



News Release

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Kuala Lumpur

TM'S NINE MONTHS PROFIT RISES 32.3% TO RM1.96 BILLION

Group Revenue increased by 9.3% to RM13.11 billion
Fixed line revenue continued to stabilize with a 2.8% growth
Celcom further improved with 14.1% revenue growth and TMI recorded 18% revenue uplift
Group's regional mobile customers stood at 35.7 million

Group Results

Continued improved performance of Celcom (Malaysia) Berhad (Celcom) and Malaysia Business boosted Telekom Malaysia Berhad's (TM) nine months Profit After Tax and Minority Interest (PATAMI) to RM1.96 billion, up 32.3% from RM1.48 billion recorded in the corresponding period last year. This was achieved on the back of a 9.3% revenue growth amounting to RM13.11 billion recorded over the nine months period.

Apart from better financial performance from Celcom and Malaysia Business, the strong growth in Group PATAMI was also driven by higher other operating income, gain on equity dilution from Initial Public Offering (IPO) of Spice Communications Ltd (Spice) of RM71.3 million and reversal of excess provision of tax. The higher other operating income was primarily due to gain on disposal of 4.6% of TM's shareholding in Dialog Telekom Ltd (Dialog) totaling RM234.8 million as part of the efforts to boost liquidity of Dialog's shares on the Colombo Stock Exchange.

The Group continued to gain from Celcom's and Malaysia Business's sustained growth momentum. Celcom delivered a 14.1% growth in revenue to RM3.81 billion from RM3.33 billion recorded in the corresponding period last year. While Malaysia Business continued to stabilize registering RM5.73 billion in revenue, a 2.8% growth from RM5.57 billion posted last year.

Overall, the Group's better performance was attributed to higher revenue from mobile, data and Internet and multimedia with mobile revenue as the major driver, contributing 54.8% of the Group's revenue. The increase in mobile revenue was mainly contributed by Celcom and PT Excelcomindo Pratama Tbk (XL) arising from increased customers and usage.

Revenue	YTD SEP 2007 (RM mil)	% Contribution	YTD SEP 2006 (RM mil)	% Contribution
Malaysia Business	5,491.3	41.9	5,313.0	44.3
Celcom	3,656.5	27.9	3,213.2	26.8
TMI Group	3,522.9	26.9	3,002.8	25.0
TM Ventures	438.0	3.3	462.4	3.9
TOTAL	13,108.7	100.0	11,991.4	100.0

Note: Revenue after inter-segment elimination

"Clearly, the Performance Improvement Program (PIP) launched last year has shown positive results. By consolidating our fixed services under Malaysia Business with a well defined organizational structure and dedicated management, we have managed to put in place focused measures to address our declining fixed line revenue. Through focused and tailored performance management, fixed line revenue has shown continued signs of stabilisation with a 2.8% growth in Year to Date (YTD) Sept 2007. This is a turnaround from a 1.6% decline in the corresponding period a year ago. Likewise Celcom has also turned around with revenue growth of 14.1% from last year. We believe that with the proposed Demerger, the performance improvement of both FixedCo and RegionCo will be intensified further," explained Group CEO Dato' Sri Abdul Wahid Omar.

Dato' Sri Abdul Wahid further added, "We are glad that our announcement of the Demerger exercise last September was well received by our stakeholders. The Demerger exercise is progressing well and on track to achieve its key milestones. Various workstreams have been set up to look into the relevant areas. As per our earlier announcement, we expect to announce the details of the Demerger structure in December 2007. And by the end of 2Q 2008, we will see completion of the Demerger which will create a 'pure-play' Regional Mobile company and a Domestic Broadband champion."

3Q 2007 vs 3Q 2006

For the current quarter under review, Group revenue increased by 9.0% to RM4,608.7 million as compared to RM4,227.5 million in the third quarter 2006, mainly attributed to higher revenue from mobile, data, Internet and multimedia.

Group PATAMI increased by 37.5% to RM658.5 million as compared to RM478.9 million recorded in the third quarter 2006 mainly ascribed to higher revenue, net of higher operating and finance costs with lower taxation charge. Lower taxation charge was mainly due to reversal of excess tax provision.

3Q 2007 vs 2Q 2007

Group revenue for the current quarter of RM4,608.7 million increased by 6.7% (RM289.9 million) from RM4,318.8 million recorded in the preceding quarter, mainly due to increase in mobile, data, Internet and multimedia and other telecommunication related services.

Group PATAMI of RM658.5 million was 6.1% lower than RM701.0 million recorded in the preceding quarter, primarily due to higher net finance costs and lower other operating income. The gain on dilution of Spice and lower taxation charge as mentioned earlier mitigated the decrease in Group PATAMI.

MALAYSIA

Malaysia Business

Malaysia Business continued to show signs of stabilization of the fixed line business with an encouraging growth of 2.8%, bringing in RM5.73 billion in revenue for the nine months ended September 2007. This was driven by continued PIP initiatives of greater broadband push and revitalization of the fixed line through stimulation via innovative pricing and bundled packages.

Increase in revenue was also attributed to robust growth in Internet and multimedia, and data revenue which saw an increase of 25.6% and 24.7% respectively for the period ended September 2007.

For YTD Sept 2007, fixed line customers continued to remain stable at 4.4 million with continued efforts from Let's Talk and Broadband campaign. 3Q 2007 saw net addition of 110,000 broadband customers bringing the total broadband customer base to 1.2 million. This consolidates further TM's leadership in the broadband market.

Celcom

Celcom continued its track record of sustainable growth amidst an intensely competitive mobile market. For the nine months ended September 2007, Celcom registered a PATAMI of RM751 million as compared to RM604 million recorded in the same period last year. This was achieved on the back of 14.1% growth in revenue as compared to the same period last year.

The push on mobility solutions saw the revenue from mobile data improved to 20.3% in the nine months ended September 2007 compared to 18.2% in the previous corresponding period in 2006 through better data and content offerings.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margin continued to improve at 44.4% for the nine months ended September 2007 as compared to 43.5% in the nine months ended September 2006.

Celcom recorded quarterly net addition of 324,000 customers in Q3 2007 with positive growth in postpaid and prepaid segment. This is inclusive of a significant turnaround of postpaid acquisition with net addition of 67k customers. As at the end of September 2007, Celcom's total customers stood at 6.7 million.

Moving forward, Celcom's focus includes improving its segment offering, enhancing quality of service and customer experience, and continue strengthening its distribution channel for wider visibility and reach.

INTERNATIONAL

Dialog, Sri Lanka

(SLR100 : RM3.00)

Dialog Telekom Limited and its subsidiaries (Dialog Group) continued to deliver robust performance despite its challenging operating environment. The Company posted SLR 23.92 billion in revenue for the nine months ended September 2007, a growth of 26.6% as compared to the same period last year mainly due to increase in customer base to 4.0 million.

Dialog mobile operations achieved 7.0% profit growth despite intermittent disruptions in the North and Eastern Province of Sri Lanka.

Dialog Group also posted an EBITDA of SLR10.86 billion and PAT of SLR7.30 billion for the period ended September 2007. PAT were lower mainly due to costs arising from capacity building ahead of demand and revenue realisation of Dialog Broadband Networks Pvt Ltd (Dialog Broadband Networks) and substantial fixed cost base of Dialog Television (Pvt) Ltd (Dialog Television) operation.

Dialog registered a year-on-year customer growth of 39.8% and further consolidates its leading position as the number one mobile operator in Sri Lanka with a total customer base of 4.0 million as at end September 2007.

Excelcomindo, Indonesia

(Rp 10,000 : RM3.7)

XL continued to register strong results, posting a revenue of Rp5,733 billion for the nine months ended September 2007, up 25.6% from Rp4,566 billion recorded last year. It also registered a 26.6% increase in EBITDA, up to Rp2,431 billion and Net Profit of Rp156 billion.

This achievement was driven by various campaigns and stimulation programs launched in 3Q 2007 which resulted in higher customer base and MoU.

Up until September 2007, the number of BTS totalled 9,947 units all across Indonesia. This represents a 52.2% increase from 6,537 from the same period last year.

XL recorded a 53.1% growth in mobile customers from 8.4 million a year ago to 12.8 million customers as at end of September 2007.

As its effort to ensure sustainable growth, XL has implemented new pricing strategy to boost usage in different regional penetrations, improving capacity of network and quality of customer care. It will also strive to stabilise its market reach and expansion of distribution channel, maintain operational efficiencies and leverage more growth from new business development and overall product portfolio offerings.

TMIB, Bangladesh

(BDT 100 : RM4.99)

TM International Bangladesh Limited's (TMIB) revenue increased 16.1% to BDT 10,872 million for the period ended September 2007 as compared to BDT 9,362 million recorded in the corresponding period last year.

For the nine months ended September 2007, TMIB also posted an EBITDA of BDT2,454 million and a loss after tax of BDT 552 million which was largely due to the compensation paid to the local government amounting to BDT 1,450 million.

TMIB registered a year-on-year customer growth of 63.7%, bringing its customer base to 7.0 million.

Moving forward, despite stiffer competition and regulatory challenges, TMIB will focus on improving its brand presence, strengthening market reach by expansion of distribution channel, increasing uptake from new Value Added Services (VAS), maintaining penetration in high revenue potentials, such as post-paid and corporate segment and managing cost optimisation.

Prospects for the Current Financial Year

The stabilisation of the overall domestic business continued with on-going initiatives under the current PIP. Malaysia Business will continue to push for broadband and data related services through various sales stimulation initiatives. Other areas of focus would include on-going development of international connectivity and regional Internet Protocol (IP) hub. For Celcom, better delivery channels and customer experience remain a priority moving forward.

On the international front, respective PIPs are already in place to mitigate challenges from regulatory constraints, competition as well as appreciating Ringgit Malaysia against the local currencies of overseas markets.

Based on the current performance by all the operating units under TM Group, barring any unforeseen circumstances, the Board of Directors is of the view that the Group is on track to achieve the main headline KPIs of Earnings Before Interest, Tax and Depreciation (EBITDA) Margin and Return on Equity (ROE). However the Revenue KPI will remain challenged due to the continued increase in competition, unstable political and regulatory environment in certain markets and foreign currency translation losses resulting from the stronger Ringgit Malaysia in the overseas markets.

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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