



# **2Q 2018 Performance Guide**

**AUG 2018**

# TIME Q2 2018: HIGHLIGHTS

## Retail Business



- **Retail sales grew 6% QoQ and 70% YoY** in Q2 2018
- **Retail business** continues to be the **fastest growing customer group**

## Wholesale Business



- **Revenue from wholesale business** grew 9% QoQ and 12% YoY
- **Recurring revenues from submarine cable systems** grew 10% QoQ and 23% YoY
- **No one-off global bandwidth sales** from submarine cable systems was recorded in Q2 2018

## Data Centre



- **Data Centre revenue** in Q2 2018 grew 18% QoQ and 21% YoY
- **One-off non-recurring contract revenue** amounting to **RM3.1 million** from **data centre related activities** recorded in Q2 2018

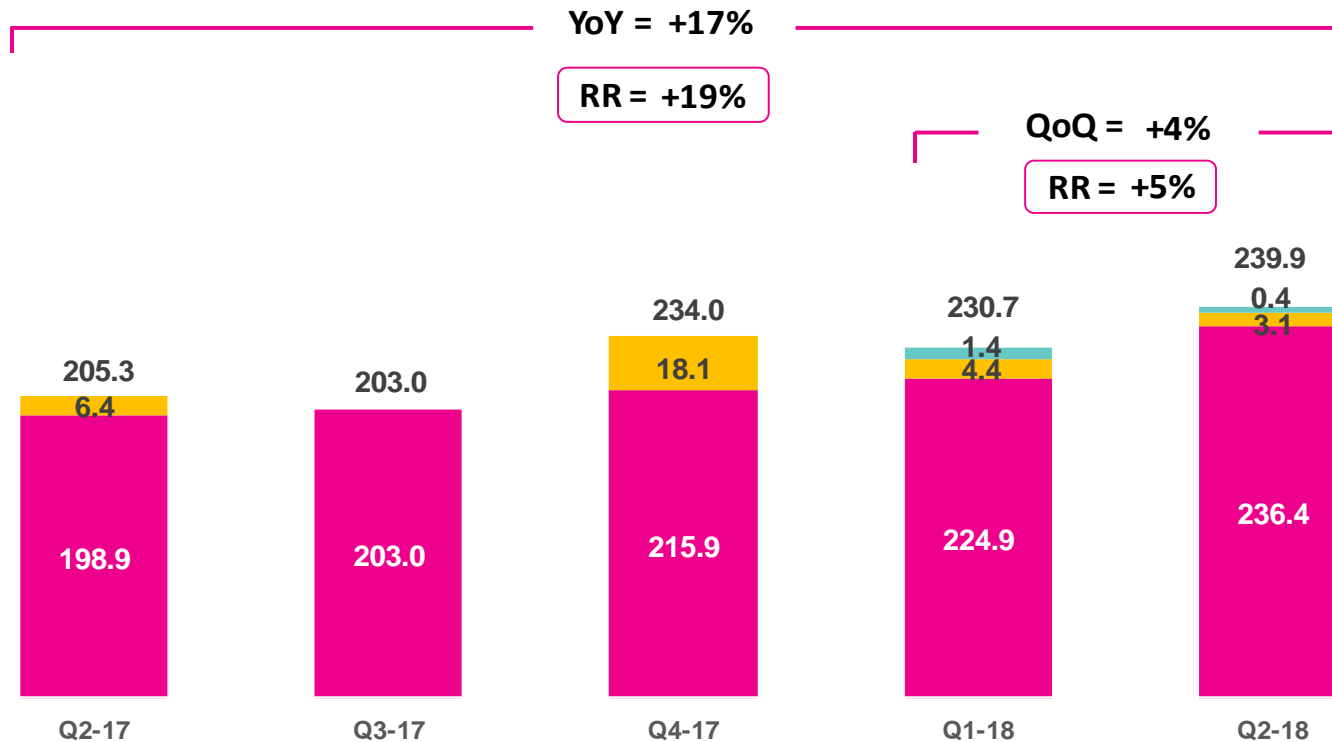
## Subsequent Events

- Established **new wholly owned subsidiary** in Cambodia, **TIME dotCom (Cambodia) Co., Ltd.** on 10 July 2018
- **Fully repaid first tranche of Sukuk Murabahah upon maturity** on 9 July 2018 amounting to RM3.0 million
- Issued of **2.153 million ordinary shares** in TIME dotCom Berhad to eligible employees under the Company's **Share Grant Plan** on 18 July 2018 upon the Group achieving certain financial targets

*Note: All analysis and comparisons made to previous year for the corresponding periods have been done excluding the effects of MFRS 15 for better comparability*

# REVENUE TREND: BY QUARTER

Revenue (RM'million)



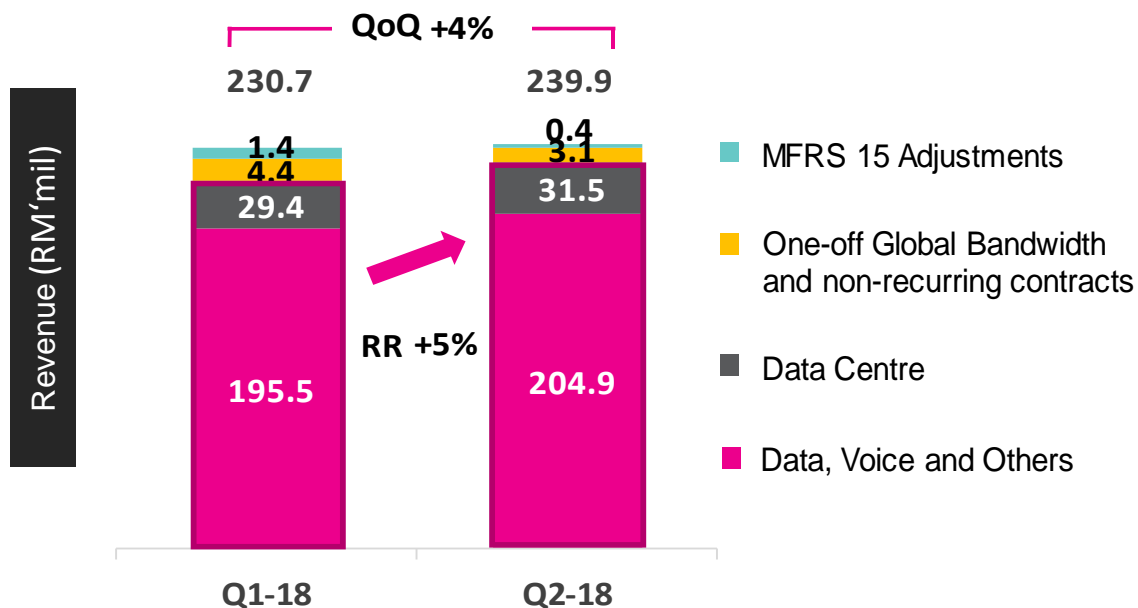
■ Data, Data Centre, Voice and Others   ■ One-off Global Bandwidth and non-recurring contracts   ■ MFRS 15 Adjustments

- Maintained momentum in **growth of recurring revenues** and **reduced reliance on one-off non-recurring contract revenues**.
- **Overall recurring revenues** (excluding one-off Global Bandwidth and non-recurring contracts revenues) from data, data centre, voice and other businesses **grew 5% QoQ** and **19% YoY**

# ANALYSIS: QUARTER-ON-QUARTER

RM'mil

	Actual As reported under MFRS 15 Q1 2018	Actual As reported under MFRS 15 Q2 2018	QoQ Variance
REVENUE	230.7	239.9	+4%
PROFIT BEFORE TAXATION (PBT)	66.0	68.5	+4%
<b>Adjustments:</b>			
Impairment loss in investment in associates	-	4.0	
Allowance for doubtful debts for advances to associate	-	5.5	
Forex loss/(gain)	3.5	(4.7)	
<b>Total</b>	<b>3.5</b>	<b>4.8</b>	
ADJUSTED PBT	69.5	73.3	+5%

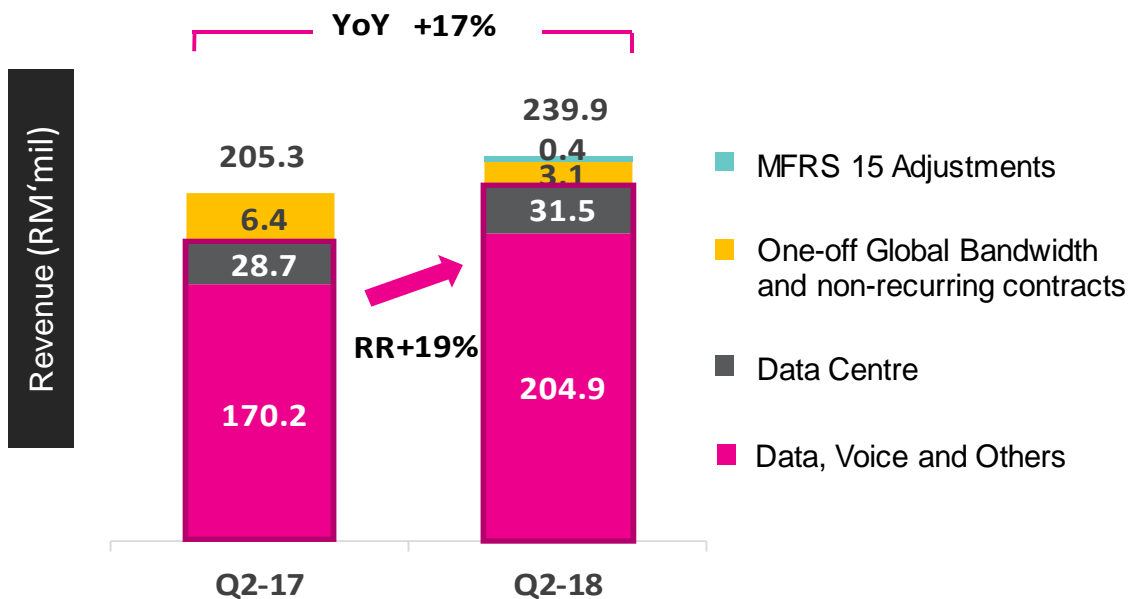


- Q2 2018 revenue up by 4% QoQ mainly from all its core product segments.
- One-off non-recurring contract revenue amounting to RM3.1m had been recognised from data centre sales in Q2 2018. RM4.4m of one-off revenues from non-recurring data contracts is recognised in Q1 2018.
- Excluding one-off non-recurring contract revenues from both quarters, an increase of 5% mainly contributed by growth from data centre and data sales of 7% and 5% respectively while voice revenue was marginally positive in Q2 2018.
- Growth in wholesale and retail sales contributed 7% and 6% QoQ respectively to overall increase in recurring revenues.
- The Group recognised an impairment loss on the remaining carrying value of investment in KIRZ of RM4.0m and an allowance for doubtful debts for a portion of advances given to the said associate amounting to RM5.5m which had been deemed unlikely to be recovered.
- Adjusted PBT in Q2 2018 recorded an increase of 5% mainly from growth of recurring revenues (despite lower one-off non-recurring contracts) on the back of improved cost efficiencies, offset by higher depreciation and lower interest income.

RR : Recurring revenues

# ANALYSIS: YEAR-ON-YEAR

RM'mil	Actual Pre-MFRS 15 Q2 2017	Actual Pre-MFRS 15 Q2 2018	YoY Variance	MFRS Adjustments Q2 2018	Actual As reported under MFRS 15 Q2 2018
REVENUE	205.3	239.5	+17%	0.4	239.9
PROFIT BEFORE TAXATION (PBT)	37.9	64.1	+69%	4.4	68.5
Adjustments:					
Property, plant and equipment ("PPE") written off	2.7	-			-
Impairment loss in investment in associates	-	4.0			4.0
Allowance for doubtful debts for advances to associate	-	5.5			5.5
Forex loss/(gain)	8.9	(4.7)			(4.7)
Total	11.6	4.8			4.8
ADJUSTED PBT	49.5	68.9	+39%	4.4	73.3



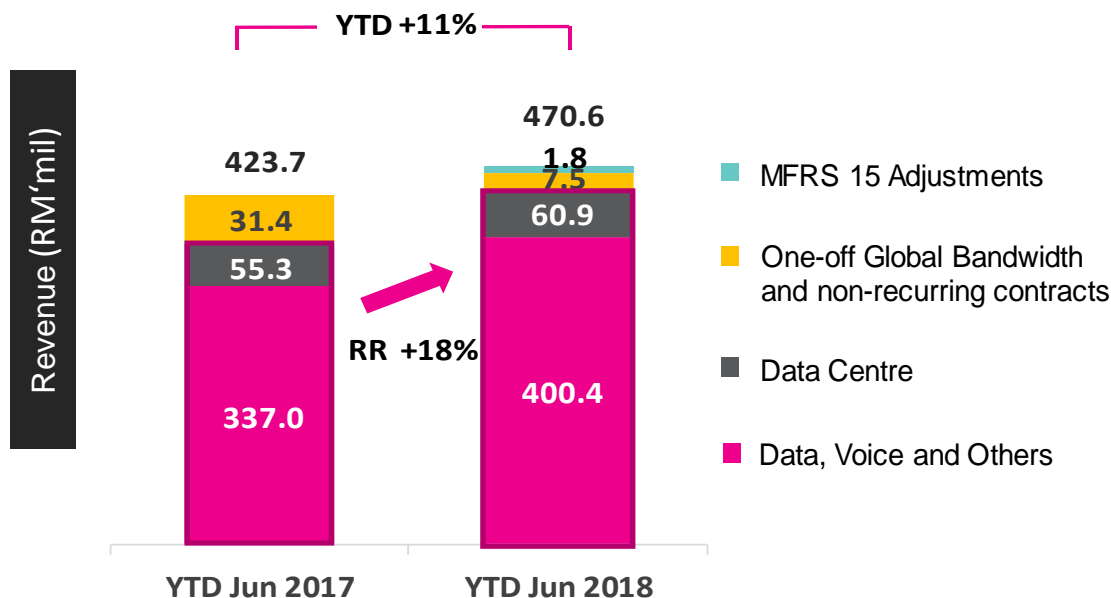
- One-off non-recurring contract revenue amounting to RM3.1m was recorded from data centre sales in Q2 2018 whereas RM6.4m of one-off global bandwidth sales was recorded in Q2 2017.
- Recurring revenues from data and data centre businesses grew 26% and 10% YoY respectively.
- Voice revenue declined 20% YoY in Q2 2018 due to lower usage during the current quarter.
- The growth in Pre-MFRS 15 recurring revenues of 19% YoY comes from all core customer groups (i.e. wholesale, enterprise and retail customers).
- The Group wrote-off RM2.7m of PPE in Q2 2017 due to replacement and upgrading of transponder cards for the UNITY submarine cable system.
- The Group recorded a 39% increase in adjusted pre-MFRS 15 PBT in Q2 2018 mainly due to higher overall revenues on the back of improved overall cost efficiencies and higher share of profit from investment in associates, despite higher allowances made for doubtful debts, higher depreciation, higher interest expense as well as lower interest income.

RR : Recurring revenues

Note : YTD variances to the previous year corresponding period is done excluding the impact of MFRS15 for better comparability.

# ANALYSIS: YTD JUN 2018

RM'mil	Actual Pre-MFRS 15 YTD Jun 2017	Actual Pre-MFRS 15 YTD Jun 2018	YTD Variance	MFRS Adjustments YTD Jun 2018	Actual As reported under MFRS 15 YTD Jun 2018
REVENUE	423.7	468.8	+11%	1.8	470.6
PROFIT BEFORE TAXATION (PBT)	93.4	123.2	+32%	11.3	134.5
Adjustments:					
Gain on disposal of PPE	(0.1)	-			-
PPE written off	2.7	-			-
Impairment loss in investment in associates	-	4.0			4.0
Allowance for doubtful debts for advances to associate	-	5.5			5.5
Forex loss/(gain)	11.5	(1.2)			(1.2)
Total	14.1	8.3			8.3
ADJUSTED PBT	107.5	131.5	+22%	11.3	142.8






- The Group recorded **one-off non-recurring contract revenues** amounting to **RM7.5m from data and data centre sales in YTD Jun 2018** (YTD Jun 2017: RM31.4m from one-off global bandwidth sales). Excluding these, **pre-MFRS 15 recurring revenues** would have **grown 18%** in YTD Jun 2018.
- Pre-MFRS 15 recurring revenues from data and data centre businesses grew 25% and 10% YoY** respectively in YTD Jun 2018.
- Voice revenue declined 21% YoY** due to lower usage in YTD Jun 2018.
- All core customer groups contributed positively** to overall recurring revenues growth, with the largest revenue growth contribution coming from **retail customers** of which alone **grew 76%** follow by **wholesale** and **enterprise** with growth of **11%** and **9% YoY** respectively.
- Adjusted pre-MFRS 15 PBT** in YTD Jun 2018 recorded an **increase of 22%** mainly contributed by **higher overall revenues on the back of improved overall cost efficiencies, higher share of profit from investment in associates, despite higher depreciation, higher interest expense, higher allowances made for doubtful debts and lower interest income.**

RR : Recurring revenues

Note : YTD variances to the previous year corresponding period is done excluding the impact of MFRS15 for better comparability.

# UPDATE: ASEAN

RM ' million

		VIETNAM	THAILAND	
				
<b>YTD Jun 2018</b>		<b>45.27%</b>	<b>49.00%</b>	<b>46.84%</b>
As reported by investee	Revenue	<b>118.7</b>	<b>8.0</b>	<b>83.5</b>
	Profit/(Loss) After Tax	<b>8.9</b>	<b>(1.6)</b>	<b>4.2</b>
TIME's shares in proportion to its interest	Share of Profit/(Loss) on Investment of Associates	<b>4.0</b>	<b>(0.7)</b>	<b>2.4<sup>N1</sup></b>
<b>Total Share of Profit on Investment of Associates</b>		<b>5.7</b>		

Note : 1) Includes share of post-acquisition profits from SYMC (i.e from 9<sup>th</sup> November to 31<sup>st</sup> December 2017) not taken up in Q4-17 which was deemed as immaterial.

# PERFORMANCE: Q2 2018

RM 'million	Q2 2018 As reported under MFRS15	MFRS 15 adjust- ments	Q2 2018 Pre-MFRS15	Q2 2017 Pre-MFRS15	Y-o-Y Variance	Q1 2018 As reported under MFRS15	Q-o-Q Variance
Revenue	239.9	(0.4)	239.5	205.3	+ 17%	230.7	+ 4%
EBITDA	98.6	(5.8)	92.8	63.0	+ 47%	94.1	+ 5%
<i>Adjusted EBITDA</i>	103.4	(5.8)	97.6	74.6	+ 31%	97.6	+ 6%
PBT	68.5	(4.4)	64.1	37.9	+ 69%	66.0	+ 4%
<i>Adjusted PBT</i>	73.3	(4.4)	68.9	49.5	+ 39%	69.5	+ 5%
EBITDA Margin	41%		39%	31%	+ 8 pps	41%	+ 0 pps
<i>Adjusted EBITDA Margin</i>	43%		41%	36%	+ 5 pps	42%	+ 1 pps
PBT Margin	29%		27%	18%	+ 9 pps	29%	+ 0 pps
<i>Adjusted PBT Margin</i>	31%		29%	24%	+ 5 pps	30%	+ 1 pps
EPS (Sen)	11.17		10.41	6.20	+ 4.21 sen	10.82	+ 0.35 sen
<i>Adjusted EPS (Sen)</i>	11.99		11.24	8.22	+ 3.02 sen	11.43	+ 0.56 sen

Note : 1) Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes forex impact, PPE written off, impairment of investment, and other one off adjustments.  
 2) Y-o-Y variances to the previous year corresponding period is done excluding the impact of MFRS15 for better comparability.  
 3) Q-o-Q variances are determined post adjustments for MFRS 15.



# PERFORMANCE: YTD JUN 2018

RM 'million	YTD Jun 2018 As reported under MFRS15	MFRS 15 adjustments	YTD Jun 2018 Pre -MFRS15	YTD Jun 2017 Pre-MFRS15	YTD Variance
Revenue	470.6	(1.8)	468.8	423.7	+ 11%
EBITDA	192.7	(13.9)	178.8	142.7	+ 25%
<b>Adjusted EBITDA</b>	<b>201.0</b>	<b>(13.9)</b>	<b>187.1</b>	<b>156.8</b>	<b>+ 19%</b>
PBT	134.5	(11.3)	123.2	93.4	+ 32%
<b>Adjusted PBT</b>	<b>142.8</b>	<b>(11.3)</b>	<b>131.5</b>	<b>107.5</b>	<b>+ 22%</b>
EBITDA Margin	41%		38%	34%	+ 4 pps
Adjusted EBITDA Margin	43%		40%	37%	+ 3 pps
PBT Margin	29%		26%	22%	+ 4 pps
Adjusted PBT Margin	30%		28%	25%	+ 3 pps
EPS (Sen)	21.99		20.06	15.38	4.68 sen
Adjusted EPS (Sen)	23.43		21.49	17.81	3.68 sen

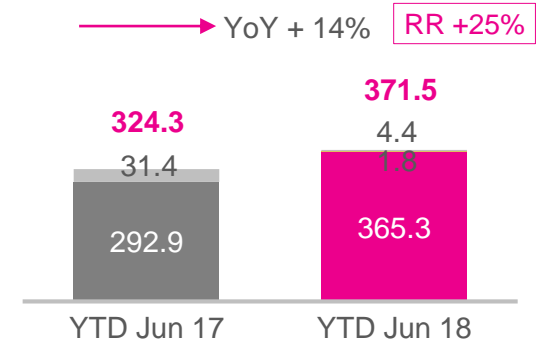
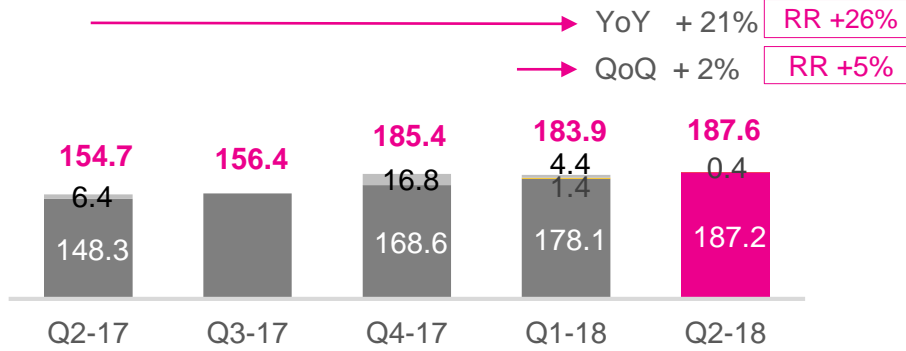
Note : 1) Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes forex impact, PPE written off and other one off adjustments.

2) YTD variances to the previous year corresponding period is done excluding the impact of MFRS15 for better comparability.

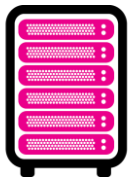
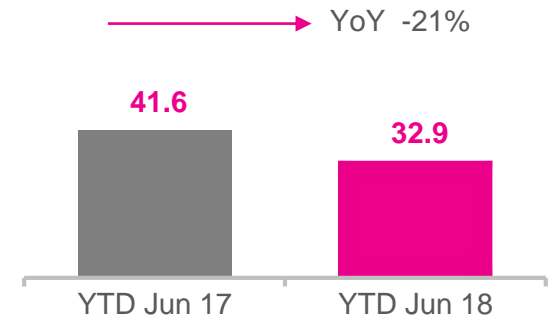
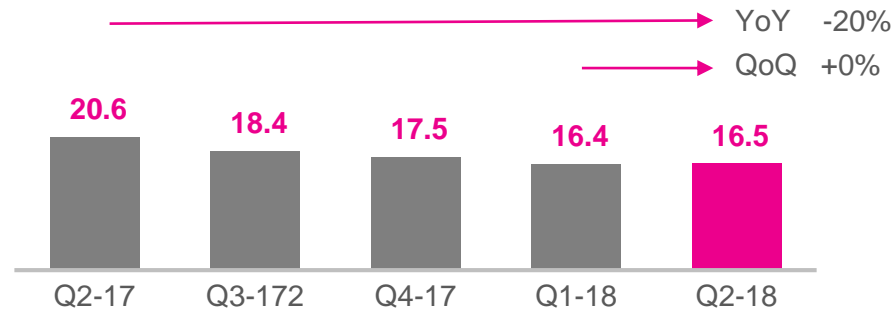
# REVENUE GROWTH: BY PRODUCT



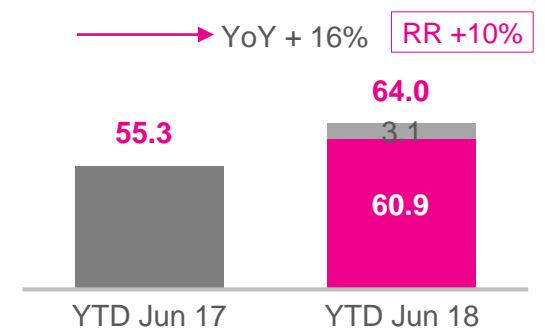
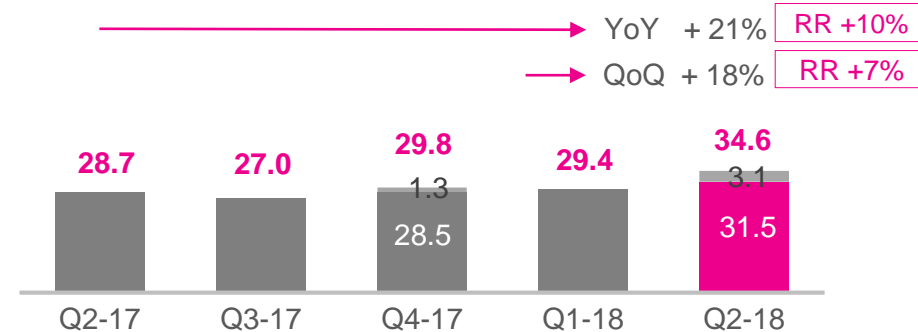
Data



Voice



Data Centre



Note: Numbers are in RM millions

RR: Recurring revenues

Legend: ■ Recurring ■ Non-recurring ■ MFRS15 Adjustments

Note: 1) YoY variances to previous year corresponding periods are done excluding the impact of MFRS15 for better comparability.  
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# REVENUE GROWTH: BY SEGMENT

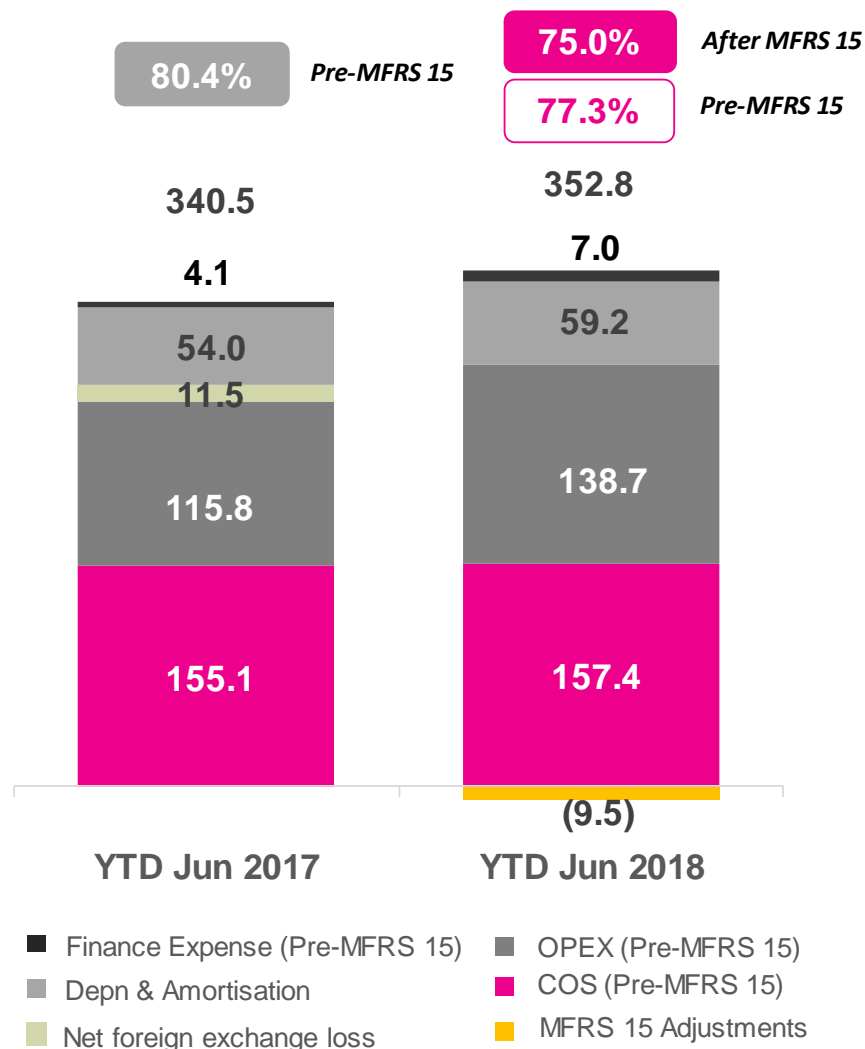


RR: Recurring revenues

Legend : ■ Recurring ■ Non-recurring

Note : 1) YoY variances to previous year corresponding periods are done excluding the impact of MFRS15 for better comparability.  
 2) QoQ variances are determined post adjustments for MFRS 15.

# CONSOLIDATED COST TO REVENUE %



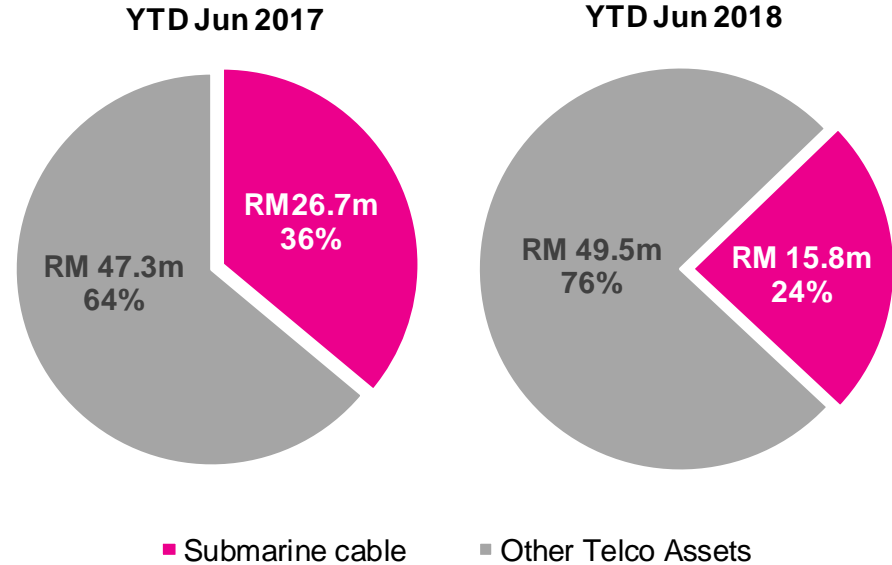
- MFRS 15 which was adopted, w.e.f 1 Jan 2018, required subscriber acquisition costs to be capitalised and amortised over the contract duration. **The adjustments made in compliance with MFRS 15 had the effect of reducing overall costs of the Group by RM9.5m.**
- Included in costs in YTD Jun 2017 was a net foreign exchange loss of RM11.5m. **Excluding the net foreign exchange loss, the adjusted Cost to Revenue % for YTD Jun 2017 would have been 77.6%.**
- **Included in OPEX for YTD Jun 2018 was a provision for impairment loss in investment in KIRZ (RM4.0m) and an allowance for doubtful debts (RM7.2m) with regards to advances made to KIRZ. Excluding the above, the adjusted Cost to Revenue % (pre-MFRS 15) for YTD June 2018 would have been 74.9%.**
- The overall improvement in costs is primarily due to **improved overall cost efficiencies and better cost management** in the current period.
- **Depreciation charge increased 10%** in YTD Jun 2018 pursuant to the **completion of AAE-1 and SKR1M submarine cable systems in Q2 2017 and Q3 2017** as well as expansion of **domestic network coverage.**

Note: Numbers are in RM million

# CAPITAL EXPENDITURE: YTD JUN 2018



## Breakdown of Telco Assets Acquired



- 75% of total YTD Jun 2018 capital expenditure was spent on telco assets.
- YTD Jun 2018 expenditure incurred on telco assets was mainly to expand domestic network coverage and to upgrade TIME's existing network infrastructure.
- RM15.8m was spent on submarine cable systems in YTD Jun 2018.

# MOVING FORWARD

1

Closely monitor developments in the market space and introduce meaningful solutions and services to our customers

2

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

3

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

Grow our current data centre ecosystem of customers to include interconnected players from various industries while at the same time expanding our data centre market presence regionally

5

Work with our associates to tap on operational synergies and to create a seamless regional telecommunications network across Indochina, Malaysia and Singapore

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# Thank You

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