4Q 2016 Performance Guide

February 2017

TIME Q4 2016: HIGHLIGHTS

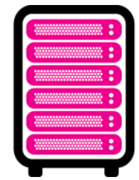
Subsea Cables

- **Asia Pacific Gateway (“APG”)** cable system is ready-for-service w.e.f. 28 Oct 2016.

Retail Business

- Retail sales **grew 31% QoQ** and **103% YoY** in Q4 2016.
- **Retail business** continues to **lead** the overall revenue growth during the quarter and for the year.
- Q4 2016 **retail sales orders** grew **162% YoY**.

Data Centres



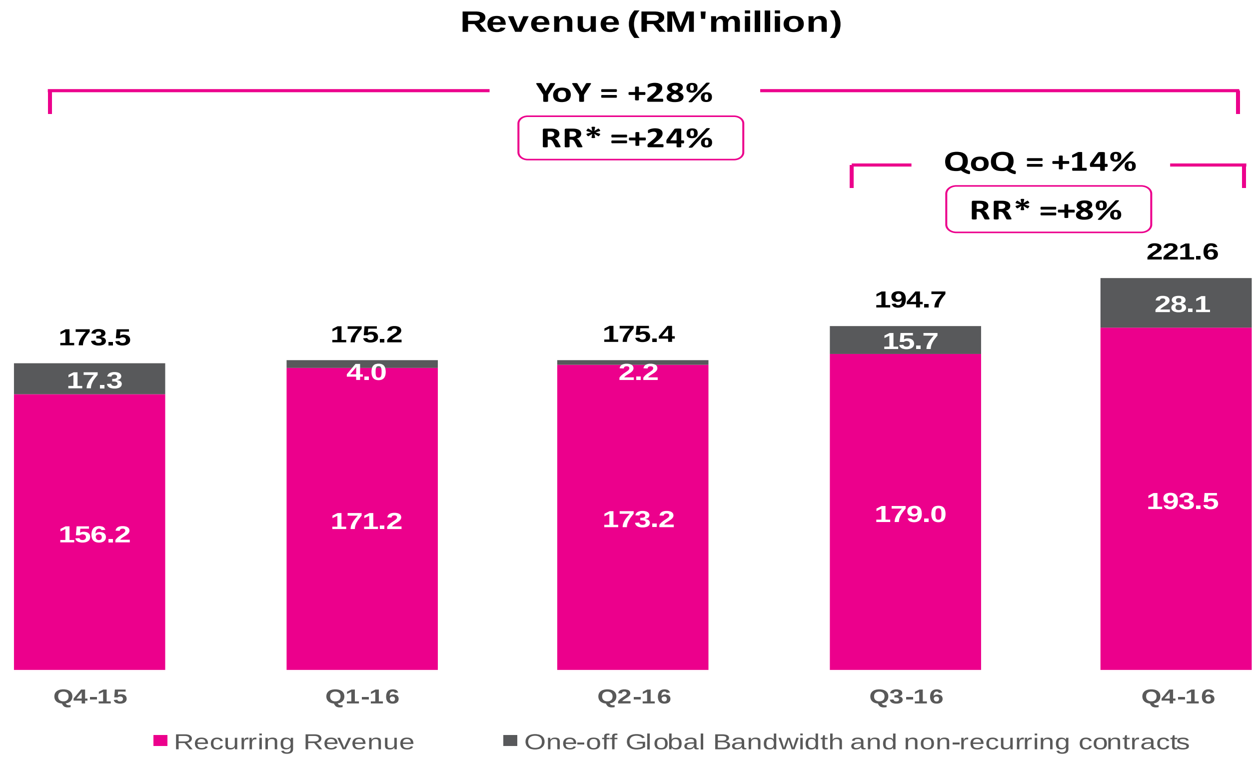
Data Centre

- **10,000 sq ft** of additional **new data centre space** was completed in Q4 2016.
- **Data centre** performed well in Q4 2016 with **28% YoY** and **11% QoQ growth** in recurring revenues.

Others

- Declared an **interim ordinary** and **special interim dividend of 6.60 sen and 10.70 sen per share** respectively for the financial year ended 31 December 2016 to be paid on 31 March 2017

REVENUE TREND: BY QUARTER

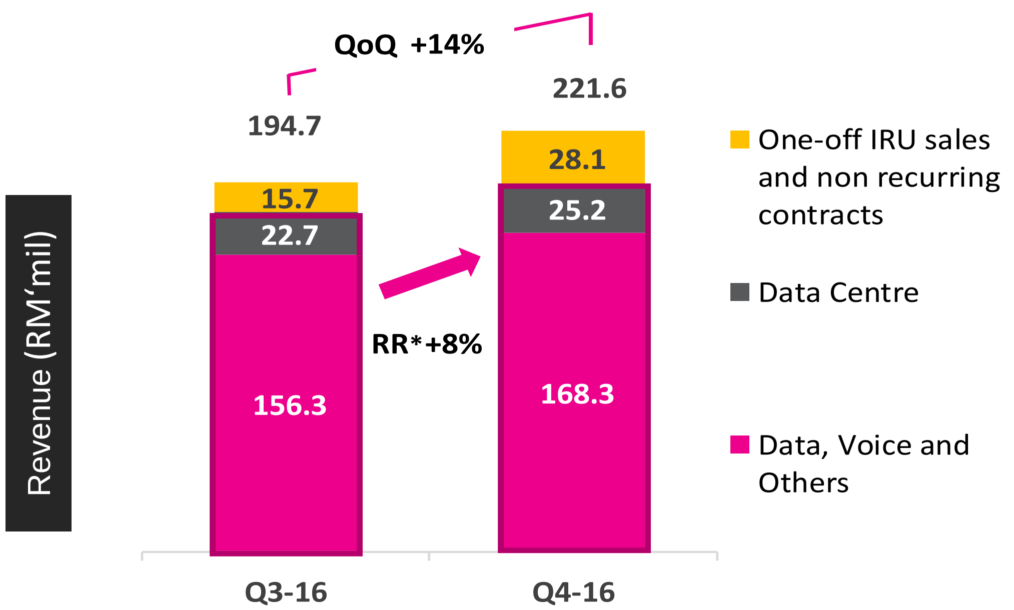


- **Non-IRU revenues** which are **generally recurring** in nature from data, data centre, voice and other businesses, continue to grow at a strong and sustainable rate.
- **Non-IRU revenues** grew **+8%** QoQ and **+24%** YoY.
- 60% of **IRU revenues** in the year were recognised in the Fourth Quarter of 2016.

RR: Recurring revenues*

ANALYSIS: QUARTER-ON-QUARTER

RM'mil	Actual Q3-16	Actual Q4-16	QoQ Variance
REVENUE	194.7	221.6	**+14%**
PROFIT BEFORE TAXATION (PBT)	**57.8**	**70.1**	**+21%**
Adjustments:			
Gain on disposal of PPE	(0.7)	(1.8)	
PPE written off	0.1	0.3	
Net impairment of PPE	-	5.8	
Forex gain	(2.7)	(14.5)	
Total	**(3.3)**	**(10.2)**	
ADJUSTED PBT	**54.5**	**59.9**	**+10%**

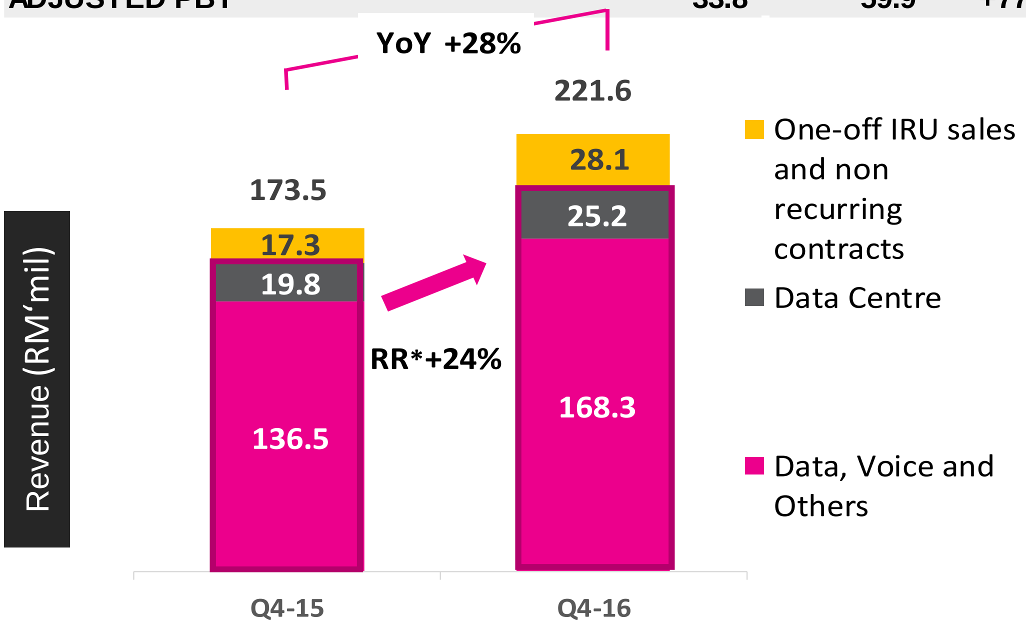


- **Positive results** continue to be seen from broadband sales to home users. In Q4 2016, **revenue from retail segment** alone **grew 31% QoQ.**
- **One-off revenues** from IRU sales amounted to **RM28.1m of data revenue** (Q3 2016:RM15.7m) in Q4 2016. IRU sales were mainly derived from sales contributed by **submarine cable systems** and the Group's **Cross Peninsular Cable System ("CPCS")**.
- Voice revenues recorded a nominal decline in Q4 2016 of approximately 2% QoQ.
- **Adjusted PBT** in Q4 2016 recorded a **growth of 10%** attributed to **higher overall sales,** particularly from recurring data and **higher margin IRU sales** despite **higher subscriber acquisition costs**, **higher staff related incentives**, **higher depreciation** and **interest expense** coupled with **lower interest income**.

RR: Recurring revenues*

ANALYSIS: YEAR-ON-YEAR

RM'mil	Actual Q4-15	Actual Q4-16	YoY Variance
REVENUE	173.5	221.6	**+28%**
PROFIT BEFORE TAXATION (PBT)	**36.6**	**70.1**	**+92%**
Adjustments:			
Dividend income	(3.6)	-	
Gain on disposal of PPE	-	(1.8)	
PPE written off	4.4	0.3	
Net impairment of PPE	-	5.8	
Forex gain	(3.6)	(14.5)	
Total	**(2.8)**	**(10.2)**	
ADJUSTED PBT	**33.8**	**59.9**	**+77%**

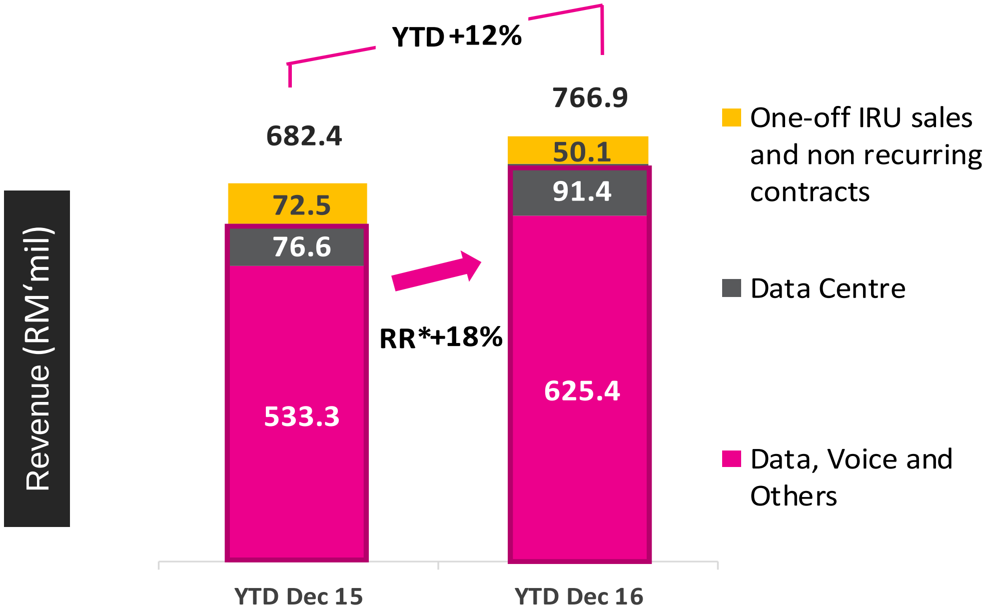


- **Q4 2016 revenue increased YoY** by **28%** as compared to Q4 2015.
- **One-off revenues** from IRU sales accounted for **RM28.1m of data revenue** (Q4 2015: RM17.3m) in Q4 2016. **Excluding these one-off revenues**, the Group still performed well with a **growth of 24%** coming from **wholesales, enterprise and retail customers**.
- **Retail customers** alone contributed **103% YoY growth** while **enterprise and wholesale customers** contributed **14%** and **19% YoY growth** in **recurring revenues, respectively.**
- **Adjusted PBT** recorded a **77% YoY increase** mainly due to revenue growth from **all core product segments** on the back of **higher interest income**, **improved cost efficiencies**, offset by **higher subscriber acquisition costs** and **higher depreciation** in the current quarter.

RR: Recurring revenues*

ANALYSIS: YEAR-TO-DATE

RM'mil	Actual YTD Dec 15	Actual YTD Dec 16	YTD Variance
REVENUE	682.4	766.9	**+12%**
PROFIT BEFORE TAXATION (PBT)	**470.8**	**368.4**	**-22%**
Adjustments:			
Dividend income	(21.6)	(3.4)	
Gain on disposal of PPE	(2.4)	(7.4)	
PPE written off	4.4	0.4	
Net impairment of PPE	-	5.8	
Gain on disposal of investment in Campana	-	(2.5)	
Realisation of FV gain from AFS	(274.0)	(157.4)	
Forex gain	(35.4)	(9.3)	
Total	**(329.0)**	**(173.8)**	
ADJUSTED PBT	**141.8**	**194.6**	**+37%**



- **Revenue** for YTD Dec 2016 **increased 12%** compared to YTD Dec 2015.
- **One-off revenues**, made up of **RM46.8m IRU sales** and **RM3.3m data centre sales**, accounted for **RM50.1m** of total revenue for YTD Dec 2016 (YTD Dec 2015: RM72.4m). By **excluding the said one-off revenues**, overall revenues would have **grown 18%** against similarly adjusted revenues in YTD Dec 2015.
- **All Non-IRU product segments** recorded **higher revenues** in YTD Dec 2016 led by an **RM82.6m increase in data revenues** followed by a **RM14.8m increase in data centre revenues**(excluding one-off revenues) and **RM9.0 m increase in voice revenues**.
- **Adjusted PBT** recorded **growth of 37% YoY** mainly attributed by **strong revenue growth** on the back of **improved cost efficiencies**, **lower interest expense** and **increased share of profit from equity accounted investments** of RM2.1m (2015: RM25,000), **offset by higher subscriber acquisition costs** and **increased** provisions for **staff related incentives**.

RR: Recurring revenues*

UPDATE: ASEAN

		YTD Dec 2016	
		CMC Telecom Infrastructure	KIRZ
Direct TIME interest		**45.27%**	**49.00%**

RM 'million

		CMC Telecom Infrastructure	KIRZ
As reported by Investee	Revenue	187.0	15.2
	Profit/(Loss) After Tax	13.5	(5.6)
TIME's share in proportion to its interest	Share of Profit/(Loss) on Investment of Associates	5.7	(2.7)

PERFORMANCE: Q4, 2016

RM 'million	Q4, 2016	Q4, 2015	Y-o-Y	Q3, 2016	Q-o-Q
Revenue	**221.6**	**173.5**	+ 28%	**194.7**	+ 14%
EBITDA	**93.4**	**56.6**	+ 65%	**77.2**	+ 21%
Adjusted EBITDA	***83.2***	***57.4***	*+ 45%*	***73.9***	*+ 13%*
PBT	**70.1**	**36.6**	+ 92%	**57.8**	+ 21%
Adjusted PBT	***59.9***	***33.8***	*+ 77%*	***54.5***	*+ 10%*
EBITDA Margin	42%	33%	*+ 9 pps*	40%	*+ 2 pps*
Adjusted EBITDA Margin	*38%*	*33%*	*+ 5 pps*	*38%*	*+ 0 pps*
PBT Margin	32%	21%	+ 11 pps	30%	+ 2 pps
Adjusted PBT Margin	*27%*	*19%*	*+ 8 pps*	*28%*	*- 1 pps*
EPS (Sen)	19.81	6.22	+ 13.59 sen	9.59	+ 10.22 sen
Adjusted EPS (Sen) [Note 1]	*18.05*	*5.74*	*+ 12.31 sen*	*9.02*	*+ 9.03 sen*

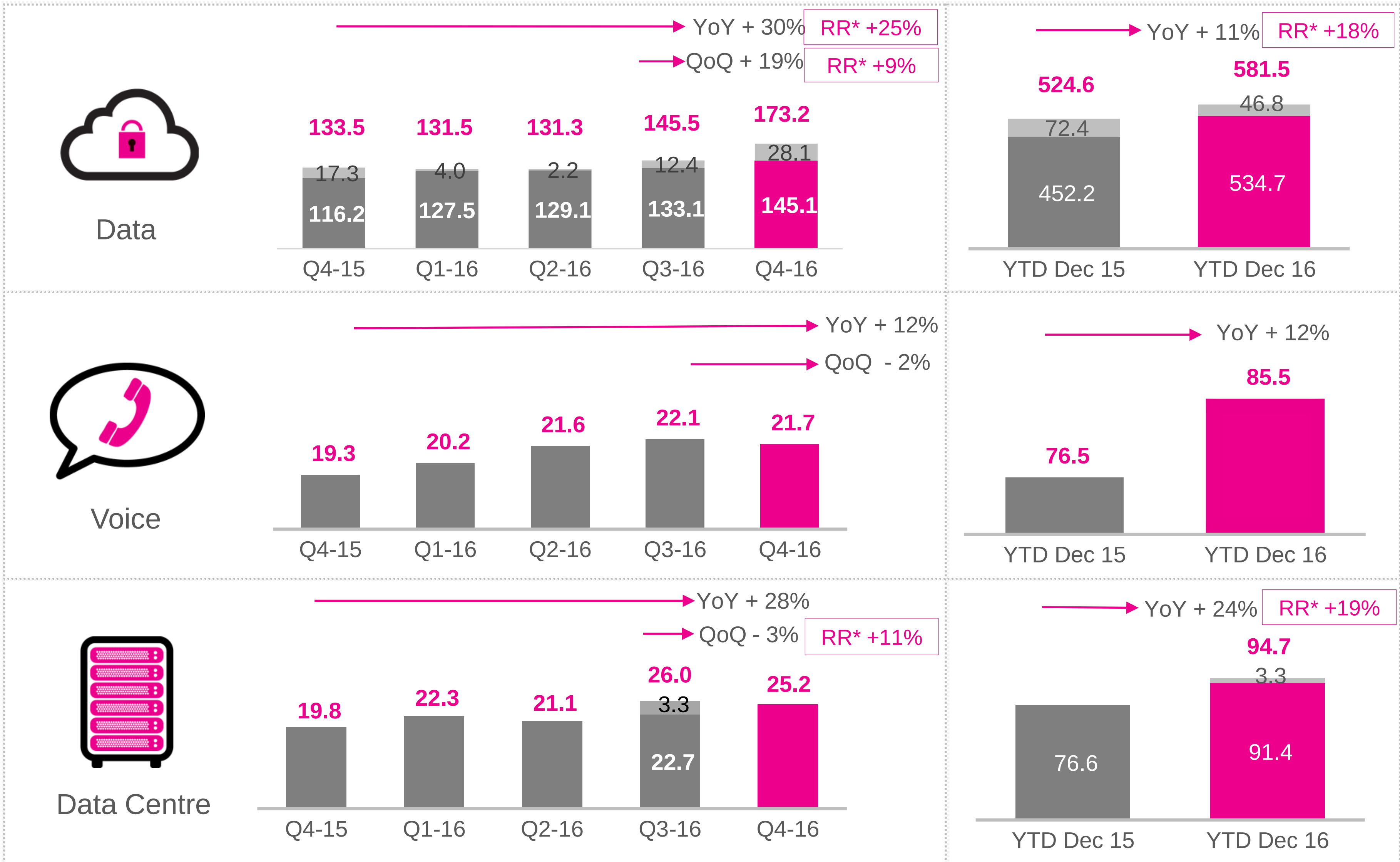
Note 1: Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes dividend income, forex, realisation of fair value gain on AFS reserve and one off adjustments.

PERFORMANCE: YTD DEC 2016

RM 'million	YTD Dec 2016	YTD Dec 2015	Y-o-Y
Revenue	**766.9**	**682.4**	**+ 12%**
EBITDA	**292.6**	**263.9**	**+ 11%**
Adjusted EBITDA	***279.6***	***230.5***	***+ 21%***
PBT	**368.4**	**470.8**	**- 22%**
Adjusted PBT	***194.6***	***141.8***	***+ 37%***
EBITDA Margin	38%	39%	*-1 pps*
Adjusted EBITDA Margin	*36%*	*34%*	*2 pps*
PBT Margin	48%	69%	*-21 pps*
Adjusted PBT Margin	*25%*	*21%*	*4 pps*
EPS (Sen)	70.62	81.24	*-10.62 sen*
Adjusted EPS (Sen) *Note 1*	*40.51*	*23.97*	*16.54 sen*

Note 1: Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes dividend income, forex, realisation of fair value gain on AFS reserve and one off adjustments.

REVENUE GROWTH: BY PRODUCTS



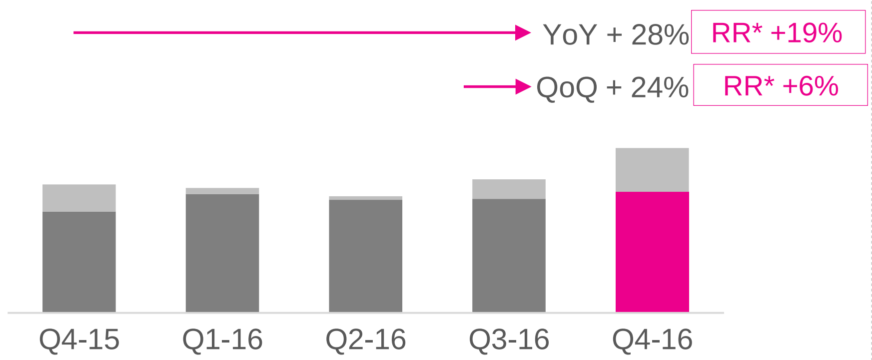
Note: Numbers are in RM million

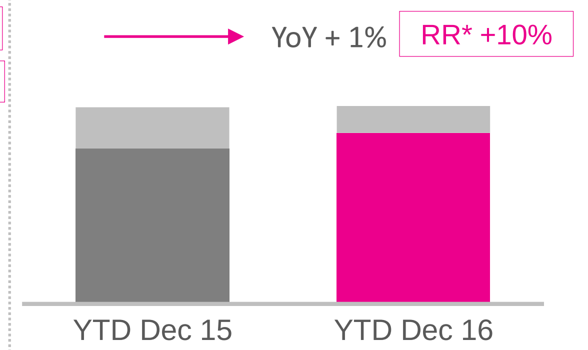
RR*: Recurring revenues

Legend : Recurring Non-recurring

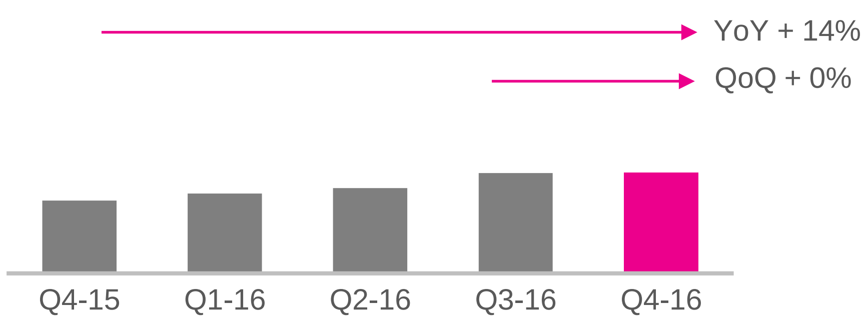
REVENUE GROWTH: BY SEGMENTS

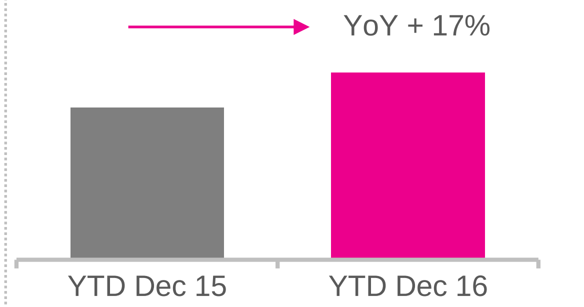
Wholesale



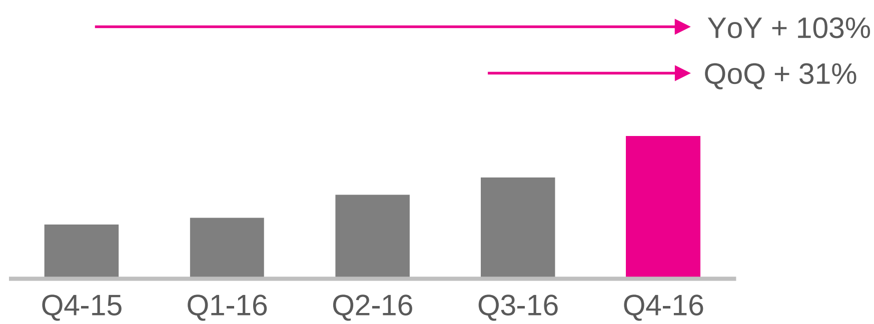


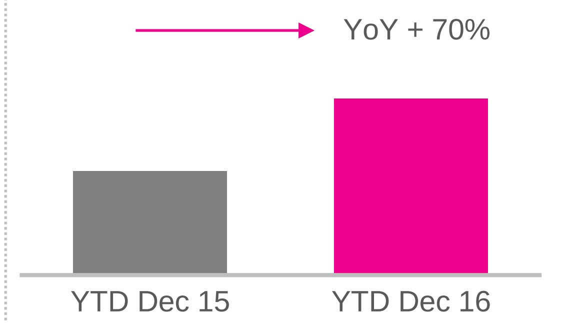
Enterprise





Retail



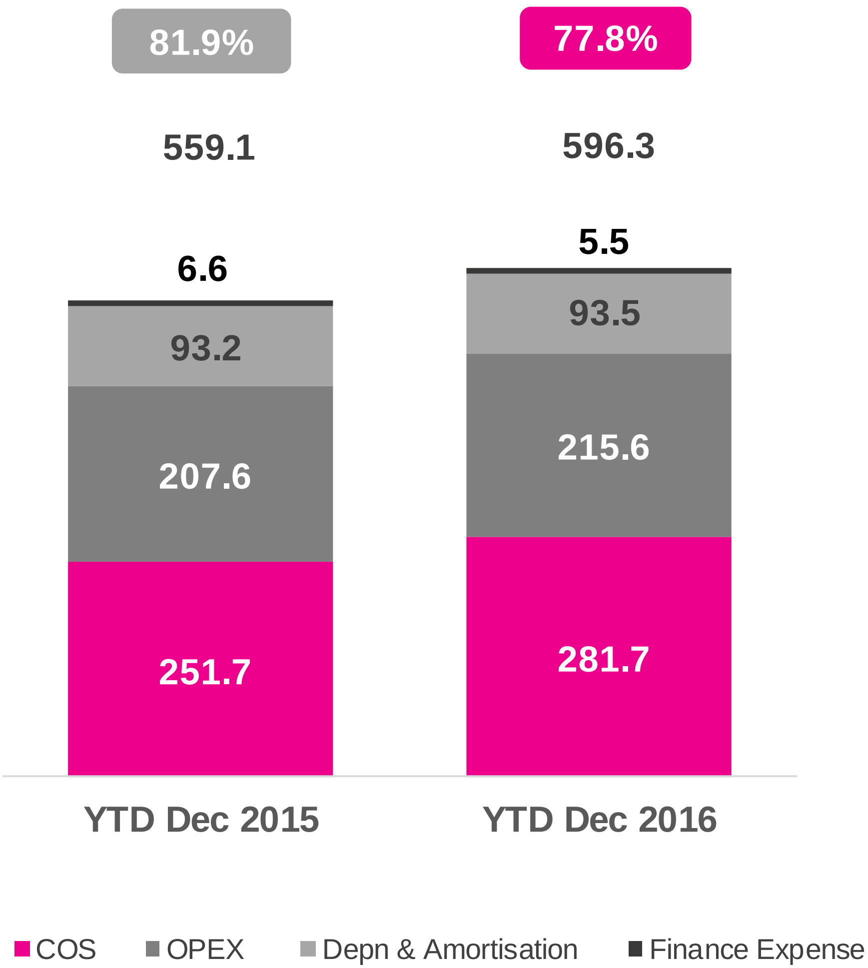


Note: Numbers are in RM million

RR*: Recurring revenues

Legend : Recurring Non-recurring

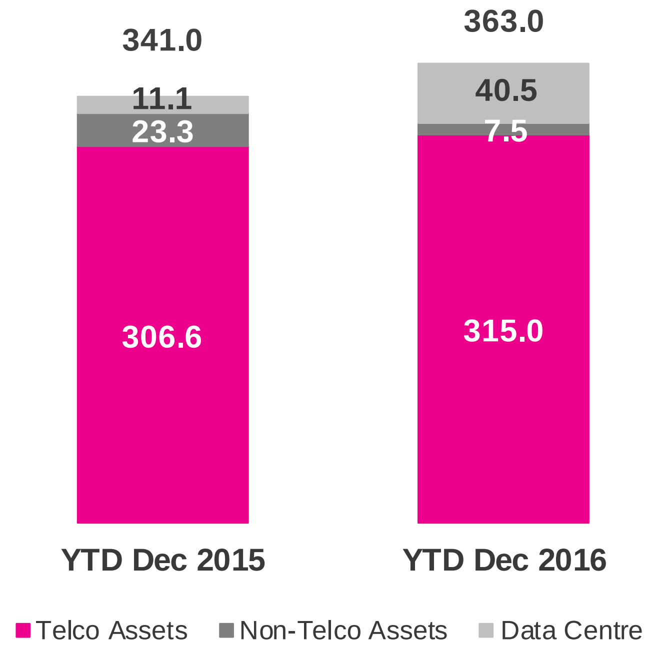
CONSOLIDATED COST TO REVENUE %

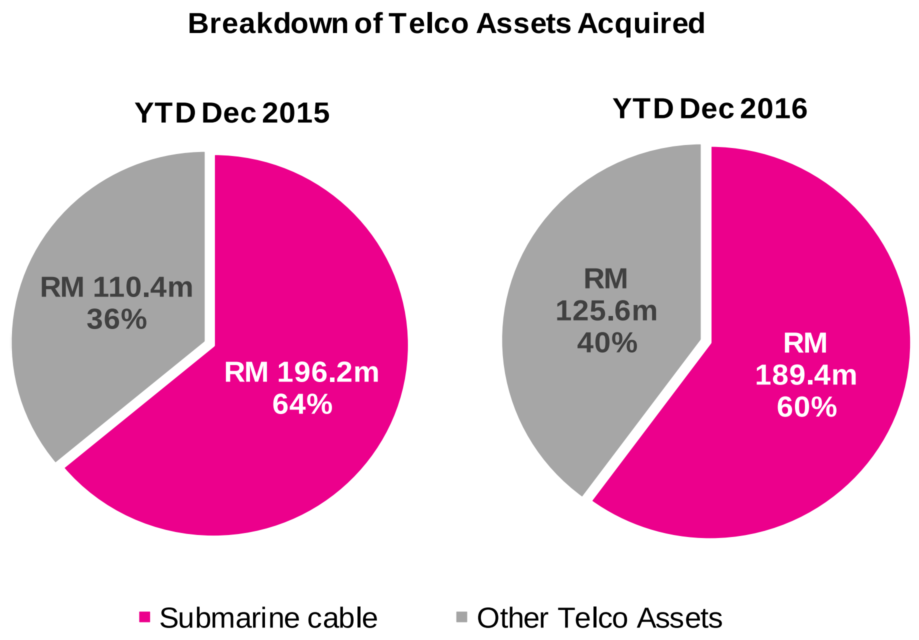


- The **COS** in **YTD Dec 2016 increased by 11.9% relative to YTD Dec 2015** mainly due to **higher subscriber acquisition costs** arising from **increased demand for TIME Fiber Home Broadband services** since the end of March 2016.
- Whilst the higher subscriber acquisition costs may have resulted in some short term margin compression, **overall YTD Dec 2016 Cost-to-Revenue % improved** from **81.9% to 77.8%** on the back of operational efficiencies and higher revenue contribution from higher yield products.
- **Depreciation charge** only saw a **nominal increase** in YTD Dec 2016 despite the completion of two submarine cable systems (i.e. FASTER and APG submarine cable systems) costing RM398.5m, as both submarine cables were only completed in the second half of the year and the full year effect of depreciation from the said submarine cables will only take effect in 2017. In addition, the impact of depreciation from new CAPEX during the year had been **offset by the impact of fully depreciated assets**.

Note: Numbers are in RM million.

CAPITAL EXPENDITURE: YTD DEC 2016





- Expenditure incurred on telco assets was mainly to extend domestic network coverage, build submarine cables as well as, to upgrade existing network infrastructure.
- 87% of total YTD Dec 2016 capital expenditure was spent on telco assets.
- RM189.4m was spent on submarine cable systems (i.e. APG, AAE-1, FASTER and SKR1M) in YTD Dec 2016.
- Non-telco CAPEX YTD Dec 2015 comprised mainly of land purchase in Cyberjaya for approximately RM15.6m.

Note: Numbers are in RM million.

MOVING FORWARD

1 The Group expects 2017 to bring new expansion and growth opportunities both on the domestic front and in the ASEAN region.

2 The Group will continue to extend its domestic reach to new territories and improve its presence in the retail segment by delivering a fast, reliable and high quality network experience and improving its product and solution offerings, while maintaining prudent financial management.

3 The Group will also be on the lookout for new investments opportunities within the telecommunications and its related overseas sector.

4 AAE-1 is in scheduled to be completed and to become operational in 2017. Thereafter, it can be a new source of revenue to the Group

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