



# 2Q 2019 Performance Guide

## AUG 2019



# TIME Q2 2019: HIGHLIGHTS

## Retail



- **Retail business** remains the **fastest growing customer group**
- Retail revenue is **up 28% YoY** and **7% QoQ** from **continued strong demand** for **TIME Fibre Broadband Service** from home users

## Wholesale



- Revenue from **wholesale business** grew **14% YoY** and **4% QoQ**
- **Excluding one-off non-recurring contract revenue**, wholesale revenue would have **grown 16% YoY** and **3% QoQ**
- **One-off non-recurring contract revenue** from wholesale customers amounted to **RM1.5m in Q2 2019**

## Enterprise



- Revenue from **enterprise business** grew **13% YoY** and **7% QoQ**
- **Excluding one-off non-recurring contract revenue** from Q2 2019, enterprise revenue would have **grown 11% YoY** and **5% QoQ**
- **One-off non-recurring revenue** from enterprise customers amounted to **RM1.5m in Q2 2019**

## Credit Ratings

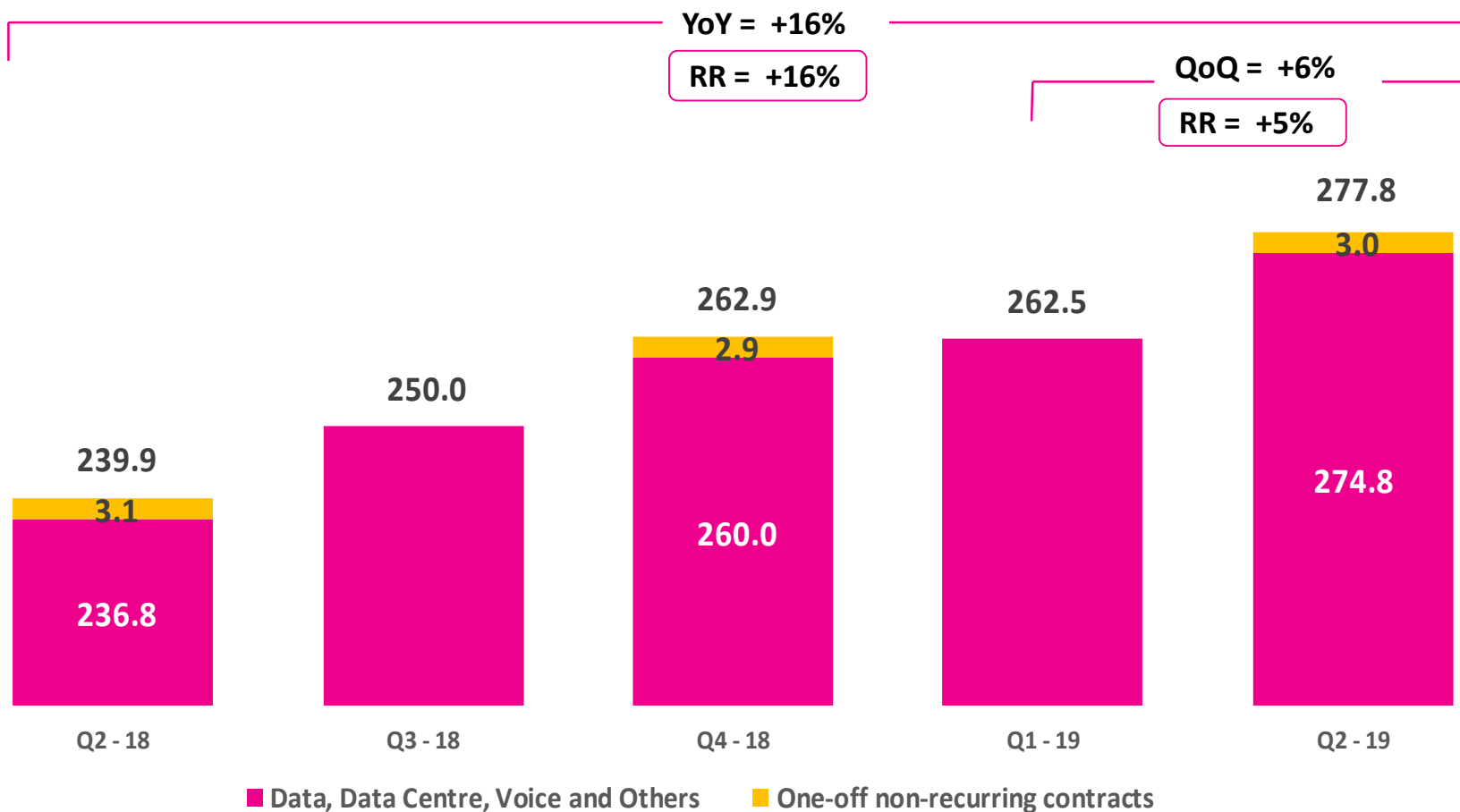


- **Ratings Agency Malaysia (RAM)** has revised the outlook on TIME's credit rating from **stable** to **AA3/Positive** on 18 June 2019

## Subsequent Events

- Issued **666,593** and **1,166,544** new ordinary shares in TIME dotcom Berhad to eligible employees under the Company's **Share Grant Plan** on 31 July 2019 and 27 August 2019 respectively

# REVENUE TREND: BY QUARTER

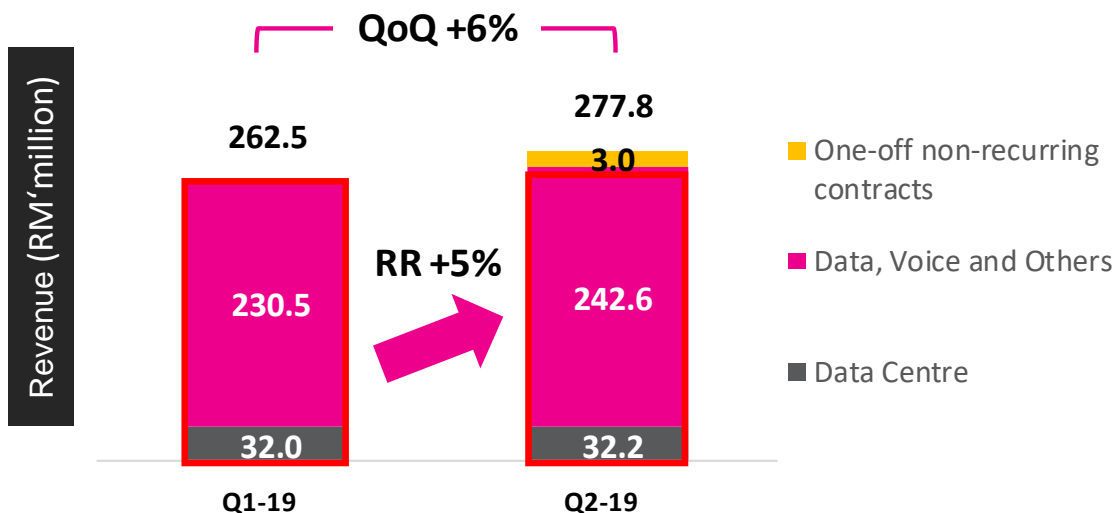


- **Overall recurring revenues** (excluding one-off non-recurring contract revenues) from data, data centre, voice and other businesses **grew 5% QoQ** and **16% YoY**
- Revenue information shown above reflects the Group's consolidated revenues post-MFRS 15

# ANALYSIS: QUARTER-ON-QUARTER

RM'million	Actual As reported Under MFRS 16 Q1 2019	Actual As reported Under MFRS 16 Q2 2019	QoQ Variance
REVENUE	262.5	277.8	+6%
PROFIT BEFORE TAXATION (PBT)	67.1	96.4	+44%
Adjustments:			
Forex loss / (gain)	10.9	(8.8)	
ADJUSTED PBT	78.0	87.6	+12%

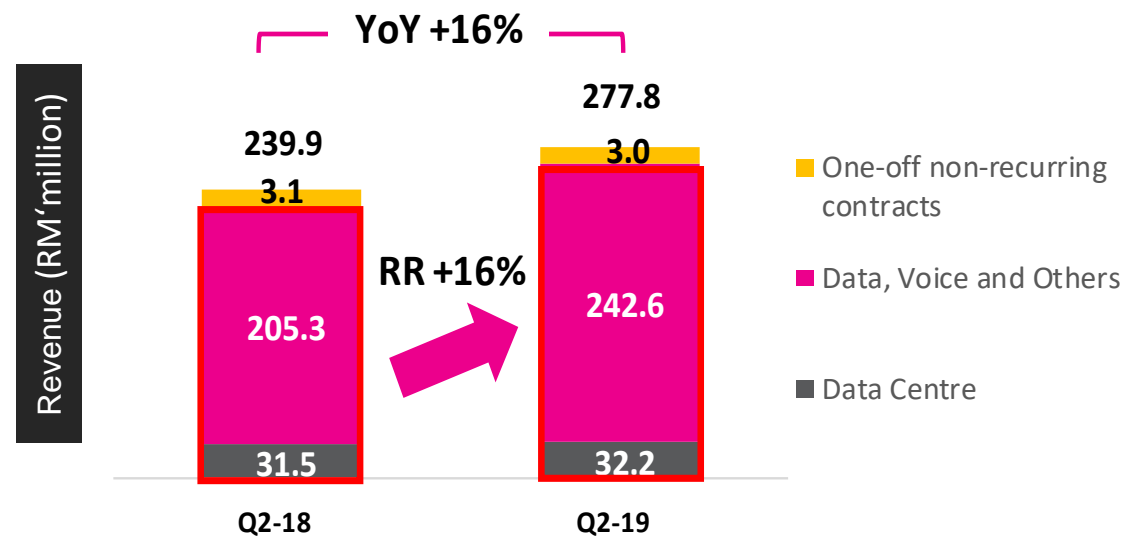
- **Q2 2019 revenue was up 6% QoQ** from continued growth in sales to **all customer groups**, led by enterprise and retail customers and followed closely by wholesale customers.
- **Revenue from retail customers grew 7% QoQ** due to strong demand for **TIME's Fibre Home Broadband plans** from home users.
- **Growth in enterprise** and **wholesale** sales contributed **7%** and **4%** respectively to overall QoQ increase in revenues.
- **Excluding one-off non-recurring data contract revenue of RM3.0m** in Q2 2019 (RM Nil in Q1 2019), the Group would have recorded **an increase of 5% from all core product segments**.
- **Adjusted PBT** in Q2 2019 recorded an **increase of 12%** mainly contributed by **higher overall revenues (including one-off non-recurring contract revenues)** achieved on the back of improved profit margins due to cost efficiencies and **lower interest expense**, set off by **lower interest income, higher depreciation charges** and **higher allowance for doubtful debts**



RR : Recurring revenues

# ANALYSIS: YEAR-ON-YEAR

RM'million	Actual Pre-MFRS 16 Q2 2018	Actual Pre-MFRS 16 Q2 2019	YoY Variance	MFRS 16 adjustments Q2 2019	Actual As reported under MFRS 16 Q2 2019
REVENUE	239.9	277.8	+16%	-	277.8
PROFIT BEFORE TAXATION (PBT)	68.5	97.8	+43%	1.4	96.4
Adjustment:					
Impairment loss in investment in associate	4.0	-		-	-
Allowance for doubtful debts for advances to associate	5.5	-		-	-
Forex gain	(4.7)	(8.8)		-	(8.8)
Total	4.8	(8.8)		-	(8.8)
ADJUSTED PBT	73.3	89.0	+21%	1.4	87.6



- **One-off non recurring data contract revenue** amounting **RM3.0m** was recorded in **Q2 2019**.
- **One-off non-recurring data centre contract revenue** of **RM3.1m** was recorded in **Q2 2018**.
- **Recurring revenues** in Q2 2019 **grew 16% YoY** in **Q2 2018** with contributions coming from **all core customer groups**.
- **Retail sales** grew **28%** while **wholesale** and **enterprise sales** saw growth of **14%** and **13%** respectively.
- The **growth of recurring revenues of 16% YoY** also seen in **all core product segments**. **Data, voice** and **data centre recurring revenues** grew **20%, 7%** and **2% YoY** respectively.
- **Adjusted pre-MFRS 16 PBT** in Q2 2019 **increased by 21%** mainly due to **higher overall revenue growth** from all core product segments and customer groups on the back of improved overall cost efficiencies, **higher share of profit from investment in associates** offset by **higher depreciation** and **lower interest income**.

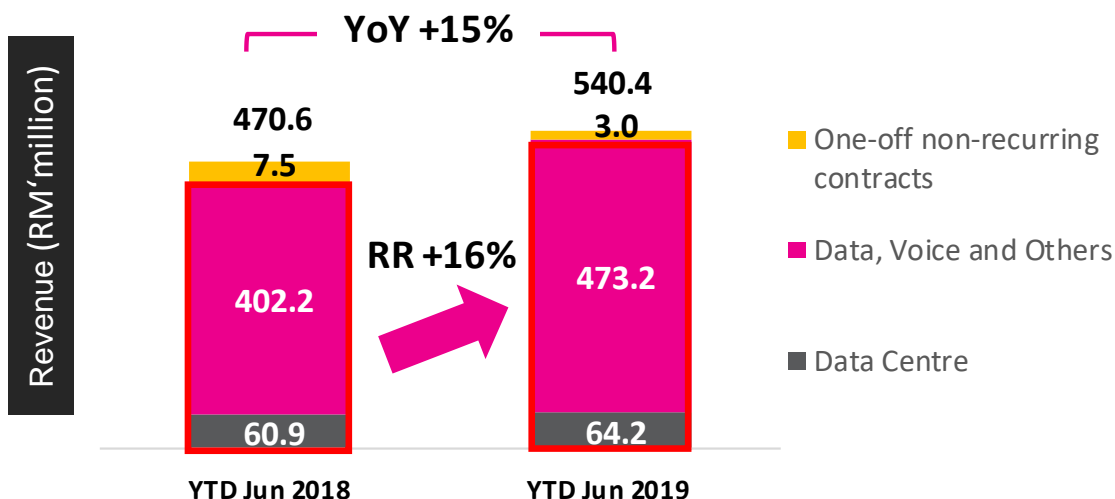
RR : Recurring revenues

Note : YoY variances to the previous year is done excluding the impact of MFRS16 for better comparability.

# ANALYSIS: YTD JUN 2019

RM'million	Actual Pre-MFRS 16 YTD Jun 2018	Actual Pre-MFRS 16 YTD Jun 2019	YTD Variance	MFRS 16 adjustments YTD Jun 2019	Actual As reported under MFRS 16 YTD Jun 2019
REVENUE	470.6	540.4	+15%	-	540.4
PROFIT BEFORE TAXATION (PBT)	134.5	166.1	+24%	2.6	163.5
Adjustment:					
Impairment loss in investment in associate	4.0	-		-	-
Allowance for doubtful debts for advances to associate	5.5	-		-	-
Forex (gain) / loss	(1.2)	2.1		-	2.1
Total	8.3	2.1		-	2.1
ADJUSTED PBT	142.8	168.2	+18%	2.6	165.6

- **One-off non-recurring data contract revenue** amounted to **RM3.0m** in YTD Jun 2019 (YTD Jun 2018: RM7.5m from combination of data and data centre sales). Excluding these, **recurring revenues** would have **grown 16% in YTD Jun 2019**
- **Recurring revenues** from **data** grew **19% YoY** while **data centre** and **voice businesses** grew **6%** and **6% YoY** respectively in YTD Jun 2019.
- **All core customer groups contributed positively** to overall recurring revenue growth. Largest revenue growth contribution came from **wholesale customers** which **grew 18%** followed by **retail** and **enterprise** with growth of **27%** and **8% YoY** respectively
- **Adjusted pre-MFRS 16 PBT** in YTD Jun 2019 recorded an **increase of 18%** mainly contributed by **higher overall revenues (despite lower revenues from one-off non-recurring contracts)** on the back of improved overall cost efficiencies, **higher share of profit from investment in associates**, **lower allowances made for doubtful debts** offset by **higher depreciation**, **higher interest expense** and **lower interest income**.






RR : Recurring revenues

Note : YTD variances to the previous year is done excluding the impact of MFRS16 for better comparability.

# UPDATE: ASEAN

RM ' million

		VIETNAM	THAILAND	
				
<b>YTD Jun 2019</b>		<b>45.27%</b>	<b>49.00%</b>	<b>46.84%</b>
<b>As reported by investee</b>	<b>Revenue</b>	<b>147.5</b> <sup>N4</sup>	<b>8.5</b>	<b>87.7</b> <sup>N3</sup>
	<b>Profit/(Loss) After Tax &amp; Other comprehensive Income</b>	<b>12.3</b> <sup>N4</sup>	<b>(0.2)</b> <sup>N1</sup>	<b>3.0</b> <sup>N3</sup>
<b>TIME's shares in proportion to its interest</b>	<b>Share of Profit on Investment of Associates</b>	<b>5.6</b> <sup>N4</sup>	<b>-</b> <sup>N2</sup>	<b>1.4</b> <sup>N3</sup>
<b>Total Share of Profit on Investment of Associates</b>		<b>7.0</b>		

- Note :
- 1) Includes post year end audit adjustments which reduced LAT by RM1.1m
  - 2) The Group no longer shares losses from KIRZ since Q2 2018 when the investment value was fully impaired
  - 3) Includes post year end audit adjustments that increases revenue by RM1.6m, PAT by RM0.6m and other comprehensive income by RM0.3m.
  - 4) Includes post year end audit adjustments that increases revenue by RM16.7m and PAT by RM1.3m.

# PERFORMANCE: Q2 2019

RM 'million	Q2 2019 As reported under MFRS16	MFRS 16 adjustments	Q2 2019 Pre-MFRS16	Q2 2018 Pre-MFRS16	YoY Variance	Q1 2019 As reported under MFRS16	QoQ Variance
Revenue	277.8	0	277.8	239.9	+ 16%	262.5	+ 6%
EBITDA	136.6	(6.4)	130.2	98.6	+ 32%	108.0	+ 27%
<b>Adjusted EBITDA</b>	<b>127.8</b>	<b>(6.4)</b>	<b>121.4</b>	<b>103.4</b>	<b>+ 17%</b>	<b>118.9</b>	<b>+ 8%</b>
PBT	96.4	1.4	97.8	68.5	+ 43%	67.1	+ 44%
<b>Adjusted PBT</b>	<b>87.6</b>	<b>1.4</b>	<b>89.0</b>	<b>73.3</b>	<b>+ 21%</b>	<b>78.0</b>	<b>+ 12%</b>
EBITDA Margin	49%		47%	41%	+ 6 pps	41%	+ 8 pps
Adjusted EBITDA Margin	46%		44%	43%	+ 1 pps	45%	+ 1 pps
PBT Margin	35%		35%	29%	+ 6 pps	26%	+ 9 pps
Adjusted PBT Margin	32%		32%	31%	+ 1 pps	30%	+ 2 pps
EPS (Sen)	15.85		16.08	11.17	+ 4.91 sen	10.82	+ 5.03 sen
Adjusted EPS (Sen)	14.34		14.58	11.99	+ 2.59 sen	12.68	+ 1.66 sen

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

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

3) QoQ variances are determined post adjustments for MFRS 16



# PERFORMANCE: YTD JUN 2019

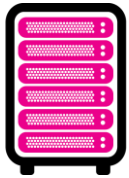
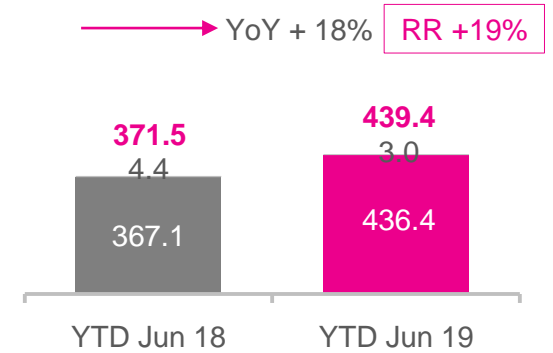
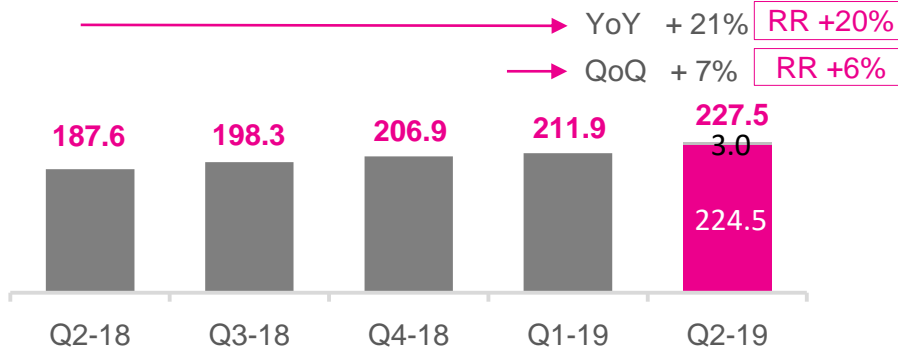
RM 'million	YTD Jun 2019 As reported under MFRS16	MFRS 16 adjustments	YTD Jun 2019 Pre -MFRS16	YTD Jun 2018 Pre-MFRS16	YoY
Revenue	540.4	0.0	540.4	470.6	+ 15%
EBITDA	244.6	(13.2)	231.4	192.7	+ 20%
<b>Adjusted EBITDA</b>	<b>246.7</b>	<b>(13.2)</b>	<b>233.5</b>	<b>201.0</b>	<b>+ 16%</b>
PBT	163.5	2.6	166.1	134.5	+ 24%
<b>Adjusted PBT</b>	<b>165.6</b>	<b>2.6</b>	<b>168.2</b>	<b>142.8</b>	<b>+ 18%</b>
EBITDA Margin	45%		43%	41%	+ 2 pps
Adjusted EBITDA Margin	46%		43%	43%	+ 0 pps
PBT Margin	30%		31%	29%	+ 2 pps
Adjusted PBT Margin	31%		31%	30%	+ 1 pps
EPS (Sen)	26.66		27.11	21.99	5.12 sen
Adjusted EPS (Sen)	27.02		27.47	23.43	4.04 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) YTD variances to the previous year corresponding period is done excluding the impact of MFRS16 for better comparability.

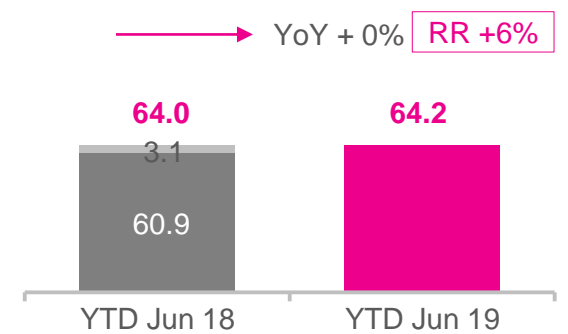
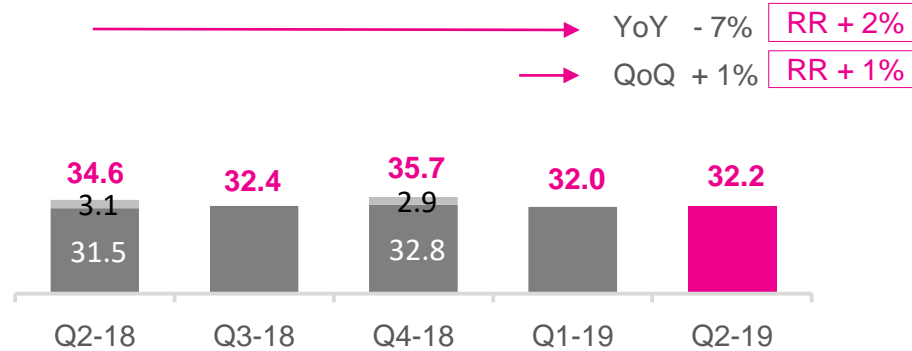
# REVENUE GROWTH: BY PRODUCT



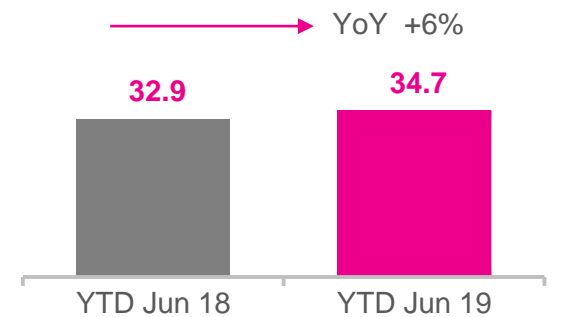
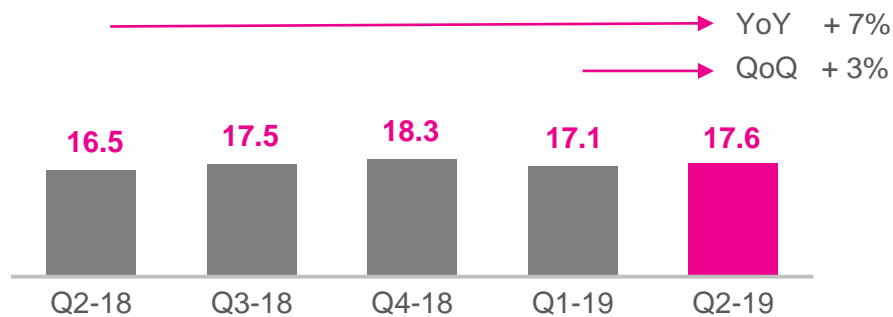
Data



Data Centre



Voice



Note: Numbers are in RM millions

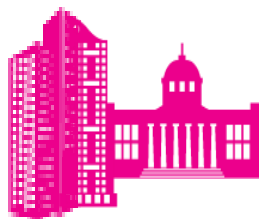
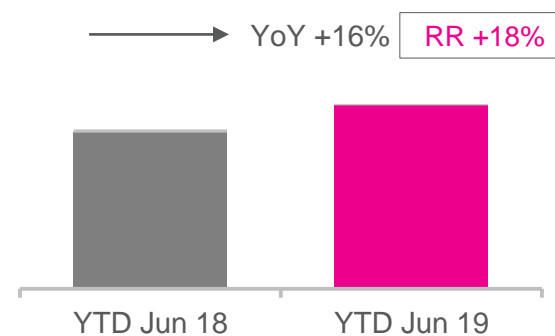
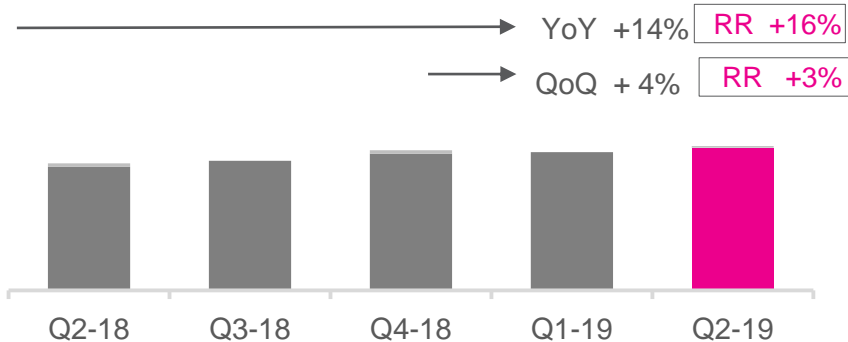
RR: Recurring revenues

Legend : ■ Recurring ■ Non-recurring

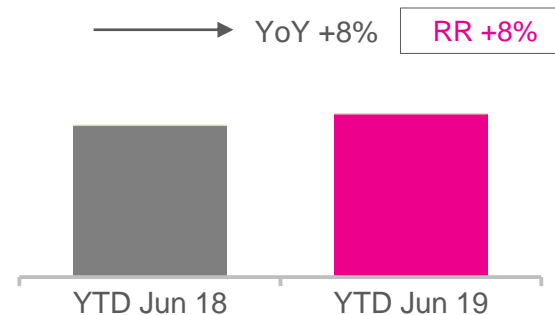
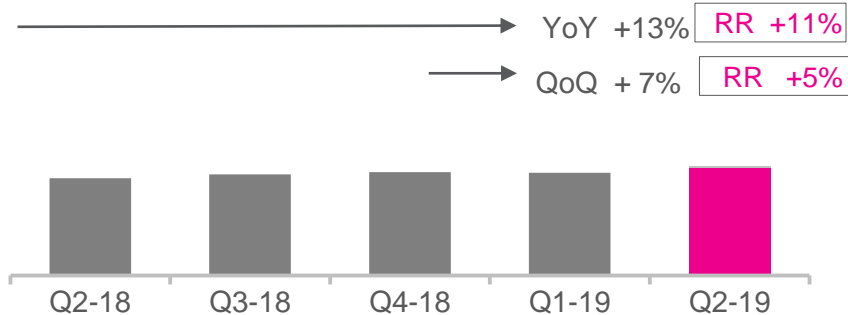
# REVENUE GROWTH: BY SEGMENT



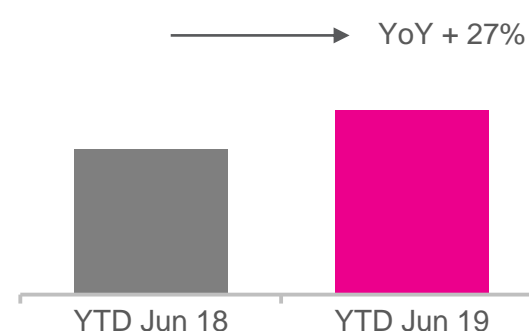
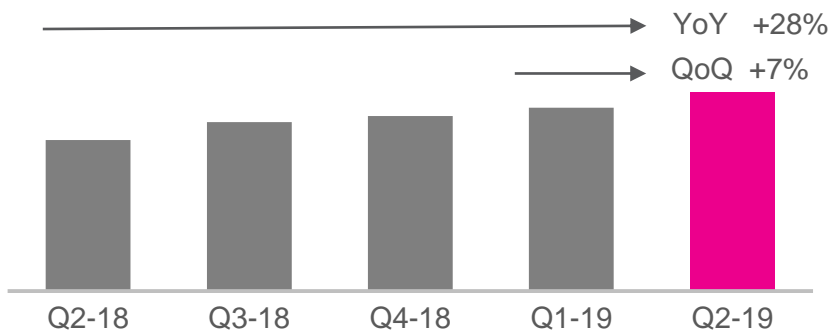
Wholesale



Enterprise



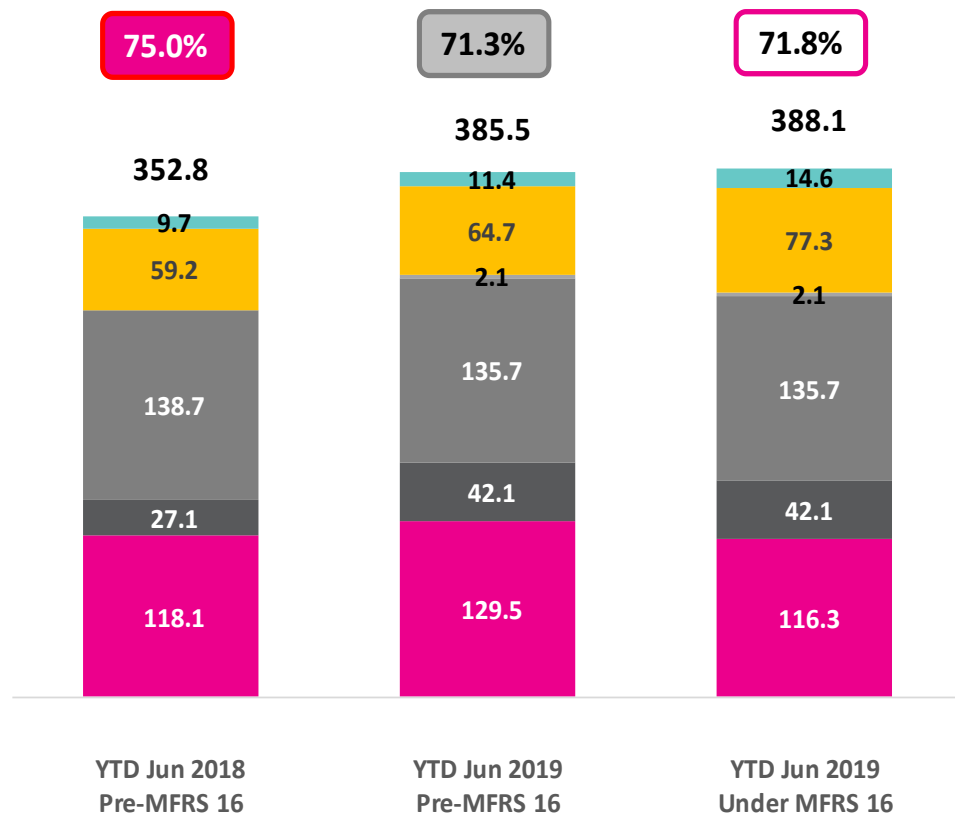
Retail



RR: Recurring revenues

Legend : ■ Recurring ■ Non-recurring

# CONSOLIDATED COST TO REVENUE %



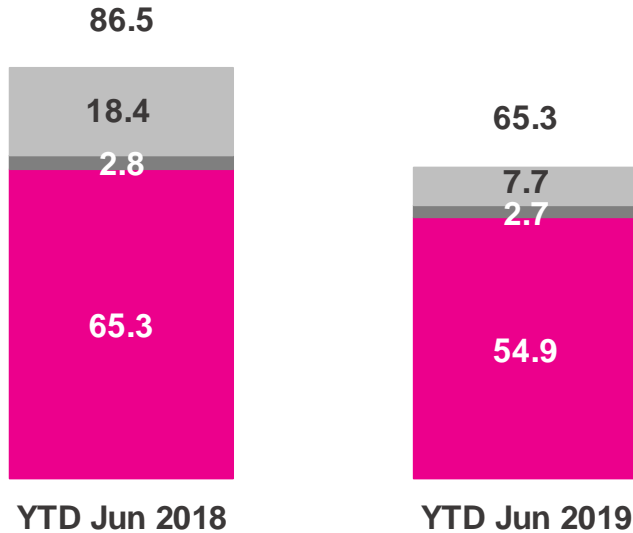
- The **adoption of MFRS 16** had the effect of **increasing overall costs** in profit and loss by **RM2.6m** as follows:
  - lower network and other related costs/OPEX** by RM13.2m
  - increase depreciation** by RM12.7m for right-of-use assets
  - increase finance expenses** by RM3.2m
- Excluding the impact of foreign exchange, **adjusted Cost to Revenue % for YTD Jun 2019** would have been **71.0% (pre-MFRS 16)** and **71.4% (post-MFRS 16)**, compared to **75.0% for YTD Jun 2018** mainly due to **improved cost efficiencies** within the Group

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

Note: Numbers are in RM'million

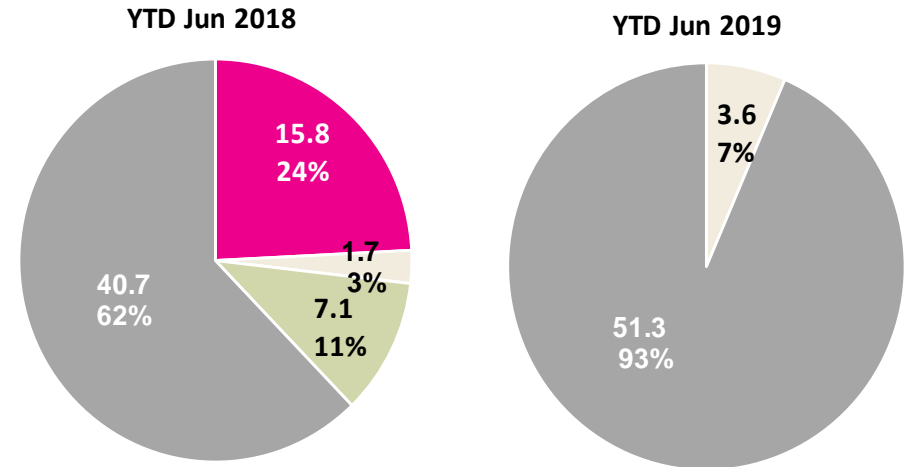
# CAPITAL EXPENDITURE: YTD JUN 2019

RM'million



■ Data Centre ■ Non-Telco Assets ■ Telco Assets

Breakdown of Telco Assets Acquired



■ Submarine Cable ■ HPOE Card Upgrade  
 ■ Regional Telecommunications Network ■ Other Telco Assets

- **84%** of YTD Jun 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
- The Group increased its spending on **domestic network and coverage expansion** in YTD Jun 2019

Note: Numbers are in RM'million.

# MOVING FORWARD

- 1 Continue to capitalise on demand for high speed home broadband packages
- 2 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
- 3 Monitor developments in the industry and introduce new meaningful solutions and services to our customers
- 4 Continue to work with the Group's partners in Thailand and Vietnam 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
- 5 Assess opportunities to further establish the Group as a key regional data centre player and operator and unlock the long term potential of the Group's data centre business

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# Thank You

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