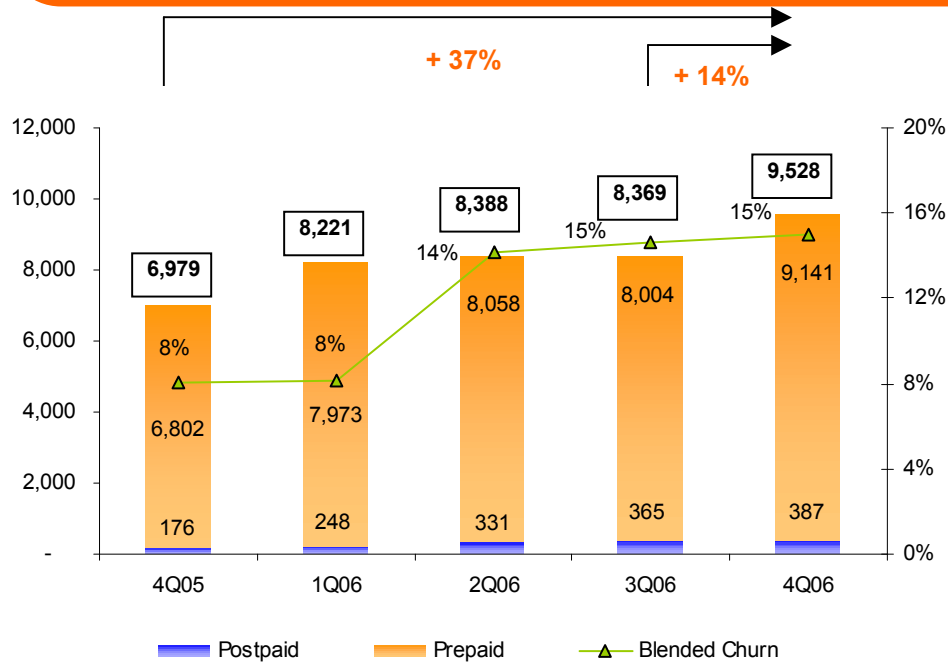
XL's Debt to EBITDA as of 31 Dec 2006 stood at 2.1x vs. 2.4x at 31 Dec 2005.

# XL - Operational Highlights

IDR1000 : RM0.39

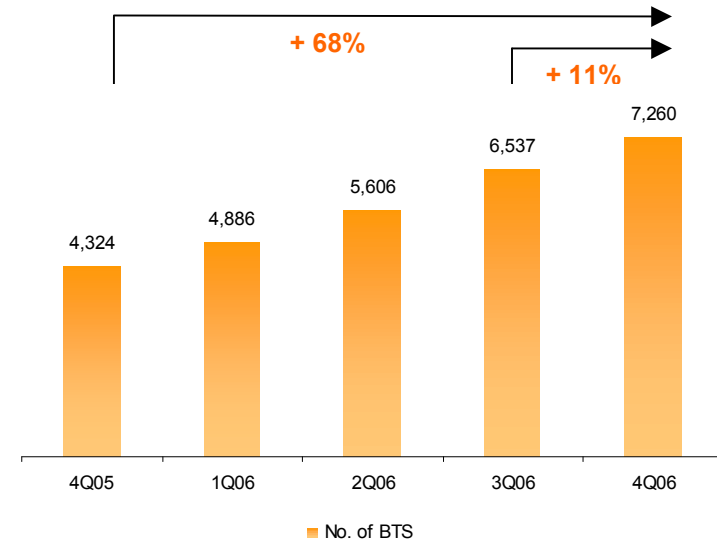


- Surpassed the 9 million mark with customers of 9.5 million, Increase of 37% YoY.
- We expanded our network resulting in an increase in number of BTS to 7,260 at the end of Q4 2006 including 981 3G Node B
- Decrease in ARPU was in line with the industry ARPU trends

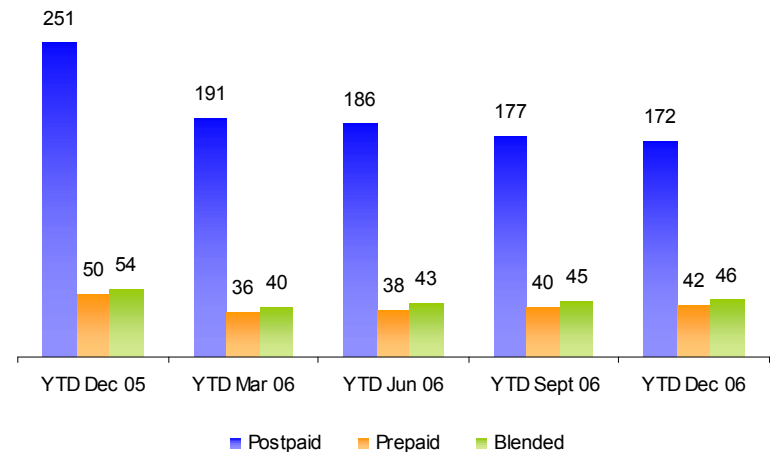


Churn (%)

Prepaid	8%	8%	15%	15%	15%
Postpaid	0%	1%	2%	4%	5%



ARPU (Rupiah '000)





# Recent Key Initiatives & Developments

A TTM Company

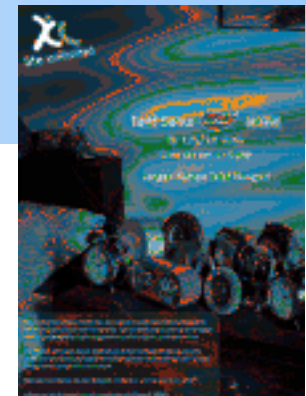


## New products & offerings in 4Q 2006:

- **Tarif Sahur** for prepaid subscribers which offers Rp. 125/30 seconds for on-net calls and applicable during fasting period starting from 2 AM until 6 AM
- **Nelson Berkali-kali Hanya Bayar Sekali** (Unlimited Calls) which allow prepaid subscribers to call up to 5 other registered XL numbers from 10 PM to 10 AM only for Rp. 1,000 per registered number
- **Cooperation with Celcom** to provide bundling product of **Xpax** for Indonesian workers who work in Malaysia and **jimat** for Indonesian workers' family in Indonesia
- **All Sumatera One Tariff** which offers tariff as low as Rp. 149/30 seconds for calls among XL subscribers for prepaid and postpaid subscribers in Sumatera
- **New Bebas Xtra Denomination Reload Voucher** which offer reload as low as Rp. 5,000 and giving free up to 100 SMS per day

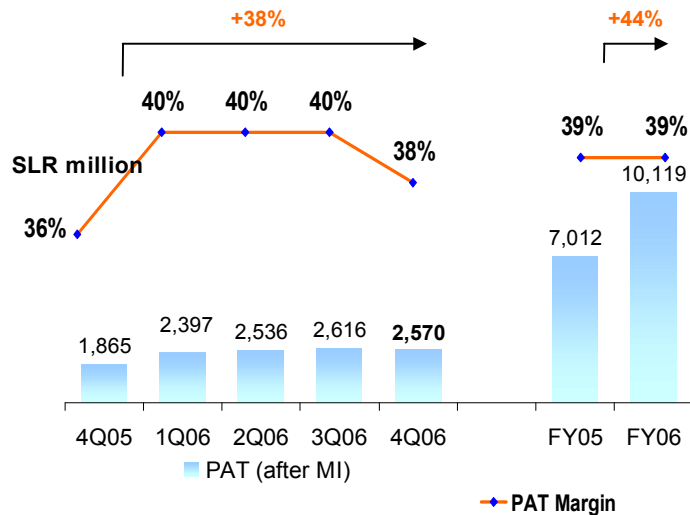
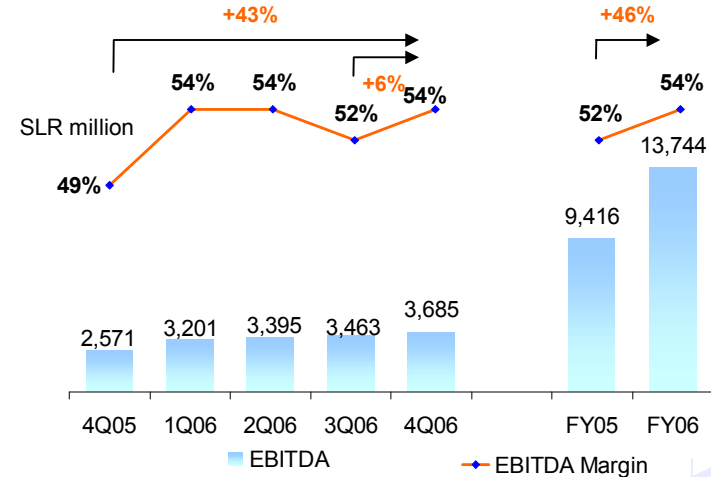
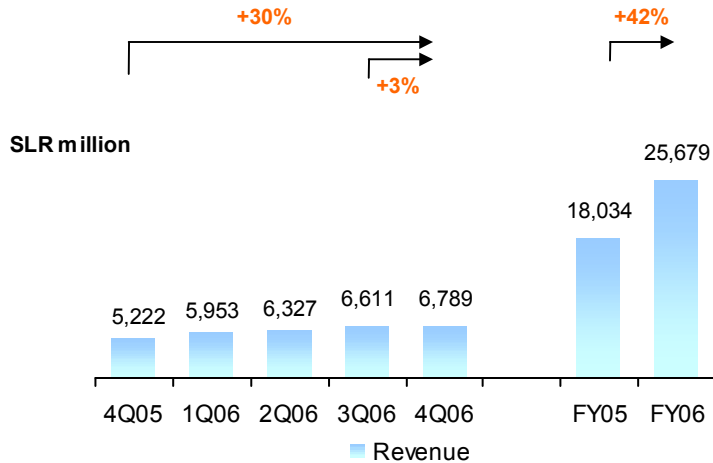
## Company's key developments & initiatives, strategic direction, recent key initiatives in 4Q 2006:

- **Improve market competitiveness**, by launching Tarif Sahur, Nelson Berkali-kali Hanya Bayar Sekali (Unlimited Calls), All Sumatera One Tariff and new bebas xtra denomination voucher
- **Increase image and brand awareness in the market**, by continuing the campaign with "XL Life Unlimited" theme
- **Increase number of distribution channel**. In Q4 2006 XL has 33,599 XL Kita channel or increased by 1,057 compared to Q3 2006 with only 32,542 XL Kita
- **Increase number of BTS (including 3G equipments)**. In Q4 2006 XL has 7,260 BTS or increased by 11% compared to Q3 2006 of 6,537 BTS



# Dialog - Financial Highlights

SLR100 : RM3.284



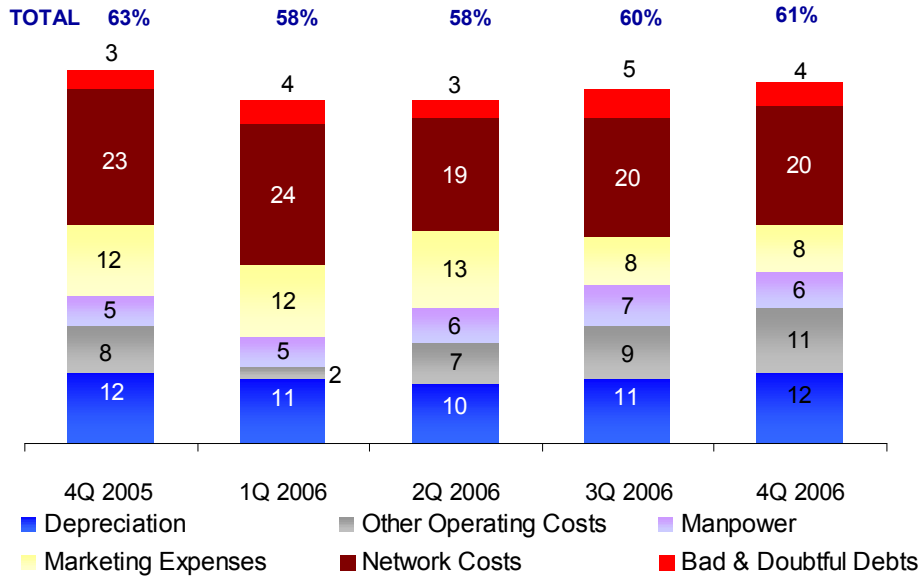
- Steady growth in revenue– 42 per cent increase over FY2005.
- Higher call revenues accruing from more than 3 Million customer base. and growth in coverage and increased international traffic and associated revenues.
- EBITDA margin up 2 percentage points in FY2006 due to cost reductions with respect to administration and selling expenses.
- PAT margin maintained at 39 per cent.

# Dialog - Financial Highlights

SLR100 : RM3.284



## Costs as % of Revenue



- Increase in depreciation by one percentage point due to increase in capex in 4Q06.
- Bad debts below 3Q06 level due to current credit initiatives deployed.

## Balance Sheet

	As at 31 Dec 06	As at 31 Dec 05
	Rs Mn	Rs Mn
<b>Shareholders' Funds</b>	24,913	17,201
<b>Deferred &amp; Long Term Liabilities</b>	143	75
- Long Term Borrowings	7,424	8,913
	<u>32,480</u>	<u>26,189</u>
<b>Fixed Assets</b>	28,029	19,599
<b>Intangible Assets</b>	1,004	348
<b>Investment in subsidiary</b>	2,296	1,971
<b>Current Assets</b>	8,229	3,844
- Cash & Bank Balances	2,237	6,624
<b>Current Liabilities</b>	(8,258)	(5,136)
- Short Term Borrowings	(1,057)	(1,061)
	<u>32,480</u>	<u>26,189</u>

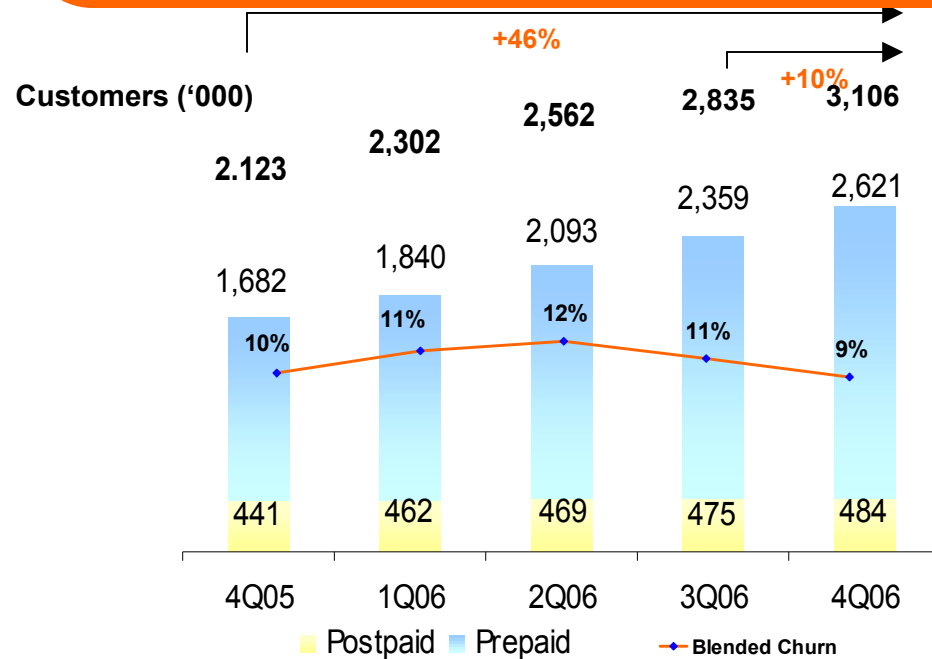


# Dialog - Operational Highlights

SLR100 : RM3.284

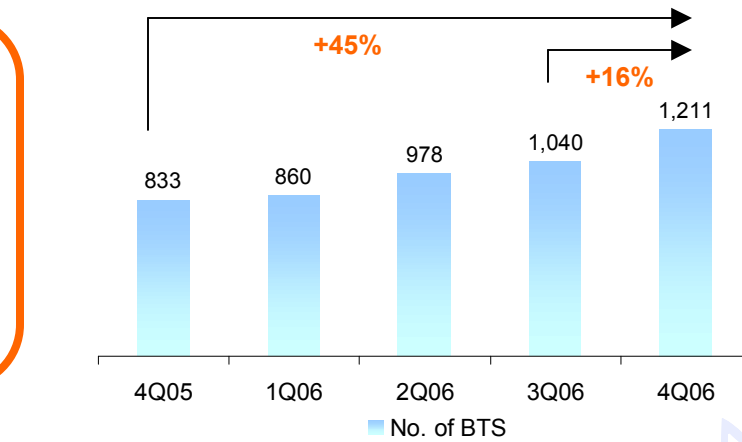


- Market leadership with sustained growth in subscribers ( **46 per cent YoY** )
- Pre/post mix: **84:16**
- Coverage and Quality of Service Improvements.
- Drop in post paid ARPU is as a result of the increasing popularity of lower monthly rental packages
- **Improvement in churn** from 10 per cent in 4Q05 to 9 per cent in 4Q06.

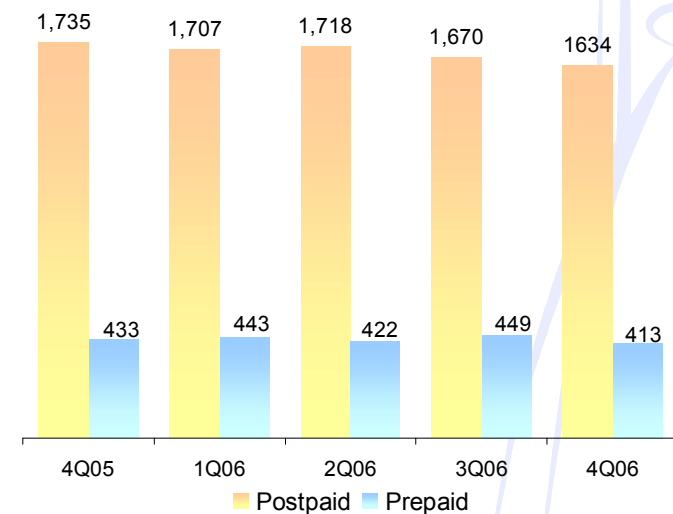


Churn (%)

Prepaid	0.24	1.83	0.15	0.14	0.21
Postpaid	16.5	9.61	10.35	9.54	10.73



ARPU (SLR)



# Recent Key Initiatives & Developments



- Acquired a 90 per cent stake in Asset Media (Pvt) Ltd for a purchase consideration of Rs. 325 Mn.

- Asset Media completed the acquisition of a 100 per cent stakes in **Communiq Broadband Networks** and **CBN SAT** in December 2006. The acquisitions completes a key milestone in the group's strategy of achieving a quadruple play (**Mobile, Fixed, Broadband, Television/ Media**) product proposition for Sri Lankan consumers.

- Dialog's inaugural **Annual Report** won the following accolades –**Overall winner for Service sector** and **2nd runner up for CSR reporting** at the annual Report awards, organized by the Institute of Chartered Accountants of Sri Lanka (ICASL) .

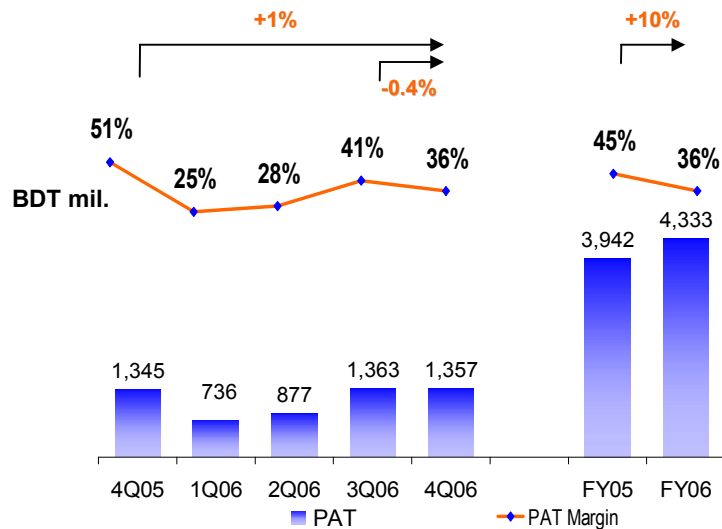
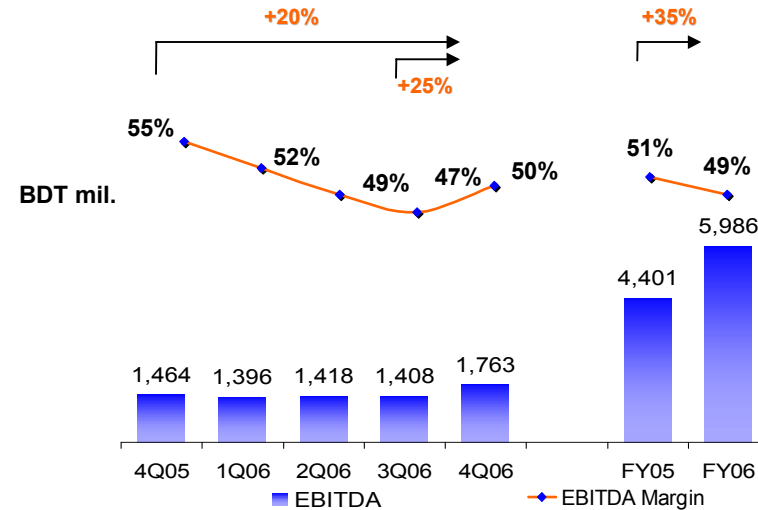
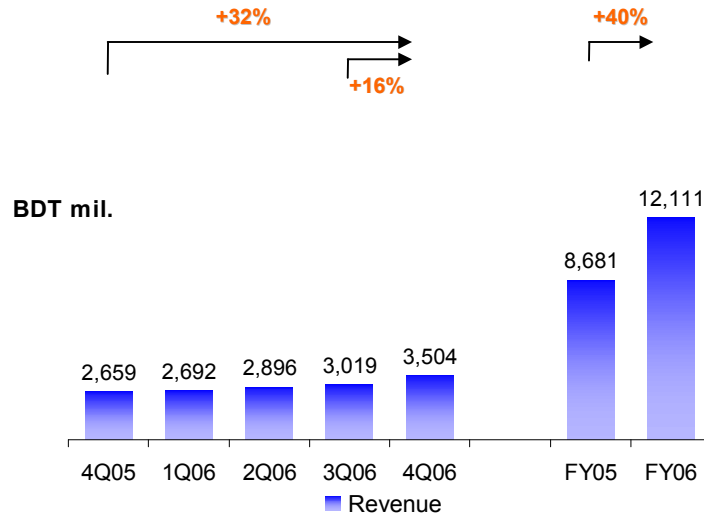
- **1st runner up** in the **Communication and Information technology sector** for the **Best Presented Accounts**, awarded by the South Asian Federation of Accountants (SAFA).

- Introduced World's first **Sinhala** mobile phone in collaboration with Dialog University of Moratuwa Lab and Nokia

- Introduced **Kitnet** –a fast, convenient and affordable service for prepaid dial-up Internet access

- Introduced Dialog plans for **National Savings Bank** account holders – to purchase a phone and a connection and pay over a period of twelve months

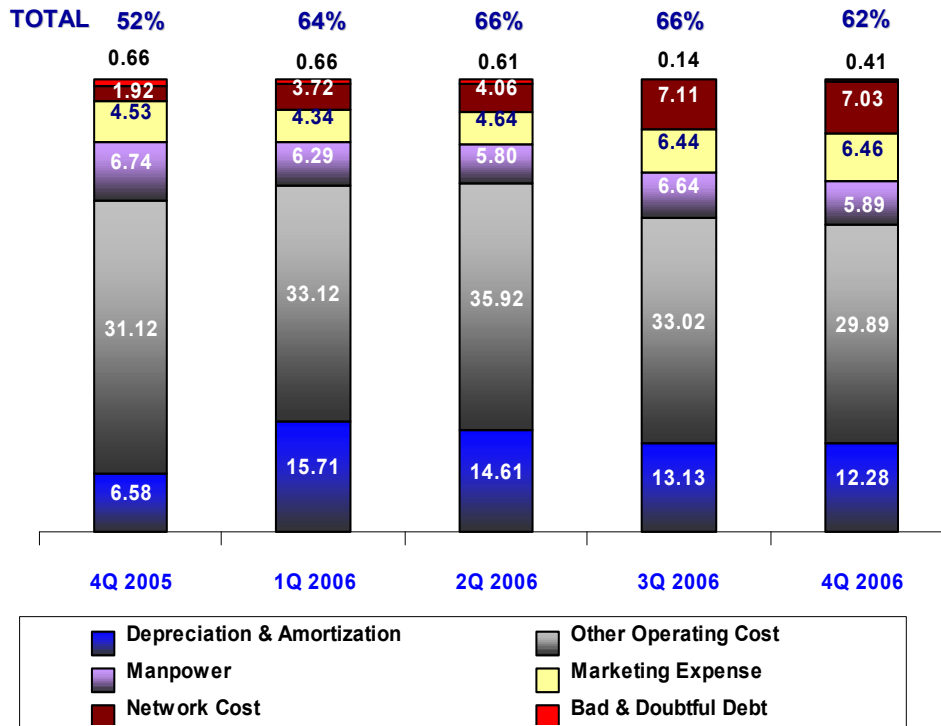
# TMIB - Financial Highlights



- Revenue increased 40% (Y on Y)
- Positive growth in EBITDA & PAT continues.
- EBITDA margin marginally lower due to increase in OPEX as a result of imposition of new regulatory charges.

# TMIB - Financial Highlights

## Costs as % of Revenue



- Overall costs increased due to increase in CAPEX.

## Balance Sheet

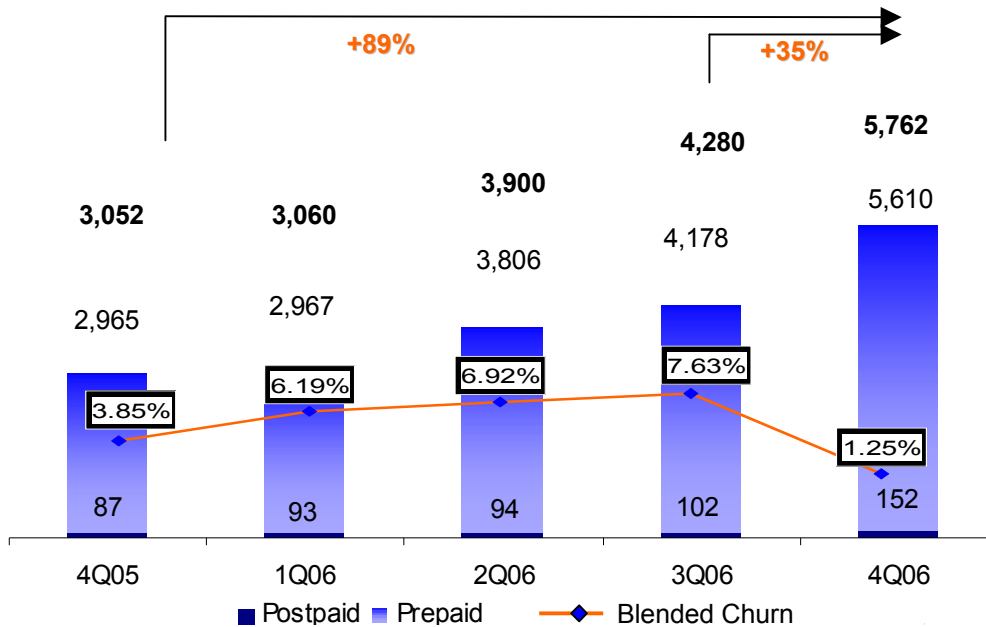
	As at 31 Dec 06	As at 31 Dec 05
	BDT mil	BDT mil
<b>Shareholders' Funds</b>	12,665	9,052
<b>Deferred &amp; Long Term Liabilities</b>	14,784	9,411
- Long Term Borrowings	11,434	3,544
	<u>27,449</u>	<u>18,463</u>
<b>Fixed Assets</b>	31,453	19,200
<b>Current Assets</b>	3,691	5,669
- Cash & Bank Balances	1,609	3,462
<b>Current Liabilities</b>	7,695	6,406
- Short Term Borrowings	2,619	171
	<u>27,449</u>	<u>18,463</u>



# TMIB - Operational Highlights

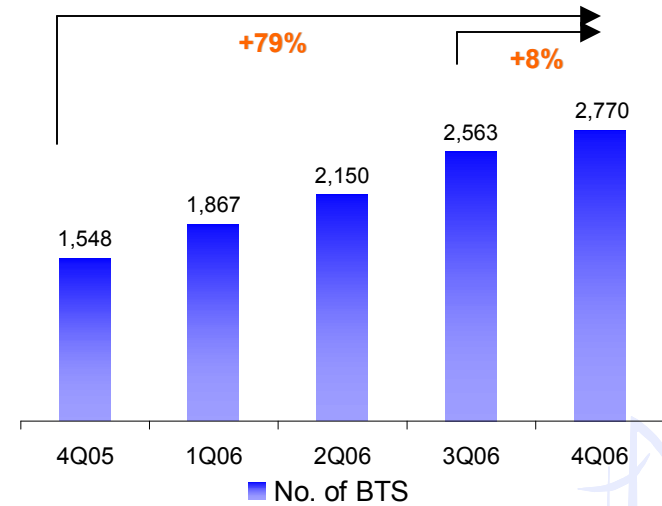
- Substantial customer growth YoY
- Commitment to improve capacity & coverage,
- Managing churn
- ARPU decline due to market condition

Customers ('000)

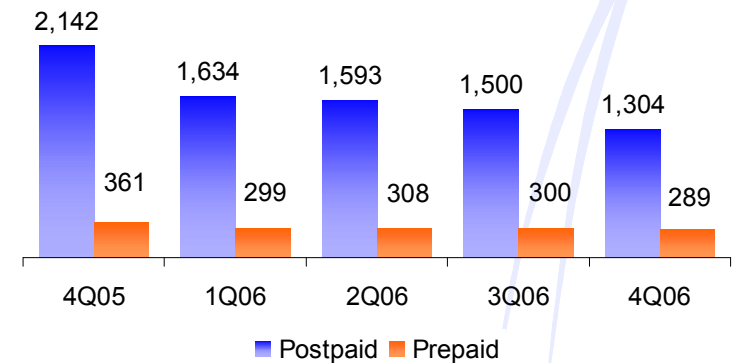


Churn (%)

	4Q05	1Q06	2Q06	3Q06	4Q06
Prepaid	3.73	6.16	6.96	7.69	1.05
Postpaid	6.65	6.90	5.82	5.76	6.52



ARPU (BDT)





# Recent Key Initiatives & Developments



## •“Kothay Kothay Mobile” campaign:

AKTEL launched a special EID promotion. Under the promotion customers could win attractive prizes by increasing at least 25% of their previous monthly usage.

## “Shob raat i Chandraat”

AKTEL launched on-net promotional tariff for all prepaid customers. Looking at the call patterns during Ramadan, AKTEL induced late night talking plan in a constructive way:

## “4x4 Offer”

To increase usage amongst the postpaid customers, all Signature & Infinity customers were given special Eid offer of 4 minutes free talk-time after talking every 4 minutes.

## AKTEL Spice launch:

AKTEL has introduced GPRS facility- under the brand name with special offer on WAP and MMS downloads.

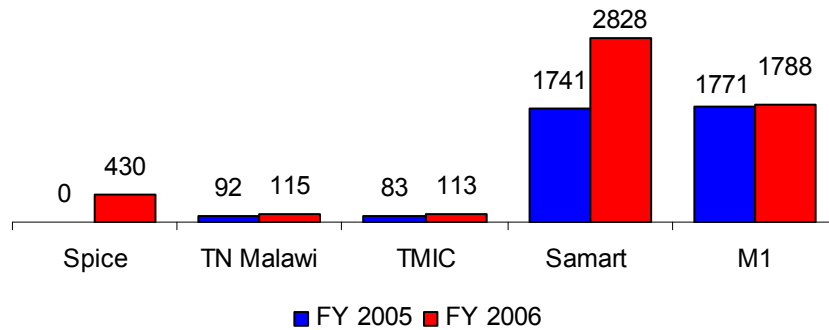
## AKTEL Series 2006 (Tour of Zimbabwe Vs Bangladesh)

AKTEL sponsored the Zimbabwe and Scotland Tour 2006 title 'AKTEL SERIES 2006'.

# Other International Operations

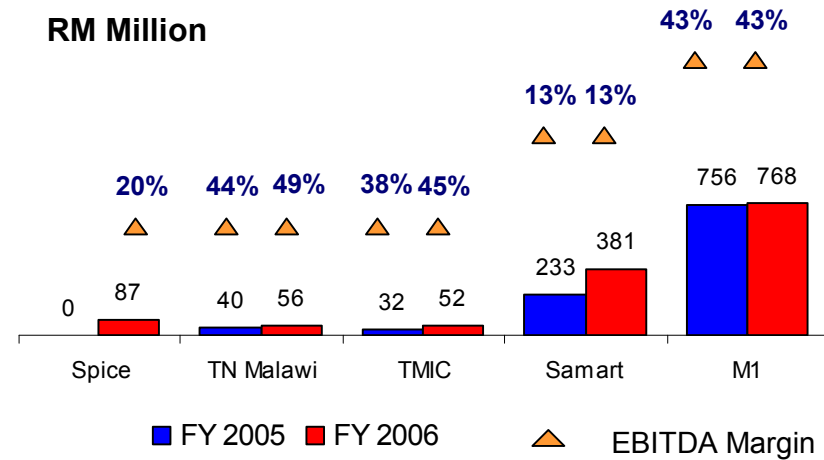
## Operating Revenue

RM Million

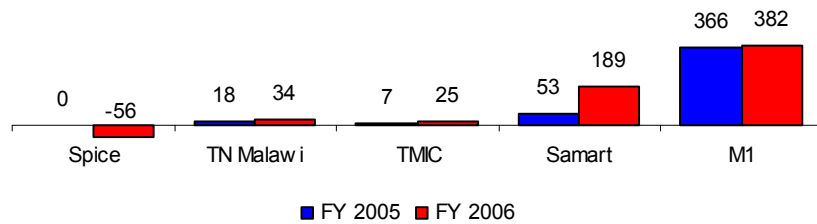


## EBITDA

RM Million



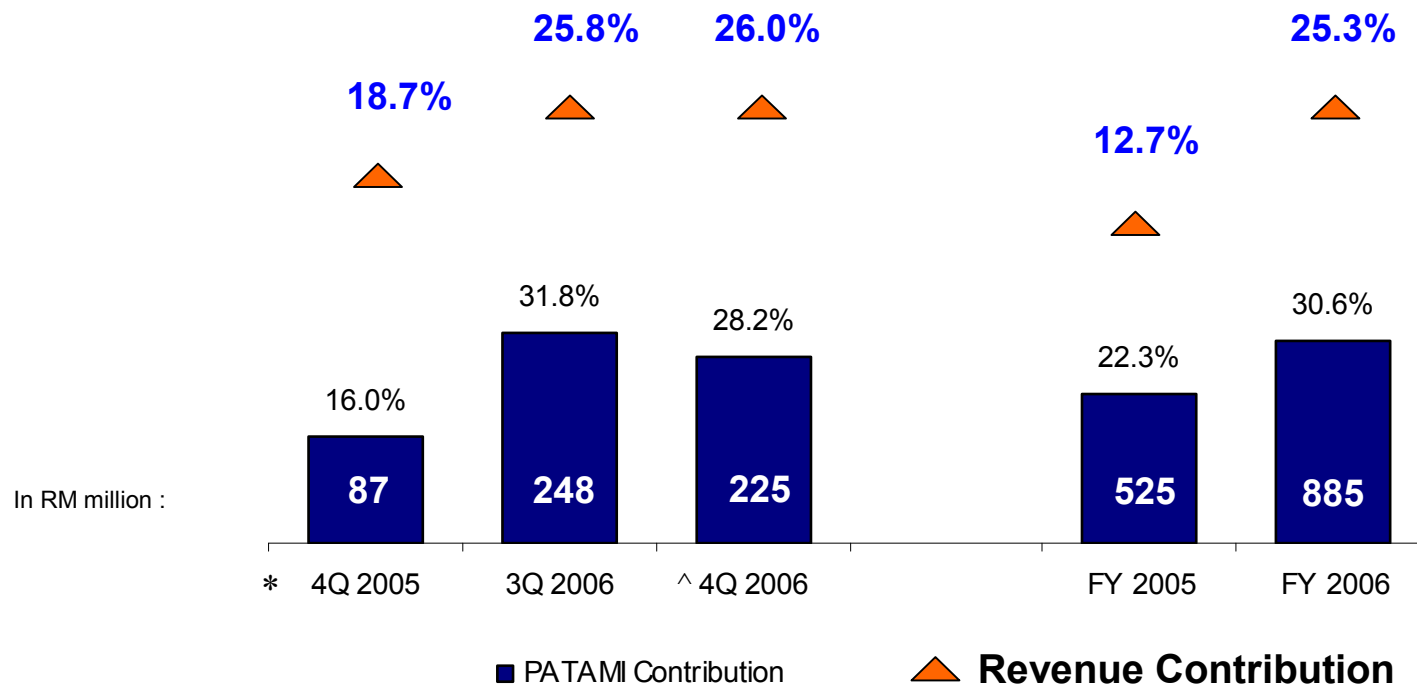
## PAT



- Improved contribution from other international operations

# Contribution from International Operations

- Contribution by international operations to Group's Revenue and PATAMI



\* Contribution of TMI's PATAMI in Q4'05 is low due to TMIB's GAP adjustment of RM267mil in Q4'05

^ Contribution of TMI's PATAMI in Q4'06 is lower than Q3'06 due to share of losses at Spice and drop in TMIB's PAT arising from higher deferred tax adjustment

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# Agenda

**Group Performance**

**Celcom Update**

**International Operations**

**Outlook**

## Dividend to shareholders

	2006	2005
Final Dividend (gross)	30.0 sen	25.0 sen
Full Year Dividend (gross)	46.0 sen	35.0 sen
Dividend Payout Ratio (Final)	36%	75%*
Dividend Payout Ratio (Interim & Final)	55%	117%*
Total Dividend Payout (RM Million)	1,135.1	949.5
Dividend Yield (net) (at average share price of RM10.60)	3.2%	2.8%

**TM's Dividend Payout Policy : 40% - 60% of Profit Attributable to Shareholders**

*\* High payout ratio for FY 2005 due to the provision for DeTe claim of RM879.5 million and effect of FRS 121*

# Outlook

## Domestic

- Drive Broadband aggressively with expanding choices over fixed and wireless
- Mitigate decline in fixed voice through further sales stimulation and re-positioning the fixed line business in the market
- Strengthen position in the enterprise market with data solutions through IPLC, IP-VPN and DSL solutions.
- Secure pockets of new growth in wholesale and global business
- Improve revenue share of the mobile market through greater focus on customer service, improved distribution channels, strengthen enterprise sales and tap further the growing mobile data segment
- Cost and Capital Management focus through synergistic approach

## International

- Greater focus on execution of strategies and deliverables with greater expected competition
- Adopt opportunistic approach in investment opportunities.
- Explore further efforts in harnessing synergies within the portfolio of investments



## Opening Up Possibilities



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