

TIMETM

1Q 2019 Performance Guide
MAY 2019



TIME Q1 2019: HIGHLIGHTS

Retail



- **Retail business** remains the **fastest growing customer group**
- Retail revenue is **up 26% YoY** and **4% QoQ** from **continued strong demand** for **TIME Fibre Broadband Service** from home users

Data

- **Strong growth momentum from data sales** in Q1 2019
- Data revenue grew by **15% YoY** and **2% QoQ**

Wholesale



- Revenue from **wholesale business** grew **18% YoY** but **declined by 1% QoQ**, mainly due to **no one-off non-recurring revenue** recorded in Q1 2019
- **Excluding one-off non-recurring revenue** from Q4 2018, wholesale revenue would have grown **2% QoQ**

Enterprise



- Revenue from **enterprise business** grew **3% YoY** with a marginal reduction of **1% QoQ**

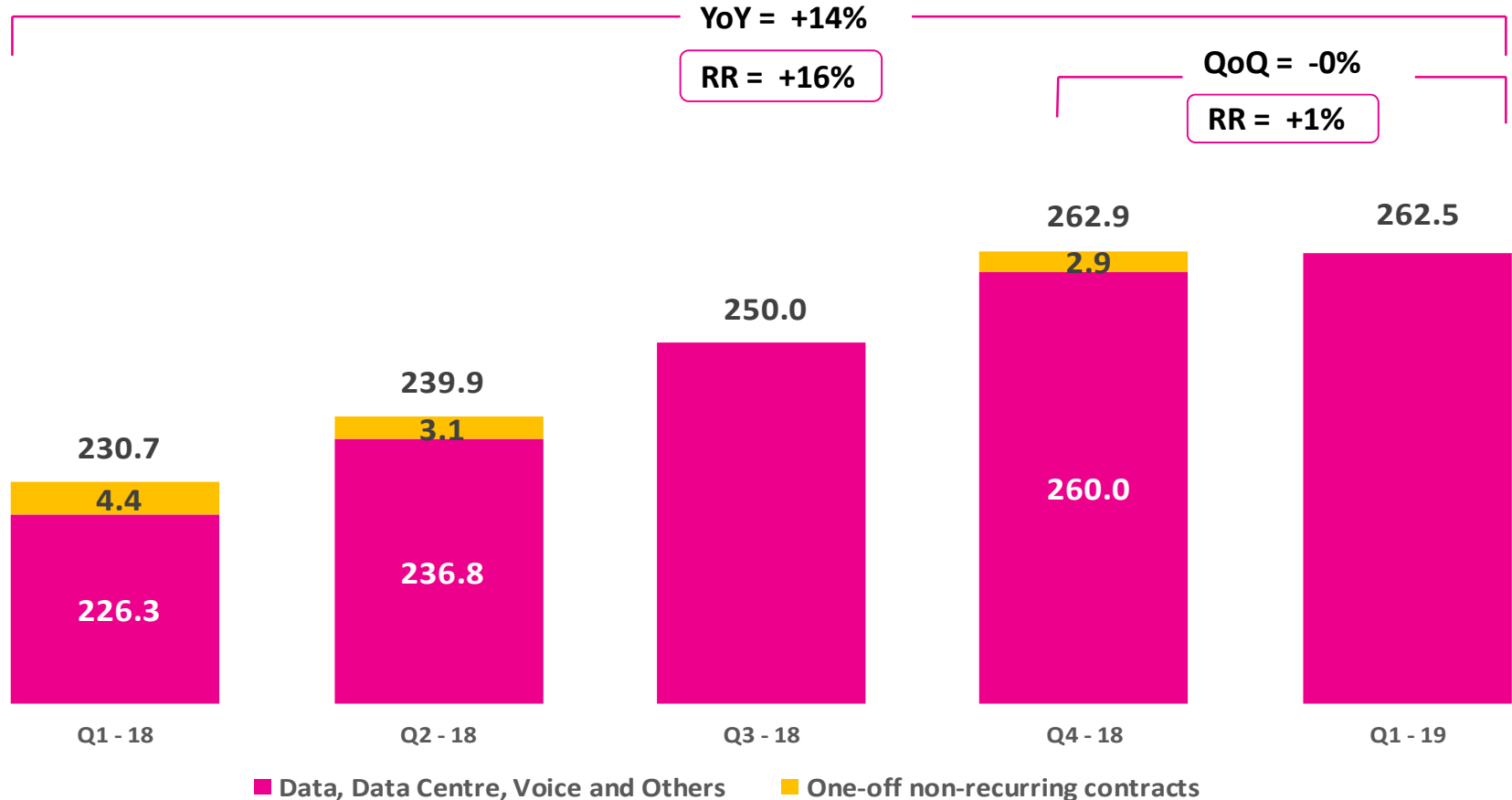
Dividend

- On 29 March 2019, the Group paid an **interim ordinary** and **special interim tax exempt (single tier) dividend of 9.25 sen and 11.31 sen per share** respectively for the financial year ended 31 December 2018

MFRS 16 (w.e.f 1 Jan 2019)

- Introduces a **single, on-balance sheet lease accounting model**.
- A lease under MFRS 16 recognises a **right-of-use asset** representing the Group's right to use the lease's underlying asset and a **lease liability** representing the Group's obligations to make lease payments for the said asset
- **Adopted cumulative effect retrospective transition approach** where **comparatives are not adjusted**
- **Impact of MFRS 16 adoption** in Q1 2019 is a reduction in other operating expense of RM6.8m, increase in depreciation and finance expense by RM6.5m and RM1.5m respectively, resulting in a **net decrease of Profit after Tax by RM1.2m**

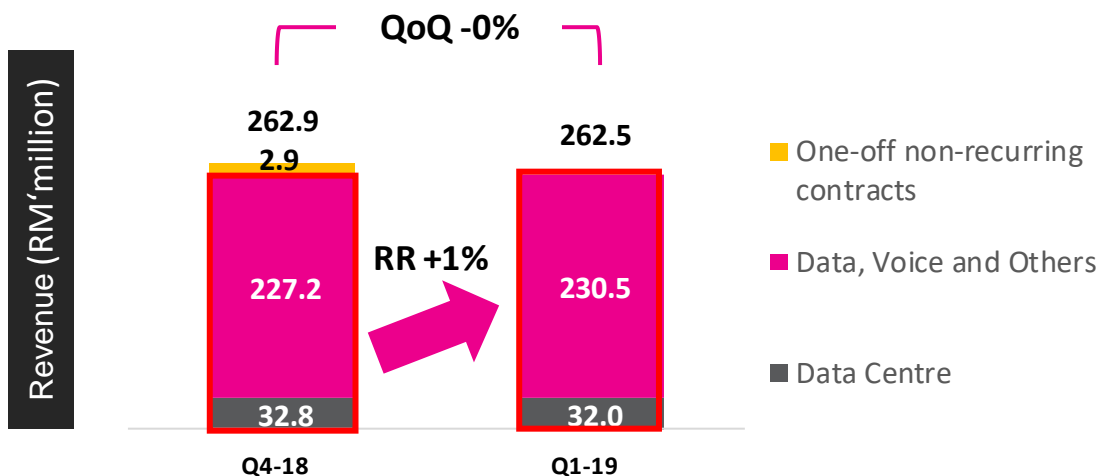
REVENUE TREND: BY QUARTER



- **Overall recurring revenues** (excluding one-off non-recurring contract revenues) from data, data centre, voice and other businesses **grew 1% QoQ and 16% YoY**
- Revenue information shown above reflects the Group's consolidated revenues post-MFRS 15

ANALYSIS: QUARTER-ON-QUARTER

| RM'million | Actual Pre-MFRS 16 Q4 2018 | Actual Pre-MFRS 16 Q1 2019 | YoY Variance | MFRS 16 adjustments Q1 2019 | Actual As reported under MFRS 16 Q1 2019 |
|-------------------------------------|----------------------------------|----------------------------------|-----------------|-----------------------------------|---|
| REVENUE | 262.9 | 262.5 | -0% | - | 262.5 |
| PROFIT BEFORE TAXATION (PBT) | 87.7 | 68.3 | -22% | (1.2) | 67.1 |
| Adjustments: | | | | | |
| Gain on disposal of PPE | (0.1) | - | | | - |
| Impairment of construction deposits | 1.8 | - | | | - |
| PPE written off | 1.0 | - | | | - |
| Writeback provision of expenses | (3.9) | - | | | - |
| Forex (gain) / loss | (6.7) | 10.9 | | | 10.9 |
| Total | (7.9) | 10.9 | | | 10.9 |
| ADJUSTED PBT | 79.8 | 79.2 | -1% | (1.2) | 78.0 |



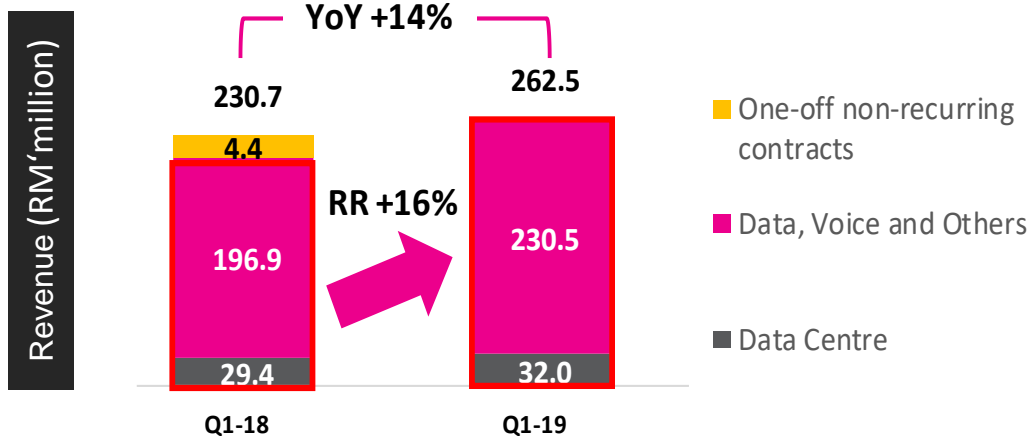
- Recurring revenues in Q1 2019 grew by 1% QoQ mainly driven by data sales on the back of strong demand for TIME Fibre Broadband Home service from Retail customers
- No one-off non-recurring contract revenue was recorded in Q1 2019 (Q4 2018: RM2.9m arising from data centre set up fees)
- Voice revenue declined by 6% QoQ due to lower overall voice minutes recorded
- Retail customers contributed 4% revenue growth QoQ while recurring Wholesale revenue grew 2% QoQ. Enterprise sales, however, declined marginally by 1% in Q1 2019
- Adjusted pre-MFRS 16 PBT in Q1 2019 recorded a slight decrease of 1% mainly attributed to lower overall revenue with the absence of one-off non recurring contract revenues, higher interest expense primarily due to the cumulative effect of adopting MFRS 15, set off by higher share of profit from associates, lower depreciation charges and lower provision for doubtful debts

RR : Recurring revenues

Note : Analyses on QoQ variances to the previous quarter is done excluding the impact of MFRS 16 for better comparability

ANALYSIS: YEAR-ON-YEAR

| RM'million | Actual Pre-MFRS 16 Q1 2018 | Actual Pre-MFRS 16 Q1 2019 | YoY Variance | MFRS 16 adjustments Q1 2019 | Actual As reported under MFRS 16 Q1 2019 |
|------------------------------|----------------------------|----------------------------|--------------|-----------------------------|--|
| REVENUE | 230.7 | 262.5 | +14% | - | 262.5 |
| PROFIT BEFORE TAXATION (PBT) | 66.0 | 68.3 | +4% | (1.2) | 67.1 |
| Adjustment: | | | | | |
| Forex loss | 3.5 | 10.9 | | - | 10.9 |
| ADJUSTED PBT | 69.5 | 79.2 | +14% | (1.2) | 78.0 |






- **One-off non-recurring contract revenues** amounting **RM4.4m** were recorded in **Q1 2018** (Q1 2019 : RMNIL)
- **Recurring revenues** in Q1 2019 amounted to **RM262.5m** which is **16% higher** than the recurring revenues of RM226.3m in Q1 2018
- YoY revenue **growth seen from all core customer groups**
- **Retail sales** alone **grew 26% YoY** while **wholesale and enterprise sales grew 18% and 3% YoY** respectively
- **Higher sales** similarly recorded from **all core product segments** led by data and data centre businesses which grew 15% and 9% YoY respectively
- Voice revenue grew by 4% YoY due to higher usage in Q1 2019 compared to Q1 2018
- **Adjusted pre-MFRS 16 PBT** in Q1 2019 **increased by 14%** mainly due to **higher overall revenues growth** from all core product segments and customer groups despite having no one-off revenue from non-recurring contracts, **lower doubtful debts**, **higher share of profit from investment in associates offset by higher depreciation**, **higher interest expense arising from MFRS 15** and **lower interest income**

RR : Recurring revenues

Note : Analyses of YoY variances to the previous year corresponding period is done excluding the impact of MFRS 16 for better comparability

UPDATE: ASEAN

RM ' million

| | | VIETNAM | THAILAND | |
|--|--|--|---|---|
| | |  |  |  |
| YTD Mar 2019 | | 45.27% | 49.00% | 46.84% |
| As reported by investee | Revenue | 63.0 | 4.4 | 44.0 ^{N3} |
| | Profit/(Loss) After Tax & Other comprehensive Income | 6.2 | 0.4 ^{N1} | 1.8 ^{N3} |
| TIME's shares in proportion to its interest | Share of Profit/(Loss) on Investment of Associates | 2.8 | - ^{N2} | 0.9 ^{N3} |
| Total Share of Profit on Investment of Associates | | 3.7 | | |

Note : 1) Includes post year end audit adjustments of RM1.1m and not taken up as investment was fully impaired
 2) The Group no longer shares losses from KIRZ as the said investments were fully impaired in Q2 2018
 3) Includes post year end audit adjustments (i.e. increase revenue by RM1.6m, increase PAT by RM0.6m and other comprehensive income by RM0.3m) which resulted the Group sharing a higher profit of RM0.4m in Q1 2019

PERFORMANCE: Q1 2019

| RM 'million | Q1 2019 As reported under MFRS16 | MFRS 16 adjustments | Q1 2019 Pre-MFRS16 | Q1 2018 Pre-MFRS16 | Y-o-Y Variance | Q4 2018 Pre-MFRS 16 | Q-o-Q Variance |
|------------------------|--|------------------------|-----------------------|-----------------------|-------------------|------------------------|-------------------|
| Revenue | 262.5 | 0 | 262.5 | 230.7 | + 14% | 262.9 | - 0% |
| EBITDA | 108.0 | (6.8) | 101.2 | 94.1 | + 8% | 121.9 | - 17% |
| Adjusted EBITDA | 118.9 | (6.8) | 112.1 | 97.6 | + 15% | 114.0 | - 2% |
| PBT | 67.1 | 1.2 | 68.3 | 66.0 | + 3% | 87.7 | - 22% |
| Adjusted PBT | 78.0 | 1.2 | 79.2 | 69.5 | + 14% | 79.8 | - 1% |
| EBITDA Margin | 41% | | 39% | 41% | - 2 pps | 46% | - 7 pps |
| Adjusted EBITDA Margin | 45% | | 43% | 42% | + 1 pps | 43% | + 0 pps |
| PBT Margin | 26% | | 26% | 29% | - 3 pps | 33% | - 7 pps |
| Adjusted PBT Margin | 30% | | 30% | 30% | + 0 pps | 30% | + 0 pps |
| EPS (Sen) | 10.82 | | 11.03 | 10.82 | + 0.21 sen | 13.85 | - 2.82 sen |
| Adjusted EPS (Sen) | 12.68 | | 12.89 | 11.43 | + 1.46 sen | 12.49 | + 0.40 sen |

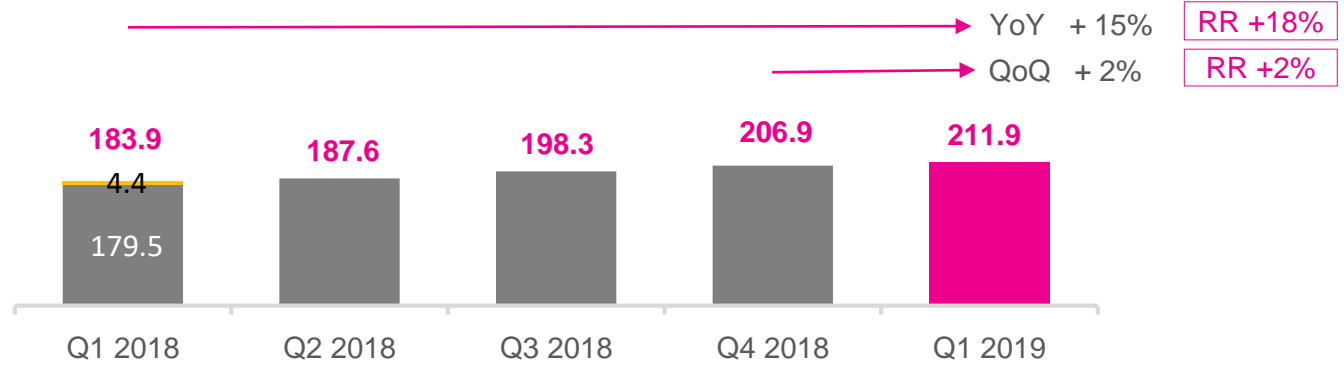
Note : 1) Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes forex impact, impairment of construction deposits, and other one off adjustments.

2) QoQ and YoY variances are done excluding the impact of MFRS16 for better comparability.

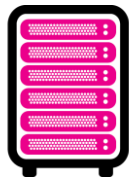
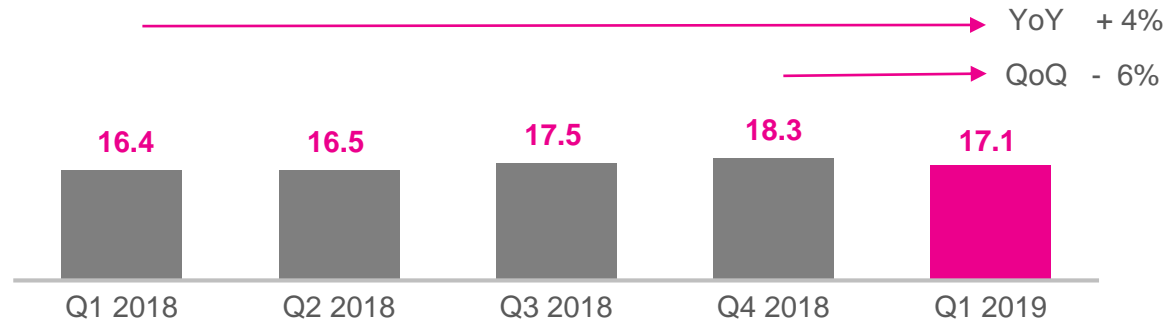
REVENUE GROWTH: BY PRODUCT



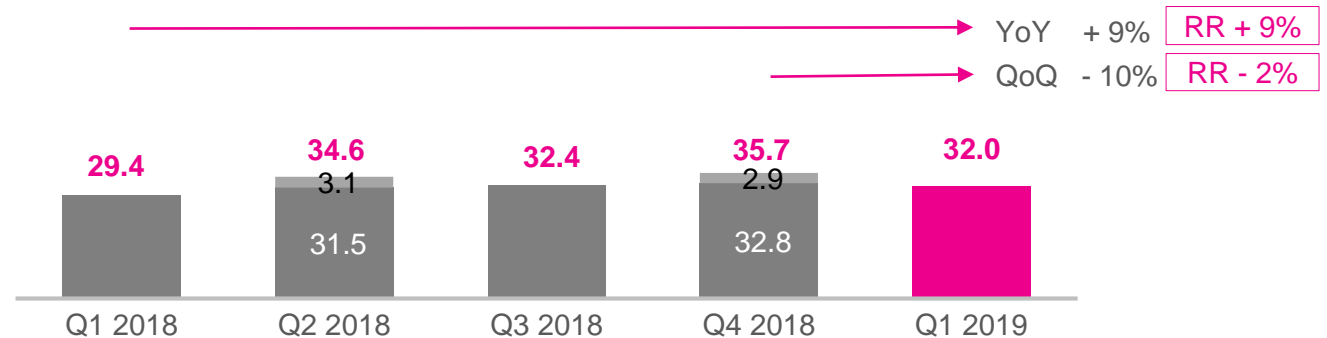
Data



Voice



Data Centre



Note: Numbers are in RM'million

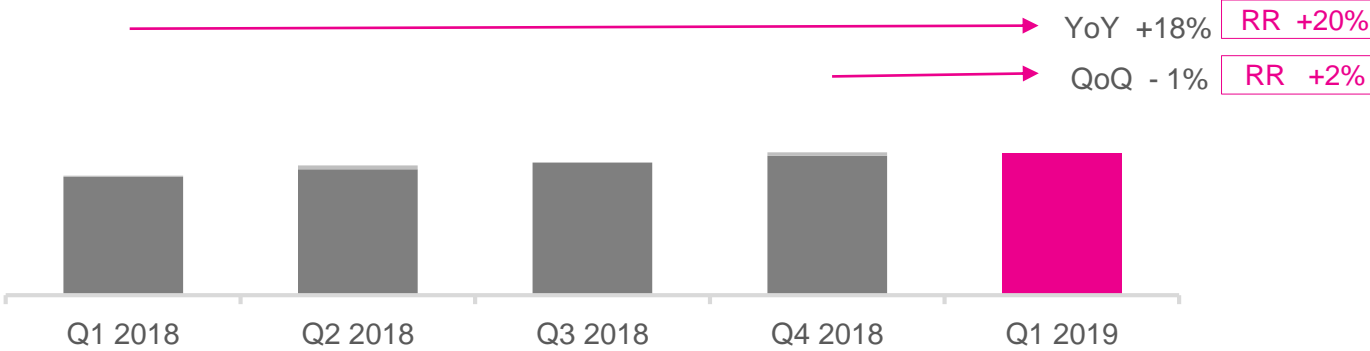
RR: Recurring revenues

Legend : ■ Recurring ■ Non-recurring

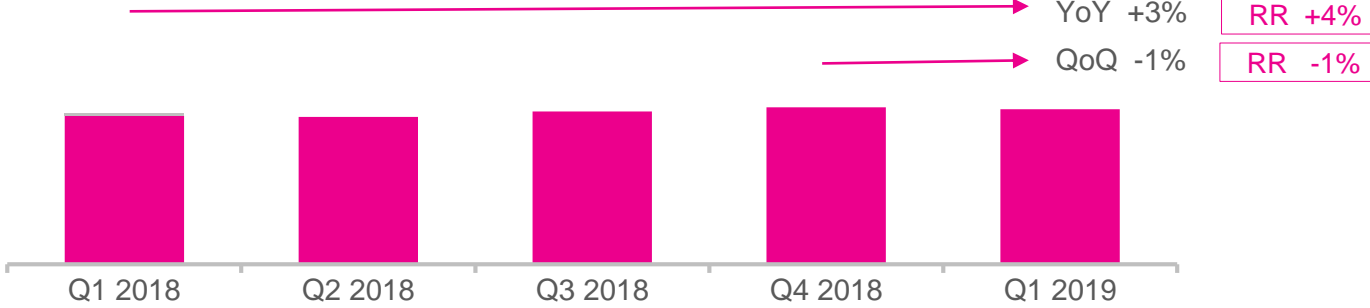
REVENUE GROWTH: BY SEGMENT



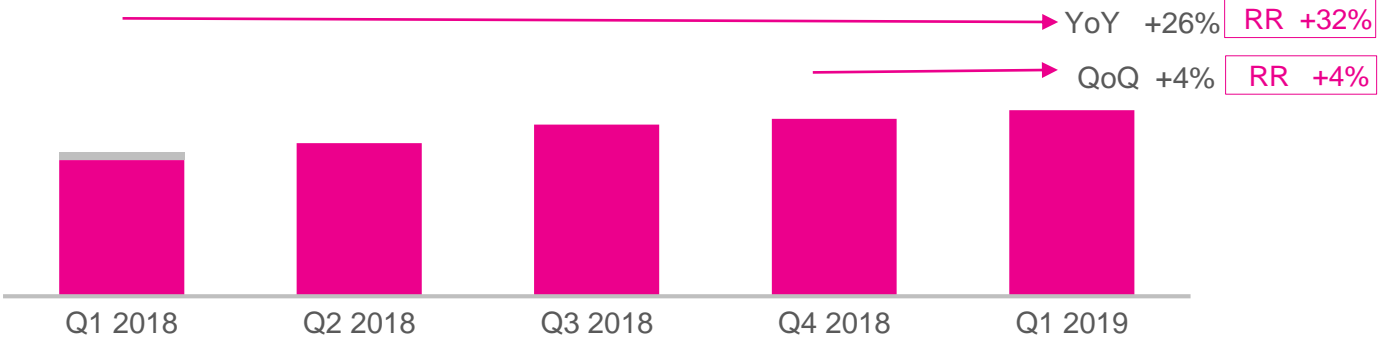
Wholesale



Enterprise



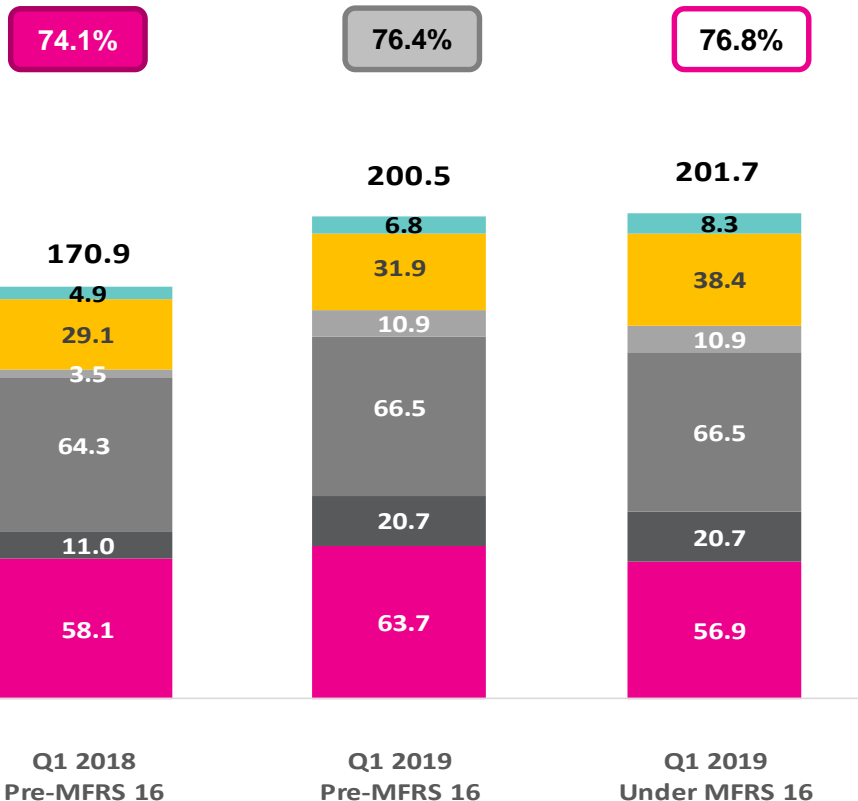
Retail



RR: Recurring revenues

Legend : ■ Recurring ■ Non-recurring

CONSOLIDATED COST TO REVENUE %



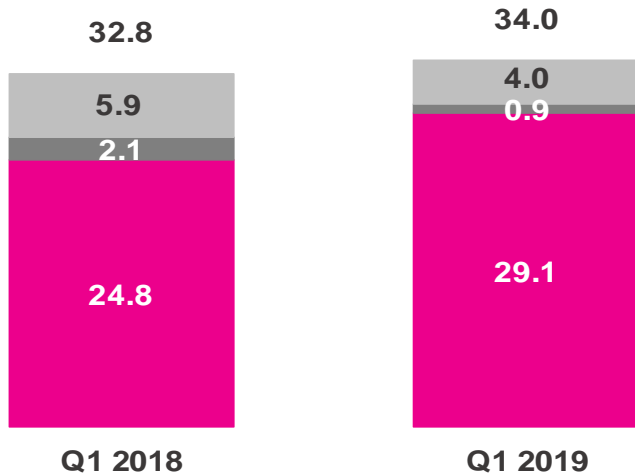
- Finance Expense
- Depn & Amortisation
- Net foreign exchange loss
- OPEX exclude Forex
- Customers' acquisition and related costs
- Network and other related costs

- The **adoption of MFRS 16** had the effect of **increasing overall costs** in profit and loss by **RM1.2m** as follows:
 - a) **lower network and other related costs/OPEX** by RM6.8m
 - b) **increase depreciation** by RM6.5m for right-of-use assets
 - c) **increase finance expenses** by RM1.5m
- Excluding the impact of foreign exchange, **adjusted Cost to Revenue % for Q1 2019** would have been **72.2% (pre-MFRS 16)** and **72.7% (post-MFRS 16)**, compared to **72.6% for Q1 2018** mainly due to **improved cost efficiencies** within the Group

Note: Numbers are in RM'million

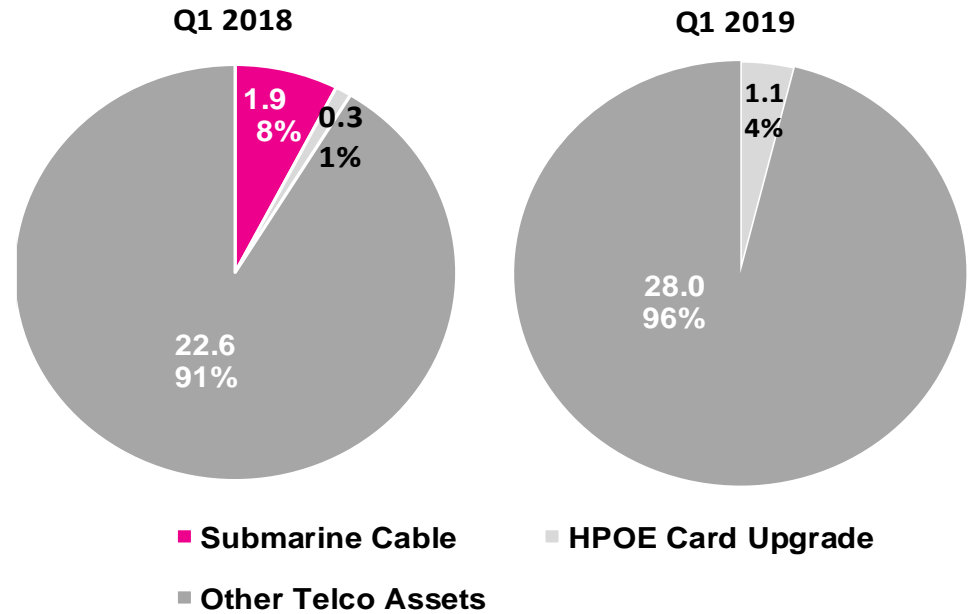
CAPITAL EXPENDITURE: Q1 2019

RM'million



■ Telco Assets ■ Non-Telco Assets ■ Data Centre

Breakdown of Telco Assets Acquired



■ Submarine Cable ■ HPOE Card Upgrade
■ Other Telco Assets

- **86%** of Q1 2019 capital expenditure was **spent on telco assets** with the main purpose of expanding domestic network coverage and to upgrade TIME's existing network infrastructure
- **Higher spending on HPOE card upgrade for submarine cables** in Q1 2019 of RM1.1m (Q1 2018: RM0.3m)

MOVING FORWARD

1

Capitalise on the momentum created by the introduction of new home broadband packages

2

Continue to fulfill Group's commitment to deliver fast and unparalleled quality network experience to our customers

3

Invest to expand the Group's coverage footprint throughout Malaysia and strengthen the backbone of our core domestic fibre network, whilst continuing to enhance operational and cost efficiencies within the Group

4

Monitor developments in the industry and introduce new meaningful solutions and services to our customers

5

Continue to work with the Group's partners in Thailand, Vietnam and Cambodia to integrate their networks with the Group's Malaysian network to obtain operational synergies and to create a seamless regional telecommunications network across Indochina, Malaysia and Singapore

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