TELEKOM MALAYSIA BERHAD

FY 2008 RESULTS

24 February 2009

Contents

Key 2008 Highlights

Intense year with several key milestones delivered

- Demerger completion in April 2008
- Launch of PIP2.0 in August 2008
- HSBB agreement signing in September 2008

Encouraging business and operational performance improvement

- Continuous revenue improvement of 4.6%
- Lower profit due to exceptional items, but growth of 64% on normalised basis
- Broadband customer growth of 26.7%
- Cashflow remains strong due to:
  - Improved BAU Capex / Revenue
  - Reduced AR days

Delivering 2008 commitments to shareholders

- Met RM700m dividend commitment;
  - Interim dividend: 12 sen gross or RM318m net of tax
  - Final dividend: 14.25 sen gross or RM382m net of tax

Performance Improvement Programme 2.0

4 Strategic Themes: "COOL"

1. Customer centricity and quality improvements

- Enhance the **quality of experience for customers**
- Implement customer service and quality improvements and **create continuous improvement mechanisms** for customer experience

2. One company mindset with execution orientation

- Drive efforts effectively to improve **talent management** and **execution capacity**
- Cultivate **mindset change** to serve as a single customer facing company
- **Realign roles of core affiliates**

3. Operational excellence and capital productivity

- Drive **structural cost optimisation and process improvements** to achieve significantly improved OPEX and CAPEX position
- Increase **working capital efficiency** by:
  - Reducing accounts receivable days
  - Optimising inventory management

4. Leadership through innovation and commercial excellence

- **Drive growth across all customer segments** by:
  - Optimising the product portfolio
  - Channel and sales force improvements
- Drive BB penetration both through HSBB and BBGP

New TM Business Model

BUSINESS SEGMENT LINE OF BUSINESS (LOB)	TM CONSUMER	TM SME	TM ENTERPRISE	TM GOVERNMENT (Include States)	TM WHOLESALE	TM GLOBAL	SUPPORT BUSINESS
					PRODUCT	PRODUCT	

BUSINESS FUNCTIONS

- PRODUCT
- HSBB
- TECHNOLOGY (NETWORK DEVELOPMENT , NETWORK OPERATIONS * & IT)
- CUSTOMER SERVICE MANAGEMENT *

CENTRAL FUNCTIONS

- GROUP FINANCE
- GROUP PROCUREMENT
- GROUP HCM
- GROUP LC
- GROUP MARKETING
- GROUP CORP COMM
- GCEO’s OFFICE
  - STRATEGY & REG
  - BUSINESS DEV.
  - PPMO

* Customer Management Programme

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HSBB Update

The rollout has begun, with progress across a multitude of areas

Key Programme Milestones in Year 2009	• Indicative terms and conditions of HSBB Wholesale Services to be posted on company website by 16 March '09. • HSBB Wholesale (Transmission) service launch – Q2 '09 • HSBB Retail service launch – Q4 '09
Project Management / Monitoring	• A dedicated programme management team in TM has been established to manage and provide an end-to-end view of the whole programme
Project Investment	• 1st claim paid by Government in December '08 • Quantum of reimbursement in line with agreed formula stipulated in PPP agreement
Network	• 2 fibre access pilot projects have been carried out in TTDI and Subang Jaya • IP Core deployment is currently in progress and first cutover is expected to be completed in Q2 '09

2008 : Financial Performance

Revenue growth remained positive, driven by non-voice services. EBITDA and PATAMI affected by exceptional items' .

RM million	3Q08	4Q08	Growth	4Q07	Growth	FY 2008	FY 2007	Growth FY on FY
Revenue	2,062.0	2,497.8	▲ 21.1%	2,104.5	▲ 18.7%	8,674.9	8,296.0	▲ 4.6%
EBITDA	696.5	822.0	▲ 18.0%	713.0	▲ 15.3%	2,917.0	3,237.8	▼ -9.9%
EBITDA margin	33.2%	32.6%	▼ -0.6pp	31.8%	▲ 0.8pp	33.3%	37.6%	▼ -4.3pp
Profit Before Tax	-138.1	253.9	▲ 283.9%	201.0	▲ 26.3%	353.8	918.7	▼ -61.5%
PBT margin	-6.7%	10.2%	▲ 16.9pp	9.6%	▲ 0.6%	4.1%	11.1%	▼ -7.0pp
PATAMI	-165.8	166.0	▲ 200.1%	157.0	▲ 5.7%	229.3	856.7	▼ -73.2%
Broadband Customers ('000)	1,546	1,603	▲ 3.7%	1,265	▲ 26.7%			
Fixed Line Customers ('000)	4,307	4,297	▼ -0.2%	4,433	▼ -3.1%			

Note: EBITDA Margin is calculated as percentage of EBITDA against Total Revenue + Other Income

Normalised EBITDA margin for the full year remained above 35% level

RM'Mn	1Q08	2Q08	3Q08	4Q08	4Q07	2008	2007
Reported EBITDA	**611.6**	**787.0**	**696.5**	**822.0**	**713.0**	**2,917.0**	**3,237.8**
Non-Operational							
ESOS Cost	60.4	33.2	16.9	(28.9)	0.8	81.6	2.9
Diminution in value of quoted investments	47.7	10.3	19.4	7.4	63.7	84.8	29.8
Gain on Disposal of Assets	(11.6)	(14.1)				(25.7)	(55.3)
Normalised exclude non-operational	***708.0***	***816.4***	***732.8***	***800.5***	***777.5***	***3,057.7***	***3,215.2***
Operational							
Reversal of USP provision		(35.2)			(43.6)	(35.2)	(43.6)
Late VC Settlements			68.0			68.0	
VSS Cost					25.5		41.4
Specific Provision Net of Recovery for Debtors	112.9					112.9	
Normalised EBITDA	**820.9**	**781.2**	**800.8**	**800.5**	**759.4**	**3,203.4**	**3,213.0**
Normalised EBITDA % (non operational)	**34.3%**	**37.6%**	**34.9%**	**31.8%**	**34.7%**	**34.6%**	**37.4%**
Normalised EBITDA %	**39.2%**	**36.0%**	**38.2%**	**31.8%**	**33.9%**	**36.2%**	**37.3%**
Reported EBITDA margin	**29.8%**	**36.0%**	**33.2%**	**32.6%**	**31.8%**	**33.3%**	**37.6%**

Normalised PATAMI indicates strong underlying business performance

RM'Mn	1Q08	2Q08	3Q08	4Q08	4Q07	2008	2007
Reported PATAMI	**114.4**	**114.7**	**(165.8)**	**166.0**	**157.0**	**229.3**	**856.7**
Non-Operational							
ESOS Cost	60.4	33.2	16.9	(28.9)	0.8	81.6	2.9
Diminution in value of quoted investments	47.7	10.3	19.4	7.4	63.7	84.8	29.8
FX Loss/(Gain) on Loans	(118.8)	74.9	195.7	18.2	(110.1)	170.0	(262.4)
Gain on Disposal of Assets	(11.6)	(14.1)				(25.7)	(46.0)
Loss on termination of financial swaps	66.1	15.9				82.0	
Deconsolidation of Sotelgui			88.8			88.8	
Disposal of TNL Malawi							(9.3)
Minority Interest	**(0.2)**	(0.1)	(0.2)	(0.4)		(0.9)	
Normalised PATAMI	***158.0***	***234.8***	***154.8***	***162.4***	***111.4***	***709.9***	***571.7***
Operational							
Reversal of USP provision		(35.2)			(43.6)	(35.2)	(43.6)
Late VC Settlements			68.0			68.0	
VSS cost					25.5		41.4
Fixed Assets Written Off/Impairment					16.6		49.8
Specific Provision Net of Recovery for Debtors	112.9					112.9	
Prior Year Tax Provision		(51.9)	(28.7)	(28.6)	(53.9)	(109.2)	(192.1)
Impact of Tax	(29.4)	9.2	(17.7)		4.9	(37.9)	5.0
Normalised PATAMI	**241.5**	**156.8**	**176.4**	**133.8**	**60.9**	**708.5**	**432.2**

Costs as a % of Revenue

Cost affected by exceptional items

	3Q 2008	4Q 2008	4Q 2007	FY 2008	FY 2007
Revenue (RM mil)	2,062.0	2,497.8	2,104.5	8,674.9	8,296.0
Direct Costs %	25.6	21.8	19.9	21.7	19.7
RM mil.	527.0	545.3	418.4	1,879.9	1,634.6
Manpower %	18.5	13.5	16.9	17.6	17.1
RM mil.	382.4	337.4	355.4	1,527.8	1,420.1
Supplies & Materials %	4.3	3.9	8.1	4.9	5.5
RM mil.	89.3	98.2	170.4	422.6	455.2
Bad & Doubtful Debts %	0.2	2.8	2.2	2.3	3.2
RM mil.	4.1	69.6	45.9	196.4	263.8
Marketing Expenses %	3.9	3.7	6.0	4.3	4.7
RM mil.	80.2	92.9	127.2	370.9	387.6
Other Operating Costs %	15.4	22.2	15.7	17.7	13.6
RM mil.	318.4	555.4	330.1	1,539.0	1,125.6
Depreciation & Amortisation %	25.9	21.2	28.0	24.2	27.9
RM mil.	533.6	529.6	589.5	2,098.9	2,311.4
Total (RM mil)	1,936.0	2,228.4	2,037.0	8,035.4	7,598.3
Total (% of Revenue)	93.9	89.2	96.8	92.6	91.6

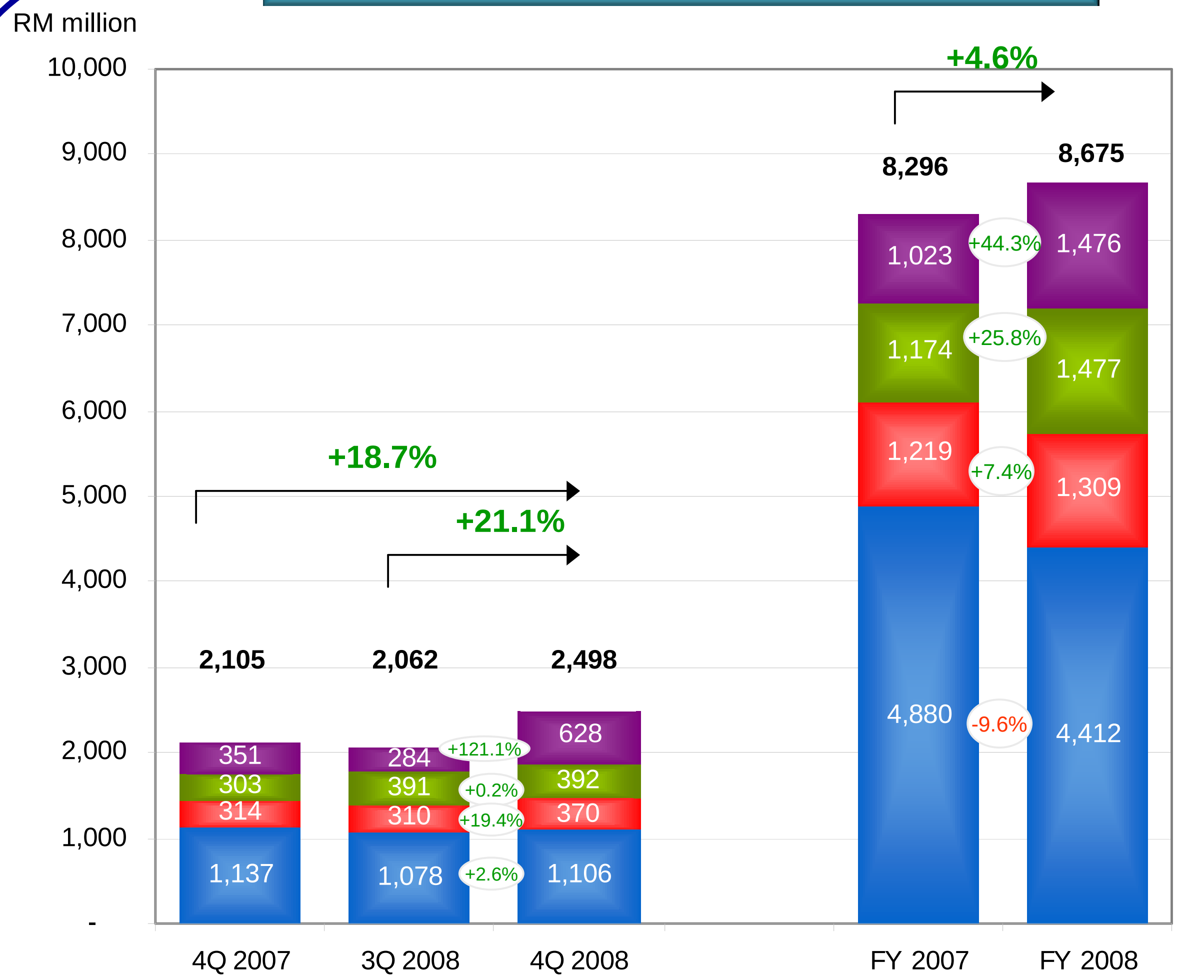
YoY Review

- **Higher Other Operating Costs mainly due to higher maintenance (MERS 999), rental, utilities and diminution in value of quoted investment.**
- **Manpower cost stable except for special ESOS provision (RM81.6mn)**
- **Direct cost increased due to higher international and interconnect outpayment (RM158.3mn)**
- **Depreciation lower mainly due to sale and leaseback of 4 buildings**

Note: Cost for 4Q 2007 and FY 2007 exclude Measat Impairment

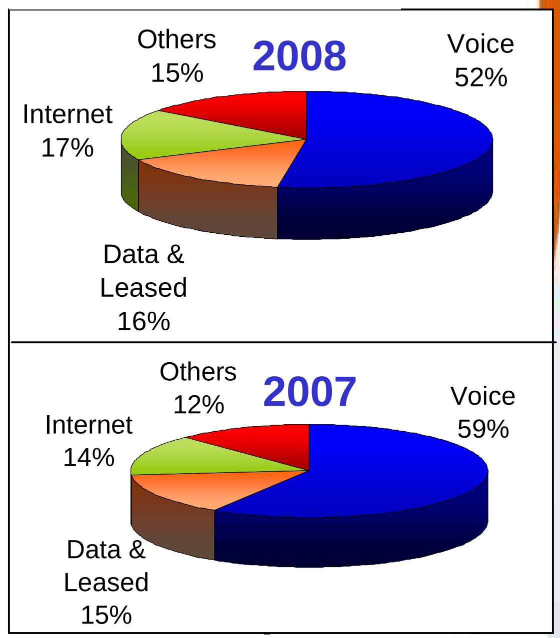
Total Revenue by Products – Contribution from Non-Voice significantly mitigated the decline in Voice

Total Revenue by Products



Others include managed network services, system integration services, contact centre and customer projects (e.g SchoolNet).

Total Revenue by Products (%)

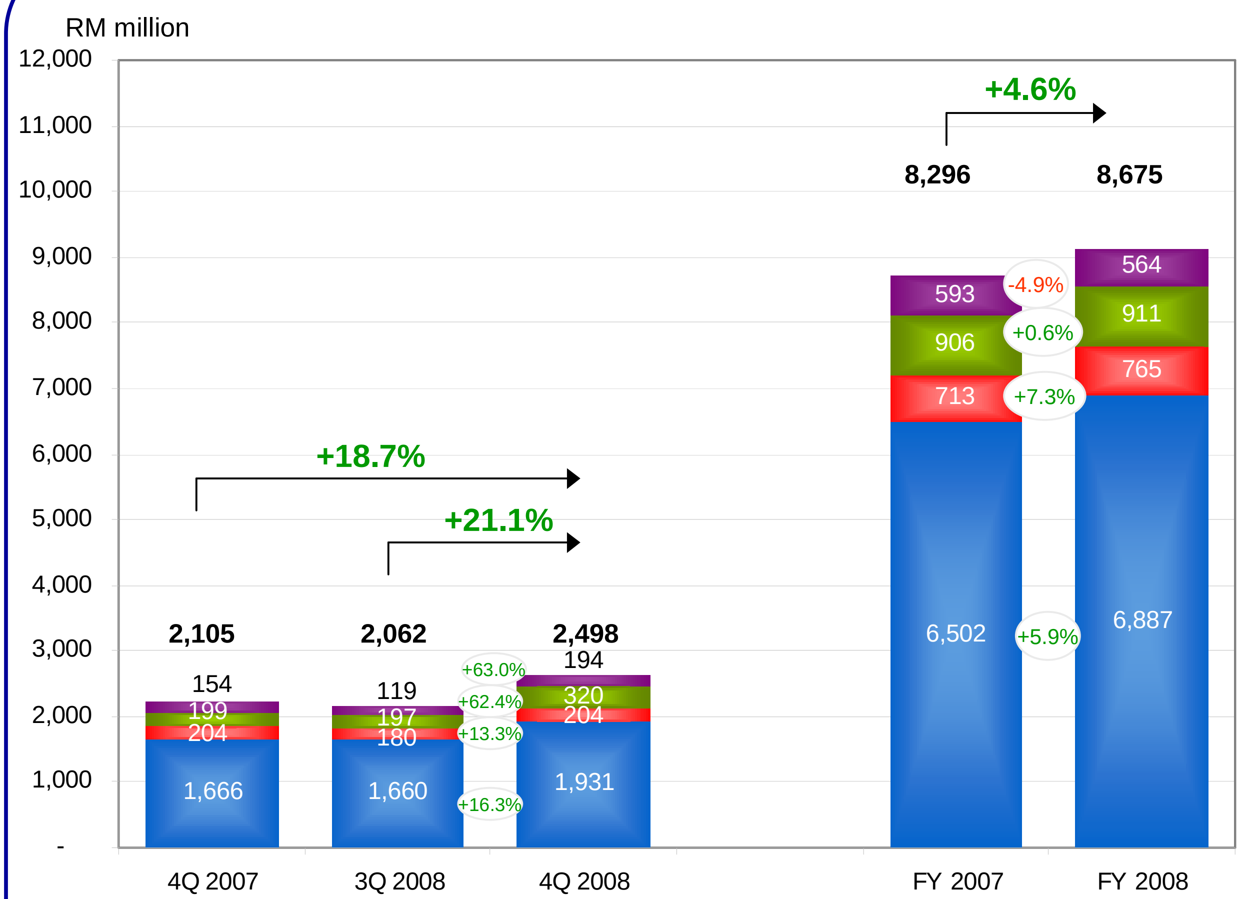


Note: Calculations based on revenue after interco elimination and internal recharge

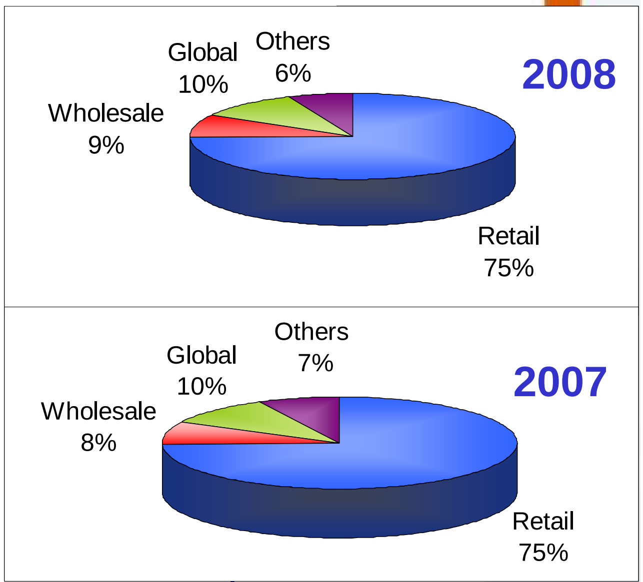
*Note: * Total Revenue is after inter-co elimination and internal recharge.*

Total Revenue by Line of Business (LOB) - Main LOBs improved Y-o-Y

Total Revenue by LOBs



Total Revenue by LOBs (%)



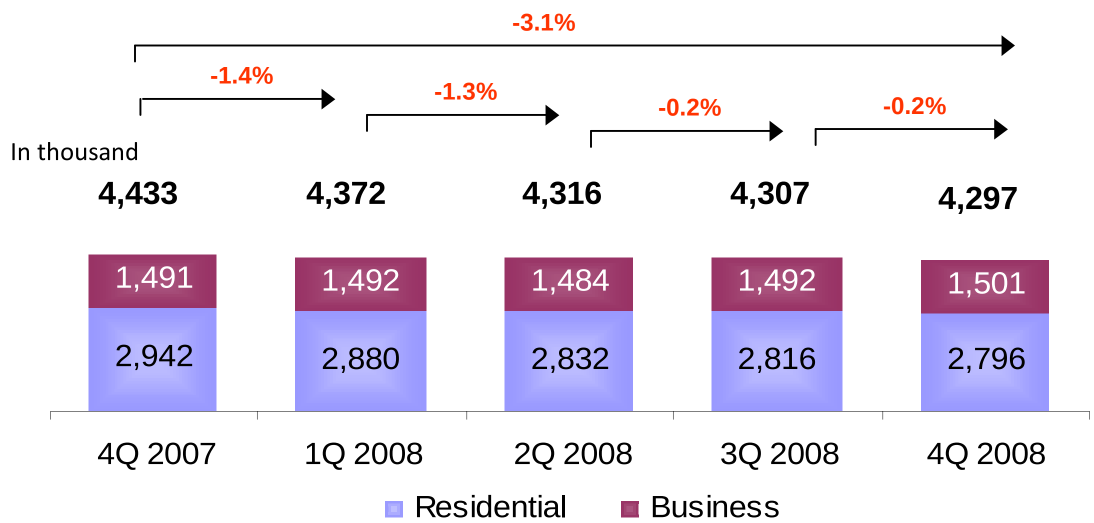
Others include non core business & support

Note: * Total Revenue is after inter-co elimination and internal recharge.
Revenue of segment is before inter-co elimination and internal recharge.

Fixed Line : YoY Customer base lower by 3.1%

Declining trend slower QoQ due to marginal growth from business customers

Fixed Line Customers



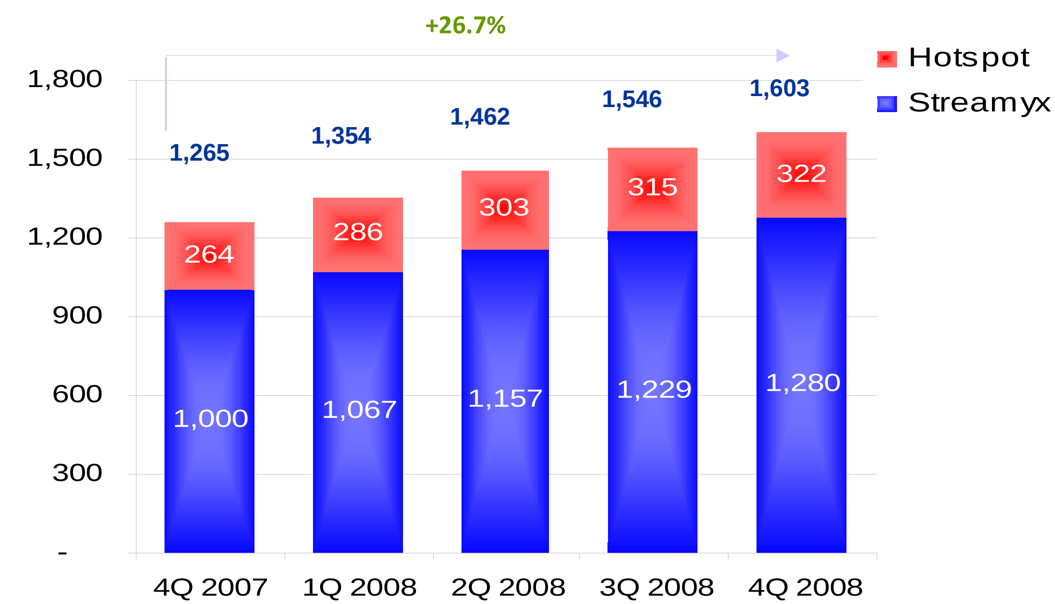
ARPU* (RM)	4Q 07	1Q 08	2Q 08	3Q 08	4Q 08
Business	91	78	85	79	77
Residential	28	27	25	24	23

* *Call usage only*

Broadband : YoY Strong Growth of 27%

Broadband customer base reached 1.6 million, reaffirming our leading position

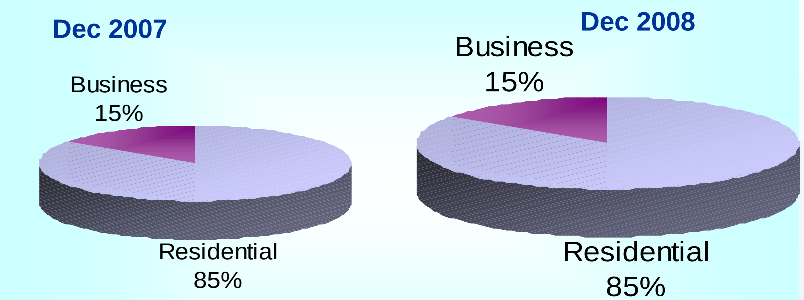
Broadband Customer Growth



ARPU (RM)	4Q 07	1Q 08	2Q 08	3Q 08	4Q 08
Streamyx Broadband *	90	91	93	94	90

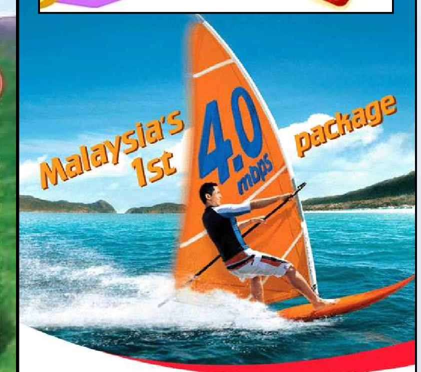
** Based on Streamyx Gross ARPU only.*
ARPU after reclassification of rental for Combo packages

Breakdown of Streamyx Broadband Customers



Y-O-Y Review

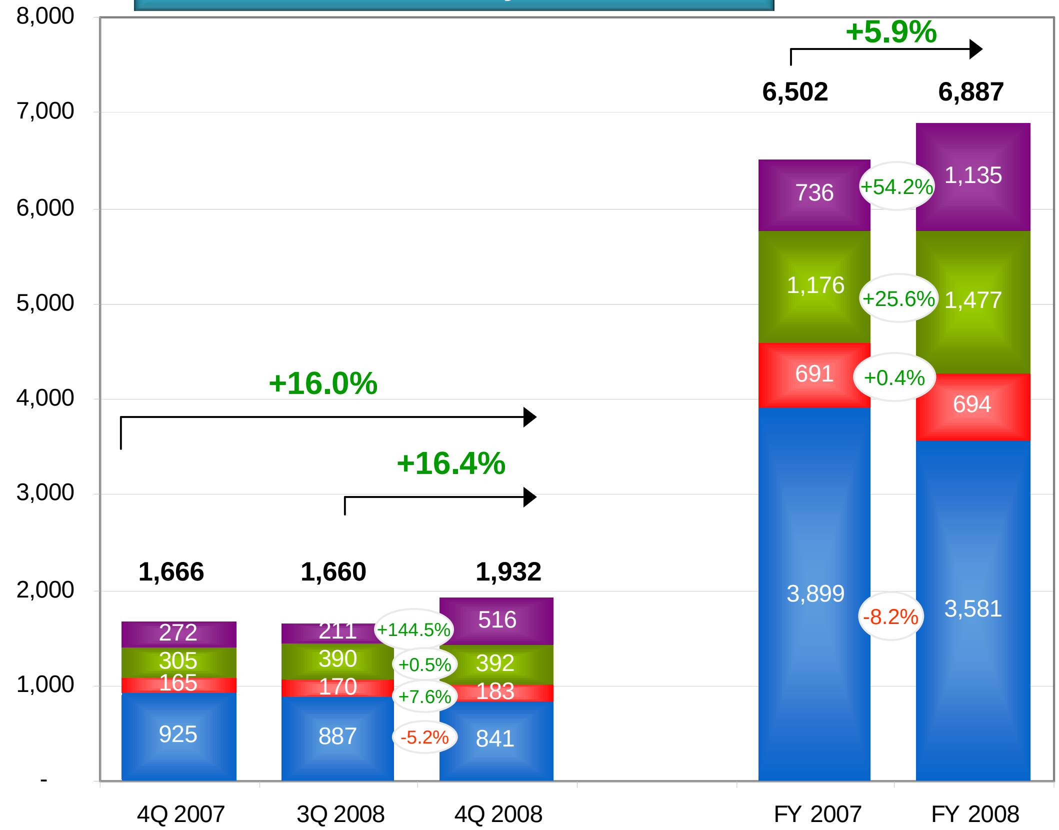
- Growth in Broadband mainly contributed by aggressive promotion of Streamyx Combo and Streamyx with Mobility



Retail Business – Broadband remains the growth driver

Internet and other segments recorded healthy Y-o-Y growth of 25.6%and 54.2% respectively.

Retail Revenue By Products

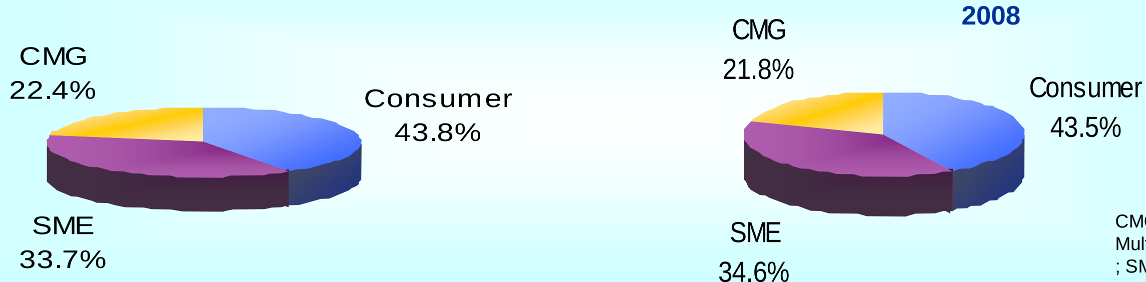


YoY Review

- **Internet up 26% mainly driven by Streamyx customer growth**
- **Others significantly improved by 54.2% due to MERS 999, GITN & VADS.**

Others include customer projects at GITN (School Net) and VADS (MNS / Contact Centre)

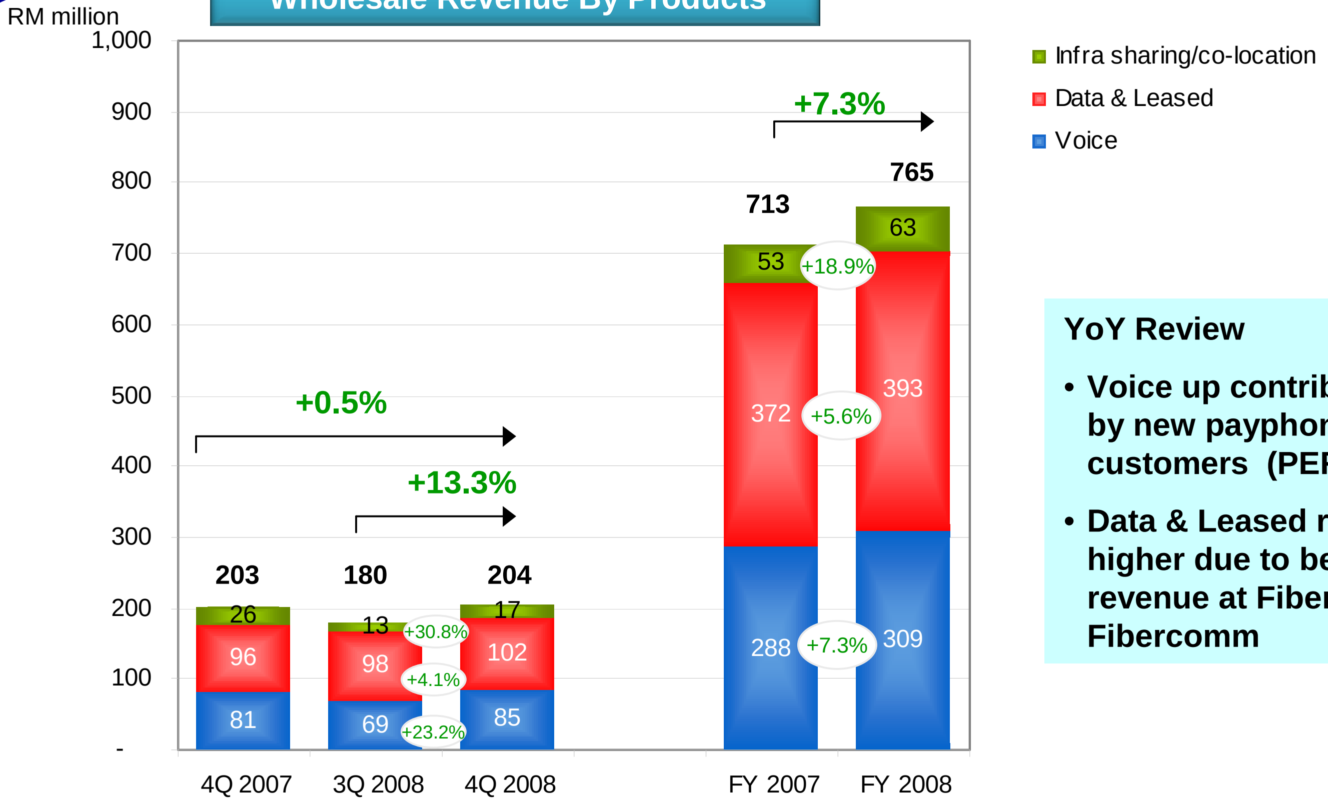
Revenue by Customer Segment



CMG=Corporates, Multinationals & Government ; SME=Small & Medium Enterprises

Wholesale Business – *Balanced growth across all areas*

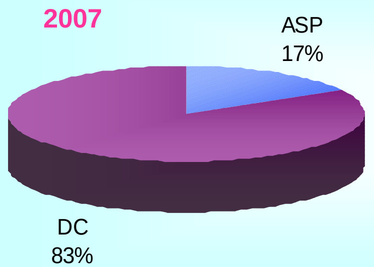
Wholesale Revenue By Products

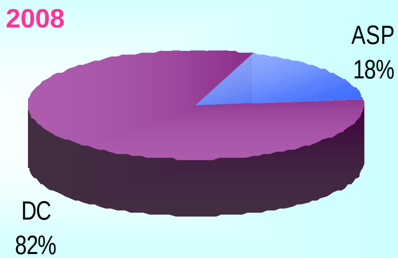


YoY Review

- **Voice up contributed by new payphone customers (PERNEC)**
- **Data & Leased revenue higher due to better revenue at Fiberail and Fibercomm**

Revenue by Customer Segment



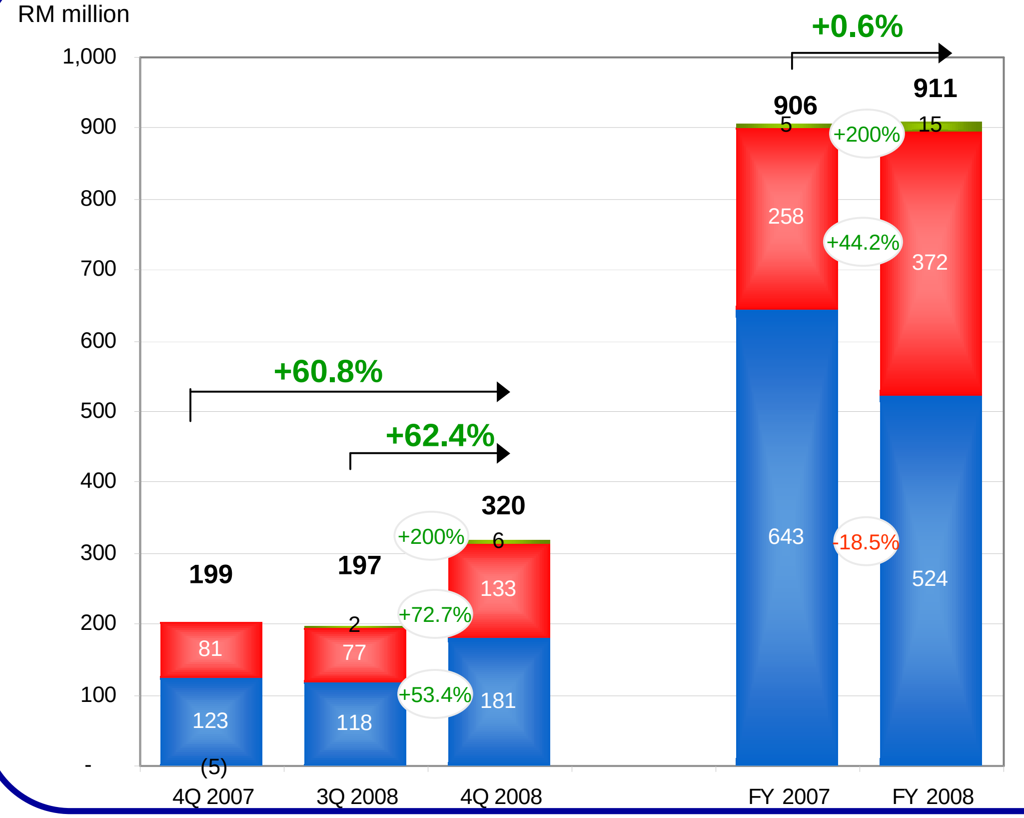


ASP = Application Service Providers; DC = Domestic Carriers

Global Business

Shift of focus to higher margin products, from Voice Business to Data Business

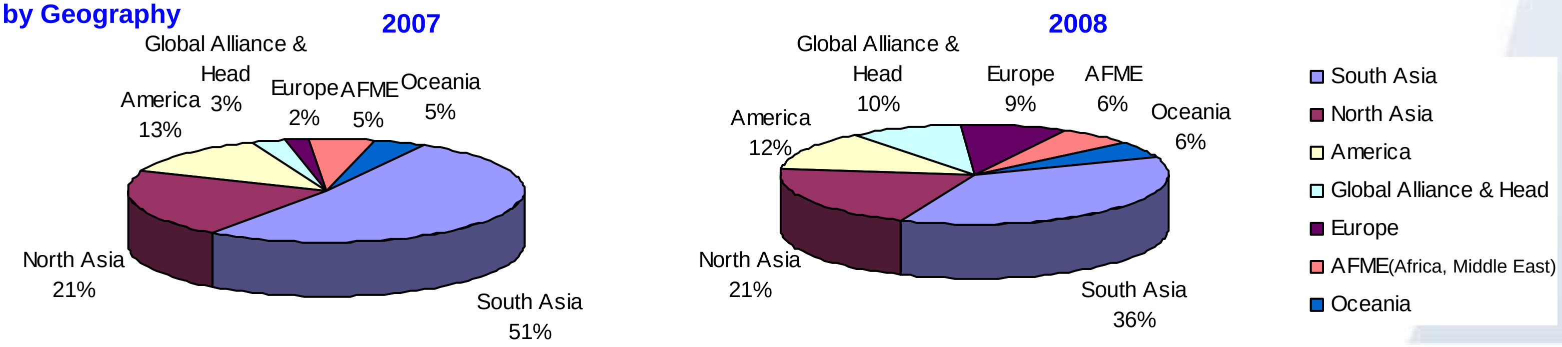
Global Revenue By Products



YoY Review

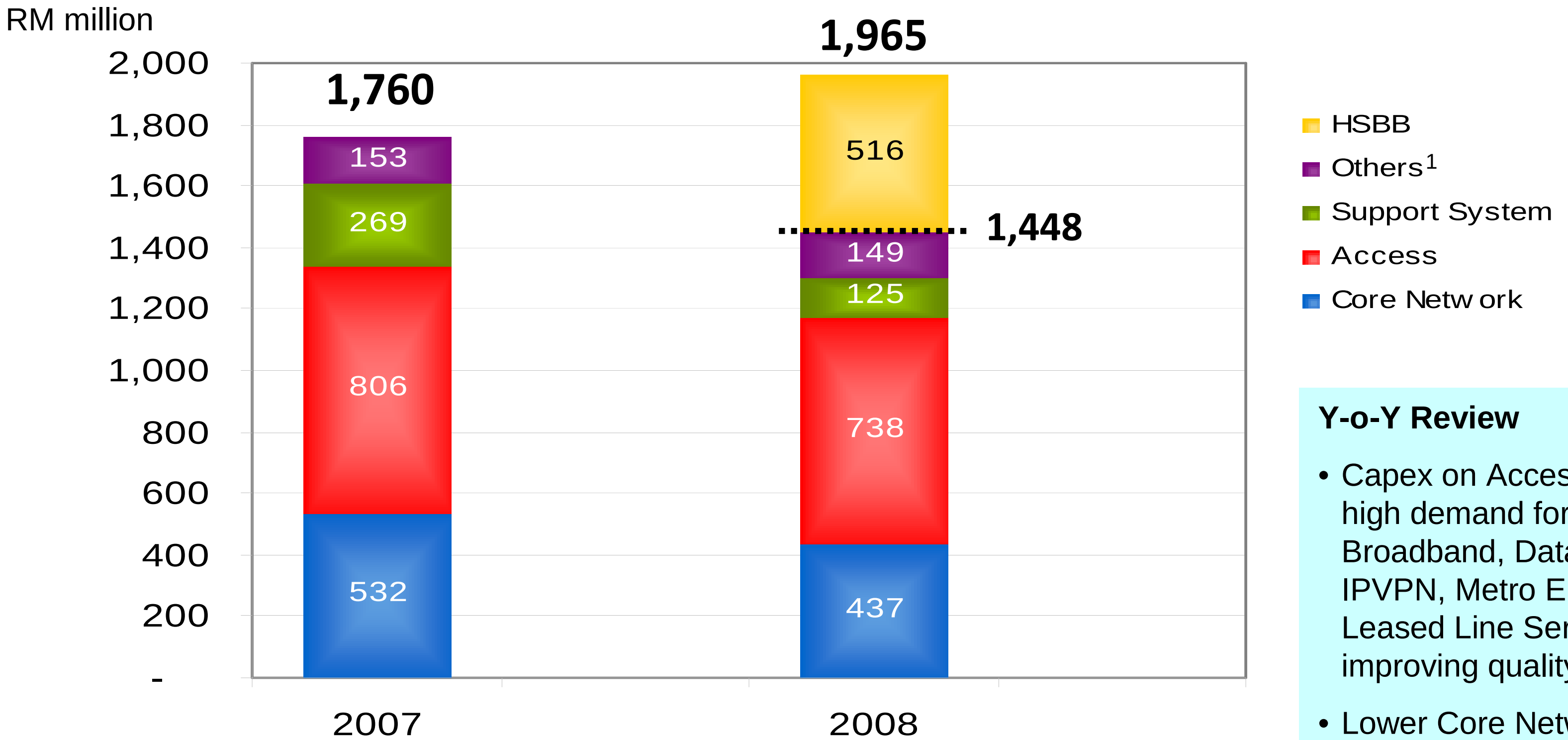
- **Voice down due to lower international inpayment**
- **Data up contributed by new lease circuits activations activities in in America, Europe and Africa, Middle East**

Revenue by Geography



Group Capital Expenditure

BAU Capex improved to 16.7% of revenue



[1] Others include building, land improvement, moveable plant and others asset.

Y-o-Y Review

- Capex on Access to support high demand for Broadband, Data (TM IPVPN, Metro E, TM Direct, Leased Line Services) and improving quality of service.
- Lower Core Network due to migration into IP core based and NGN

	2007	2008
BAU Capex / Revenue (%)	**21.2%**	**16.7%**

Balance Sheet and Key Financial Ratios

RM Million	As at 31 Dec 2008	As at 31 Dec 2007
Shareholders' Funds	**10,248.1**	**10,025.7**
Minority Interests	**226.5**	**172.9**
Deferred & Long Term Liabilities	**8,587.3**	**8,064.9**
Long Term Borrowings	*6,965.1*	*6,587.4*
Deferred Tax	*1,362.0*	*1,431.3*
Deferred Income	*260.2.*	*46.2.*
	19,061.9	**18,263.5**
Current Assets	**9,412.4**	**11,101.1**
Trade Receivables	*2,127.9*	*2,647.5*
Other Receivables	*763.4*	*784.4*
Amount due from TMI	*4,025.0*	*4,025.0*
Cash & Bank Balances	*2,095.2*	*2,172.9*
Others	*400.9*	*1,471.3*
Current Liabilities	**3,471.3**	**5,558.8**
Trade and other Payables	*2,812.6*	*3,014.6*
Short Term Borrowings	*34.9*	*243.9*
Dividend Payable	*-*	*1,654.5*
Others	*623.8*	*645.8*
Net Current Assets	**5,941.1**	**5,542.3**
Property Plant & Equipment	**11,772.1**	**11,821.5**
Other Non-current Assets	**1,348.7**	**899.7**
	19,061.9	**18,263.5**

- Improved collections resulting in lower Trade Receivables
- Lower Fixed Assets due to efficient Capex spending
- Cash and Bank balances remain strong

	31 Dec 08	31 Dec 07		31 Dec 08	31 Dec 07
Return on Invested Capital	4.50%	4.30%	Gross Debt/ Equity*	0.68	0.68
Return on Equity [1]	6.99%	4.31%	Gross Debt/ Equity**	0.29	0.28
Return on Assets	3.15%	3.89%	Net Debt/ Equity*	0.48	0.46
Current Ratio	2.71	2.00	Net Debt/ Equity**	0.09	0.06
Debt to EBITDA	2.45	2.11	Net Assets/Share (sen)	296.5	291.5

[1] ROE Normalised

* Before Amount Due from TMI
** After Amount Due from TMI

Key Takeaways

Revenue Improvements

- Non-voice revenue contributed significantly to the 4.6% growth YoY.
- Streamyx recorded strong growth of 28% on the back of innovative packages, reliability and pricing.

Cost and Capital Efficiencies

2008 improvement milestones

- AR days reduced to 113 days
- BAU Capex/Revenue ratio improved to 16.7%
- Opex efficiency in selected areas, such as marketing, supplies & materials.

Improving Customer Experience

- TM is committed to spend 3% of its annual revenue on improving quality of service and increasing our QoS audits
- Launching new and improved Customer Service charter to enhance service delivery

HSBB

- HSBB Rollout has started in 4Q 2008.
- HSBB Wholesale (Transmission) service launch – 2Q2009
- HSBB Retail service launch – 4Q 2009

Final Dividend 2008

- Proposed Final gross dividend of 14.25 sen less tax at 25%, net payment of RM382mn.
- Inclusive of interim dividend of 12sen (RM318mn net), total dividend for 2008 is 26.25 sen, net dividend payout of RM700mn.

Key messages to be focused on performance and shareholder value creation

Operational efficiency	• Management's focus moving forward is operational efficiency • Has established PIP2.0 and other management initiatives to drive this • Capex spending will be driven by revenue • Operational efficiency will drive improvement in PATAMI and cash flows
Prudent management	• TM has strong balance sheet and credit rating, with stable cash flows • Future initiatives will ensure balance sheet and credit rating remain strong
Balance sheet efficiency	• Continuously looking to improve balance sheet efficiency through optimal capital structure • Supported by capital distribution of excess cash to shareholders
Execution capability	• Management has good execution capability • Execution capability supported by improvement in company performance and achievements in PIP2.0 and other management initiatives • Management committed to continue to improve company performance

Capital management approach guided by 3 main principles

Guiding principles

A Exercise prudent approach to managing capital structure

B Strive to optimise performance

C Create value for shareholders

Capital Repayment

In view of anticipated repayment from TMI by April 2009, TM has proposed to carry out a capital repayment of RM3,505.8 million to shareholders.

An opportune time to return cash in excess of TM's requirements – consistent with the objectives of its capital management framework.

- Shareholders will receive **cash payment of RM0.98 for each TM share held**
- The capital repayment is expected to be funded by the anticipated repayment from TMI
- No impact to dividend policy
- Proforma group cash balance based on FY2008 audited accounts after capital repayment, final dividend, and anticipated repayment from TMI would be RM2,230 million
- Payment expected in second quarter of 2009

Thank You

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