



4Q 2019 Performance Guide

28 FEB 2020



TIME Q4 2019: HIGHLIGHTS

Revenue



- Group **revenues grew 12% YoY** and **6% QoQ**.
- **Growth** seen from **all customer** and **core product** groups.
- **Retail business** still **fastest growing** customer segment, followed by **wholesale**.

Profitability



- **Adjusted PBT** (excluding one-off non-recurring items) **grew 21% QoQ (post-MFRS 16)** and **33% YoY (pre-MFRS 16)**.

Dividend

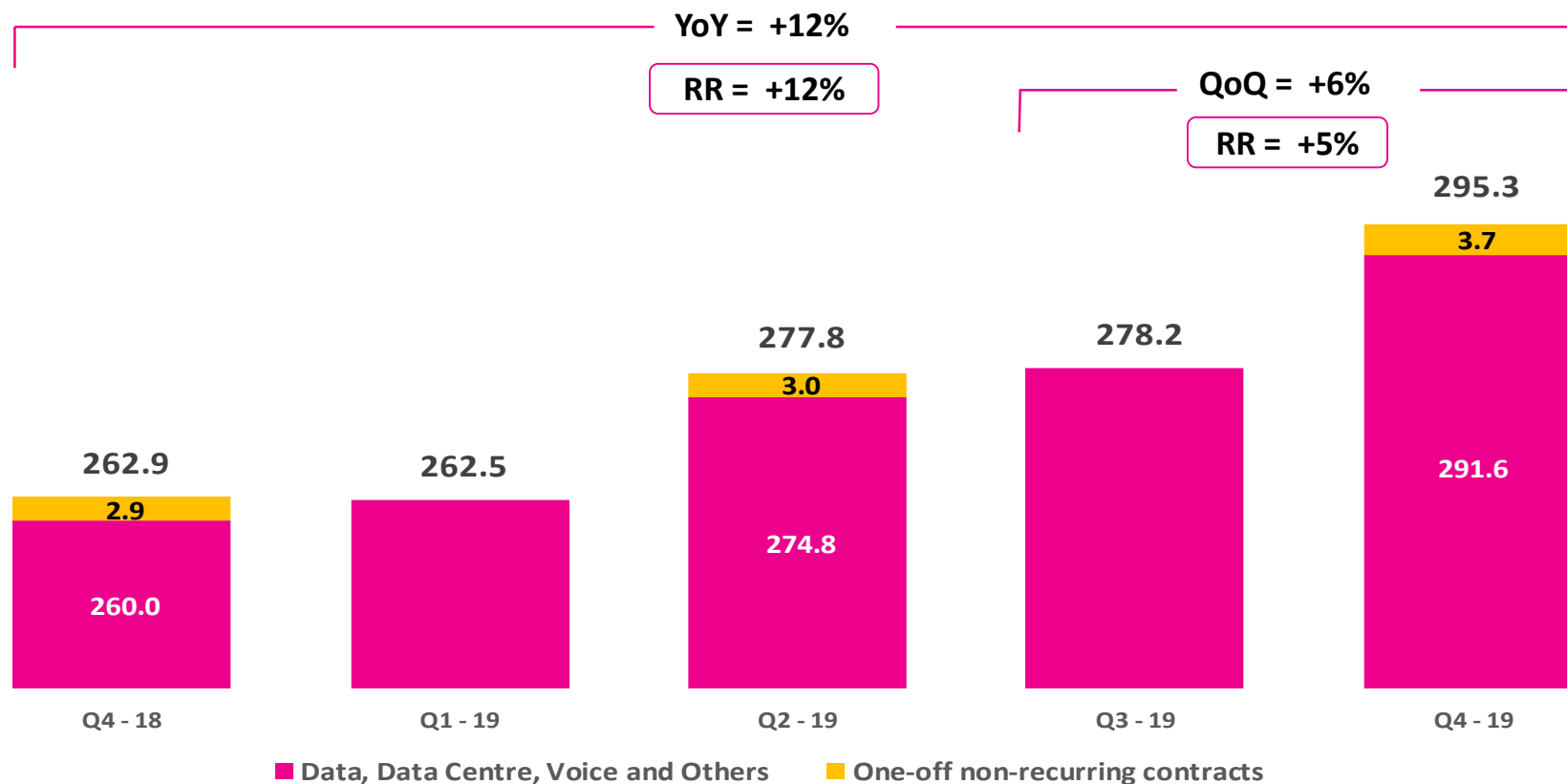


- Declared **ordinary interim** and a **special interim tax exempt (single tier) dividend** of **9.95 sen/share** and **19.08 sen/share** respectively, payable on **31 March 2020**.

Others

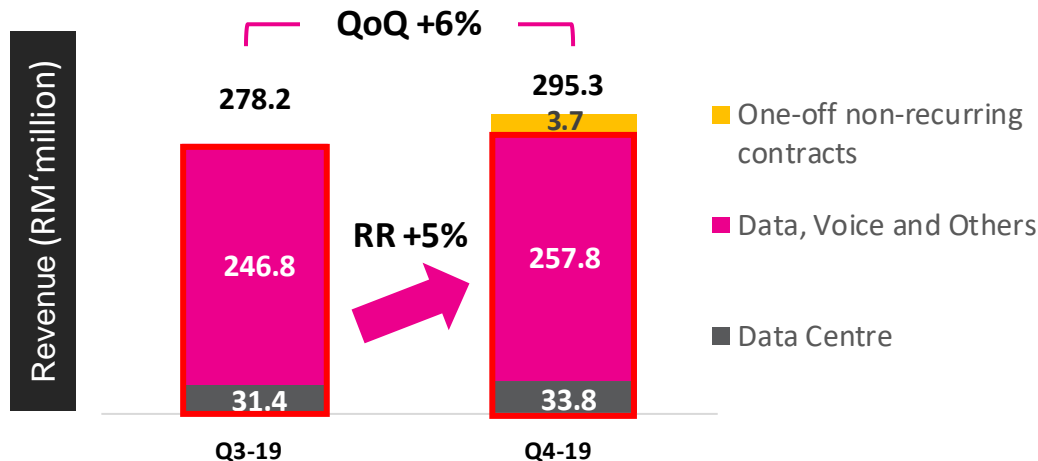
- **Acquired Menara AIMS** (previously rented) for RM95.8m to **secure business continuity**.
- **Additional 4,200 sq ft** of net lettable **data centre space added** in Menara AIMS.
- Provisions **totaling RM22.6m** made in relation to associate, **KIRZ**.

REVENUE TREND: BY QUARTER



- Momentum maintained in **growth of recurring revenues**. **Overall recurring revenues** (excluding one-off non-recurring contract revenues) from data, data centre, voice and other businesses **grew 5% QoQ and 12% YoY**
- **One-off non-recurring contracts revenues** of **RM3.7m** were recognised in Q4 2019, mainly contributed by data (RM3.2m) and data centre (RM0.5m) businesses

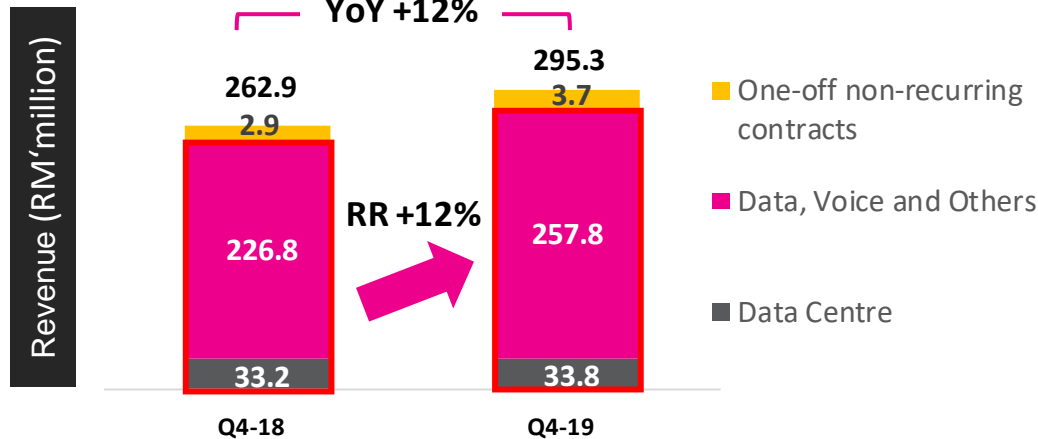
ANALYSIS: QUARTER-ON-QUARTER



RM'million	As reported Under MFRS 16 Q3 2019	As reported Under MFRS 16 Q4 2019	QoQ Variance
REVENUE	278.2	295.3	+6%
PROFIT BEFORE TAXATION (PBT)	84.7	79.9	-6%
Adjustments:			
Gain on disposal of PPE	-	(0.1)	
Allowance for doubtful debts for advances to associate	-	6.5	
(Recovery)/impairment of construction deposit	(0.7)	-	
PPE written off	4.9	1.6	
Provision for financial guarantee	-	16.1	
Forex (gain) / loss	(1.7)	1.5	
Total	2.5	25.6	
ADJUSTED PBT	87.2	105.5	+21%

- Recurring revenues were up 5% QoQ from recurring sales to all customer groups, led by **wholesale customers and retail customers**.
- Growth also seen coming from all **core products groups** with voice, recurring data and data centre revenues growing 9%, 4% and 8% QoQ respectively.
- One-off revenues from non-recurring contracts amounted to **RM3.2m** from data revenues and **RM0.5m** from data centre revenues in Q4 2019.
- The Group recognised an **allowance for doubtful debt for shareholder loans given to KIRZ amounting to RM6.5m** as well as a **provision for financial guarantee of RM16.1m** for guarantees provided to secure banking facilities in KIRZ.
- Adjusted PBT in Q4 2019 recorded a **growth of 21%** contributed by **growth of overall sales** on the back of **improved margins, higher interest income, lower allowance for adjusted doubtful debts** (excluding the allowance made for shareholder loans to KIRZ) and **lower finance costs, off set by lower share of profit from associates**.

ANALYSIS: YEAR-ON-YEAR



RM'million	Pre-MFRS 16 Q4 2018	Pre-MFRS 16 Q4 2019	YoY Variance	MFRS 16 adjustments	As reported under MFRS 16 Q4 2019
REVENUE	262.9	295.3	+12%	-	295.3
PROFIT BEFORE TAXATION (PBT)	87.7	80.8	-8%	(0.9)	79.9

Adjustment:

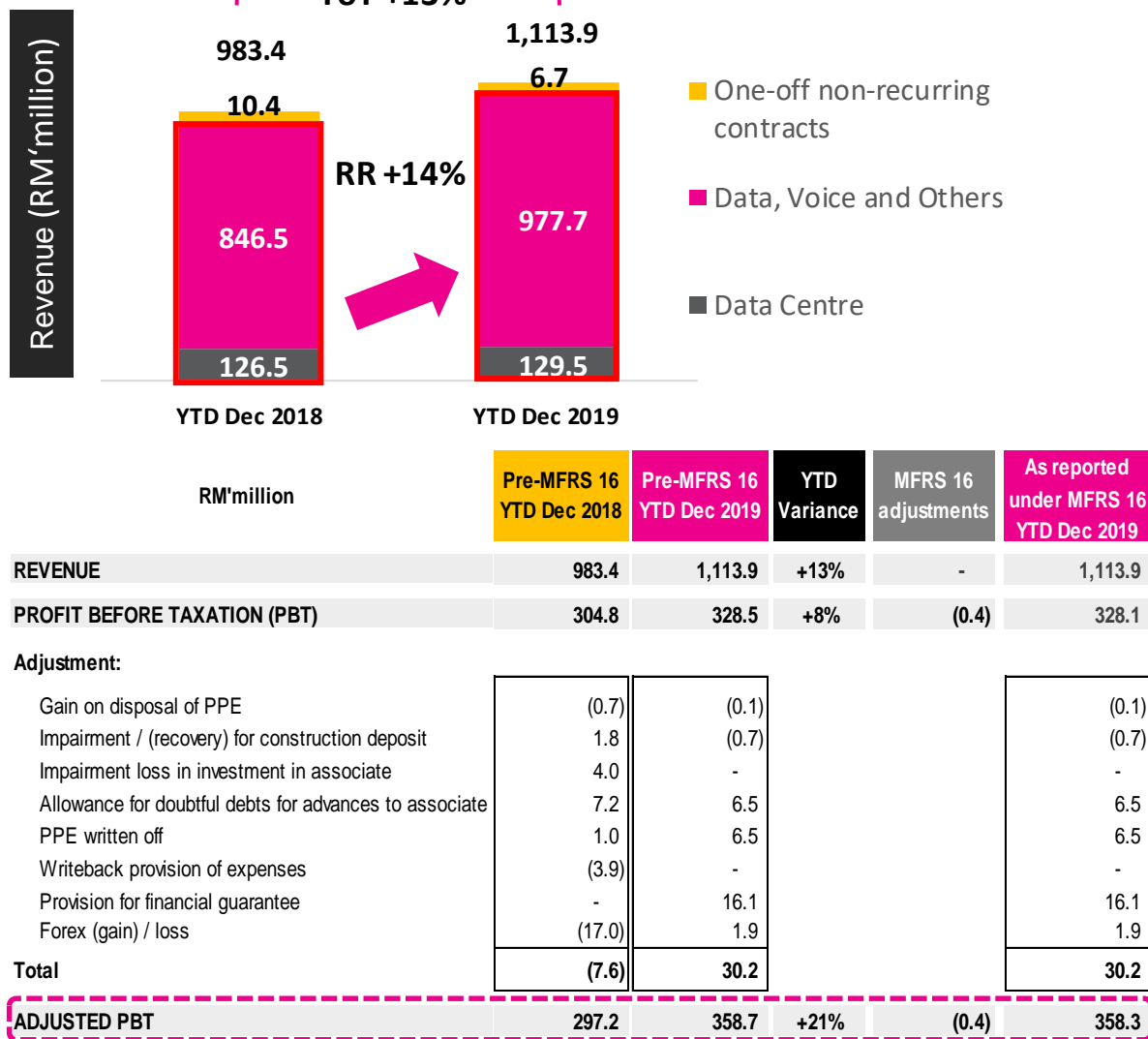
Gain on disposal of PPE	(0.1)	(0.1)			(0.1)
Impairment of construction deposits	1.8	-			-
PPE written off	1.0	1.6			1.6
Writeback provision of expenses	(3.9)	-			-
Allowance for doubtful debts for advance to associate	-	6.5			6.5
Provision of financial guarantee given to associate	-	16.1			16.1
Forex (gain) / loss	(6.7)	1.5			1.5
Total	(7.9)	25.6			25.6
ADJUSTED PBT	79.8	106.4	+33%	(0.9)	105.5

- Overall revenues grew 12% YoY in Q4 2019.
- Revenue growth recorded from all core customer groups, with the largest growth contributions seen coming from retail and wholesale customers.
- One-off non recurring contract revenues amounted to RM3.2m from data sales and RM0.5m from data centre sales in Q4 2019 (Q4 2018: RM2.9m from data centre sales).
- Recurring revenue growth seen coming from all core product groups, led by sales from data (14% YoY), data centre (2% YoY) and voice (7% YoY).
- The Group recorded a 33% increase in adjusted pre-MFRS 16 PBT in Q4 2019 mainly due to higher overall revenue growth (including one-off non-recurring contract revenues), higher share of profit from investment in associate, higher interest income and lower depreciation charges.

RR : Recurring revenues

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

ANALYSIS: YTD DEC 2019






- The Group recorded **one-off non-recurring data contract revenue of RM6.2m and data centre revenue of RM0.5m** in YTD Dec 2019 (YTD Dec 2018: RM10.4m of which RM6.0m was from data centre sales and RM4.4m was from data sales). Excluding these, **recurring revenues** would have **grown 14%** in YTD Dec 2019.
- Recurring revenues** from **data, voice** and **data centre business** grew **17%, 5% and 2%**, respectively in YTD Dec 2019.
- All core customer groups** contributed **positively** to overall **recurring revenue growth**. Largest revenue growth contribution came from wholesale followed by retail customers.
- Adjusted pre-MFRS 16 PBT** in YTD Dec 2019 recorded an **increase of 21%** mainly contributed by **higher overall revenues** (despite lower revenue from one-off non-recurring contracts), **higher share of profit from investment in associate** and **higher interest income, off set by higher depreciation, higher finance expenses, higher personnel and related expenses** as well as **higher adjusted allowance for doubtful debts** (excluding the allowance made for shareholder loans to KIRZ).

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	
				
YTD Dec 2019		45.27%	49.00%	46.84%
As reported by investee	Revenue	293.4	17.4	176.7
	Profit/(Loss) After Tax & Other comprehensive Income	26.2	(2.3) ^{N1}	6.1
TIME's shares in proportion to its interest	Share of Profit on Investment of Associates	11.8	- ^{N1}	2.9
Total Share of Profit on Investment of Associates		14.7		

Note : 1) The Group no longer shares losses from KIRZ since Q2 2018 when the investment value was fully impaired

PERFORMANCE: Q4 2019

RM 'million	Q4 2019 As reported under MFRS16	MFRS 16 adjustments	Q4 2019 Pre-MFRS16	Q4 2018 Pre-MFRS16	YoY Variance	Q3 2019 As reported under MFRS16	QoQ Variance
Revenue	295.3	0	295.3	262.9	+ 12%	278.2	+ 6%
EBITDA	115.3	(4.9)	110.4	121.9	- 9%	119.9	- 4%
Adjusted EBITDA	140.9	(4.9)	136.0	114.0	+ 19%	122.4	+ 15%
PBT	79.9	0.9	80.8	87.7	- 8%	84.7	- 6%
Adjusted PBT	105.5	0.9	106.4	79.8	+ 33%	87.2	+ 21%
EBITDA Margin	39%		37%	46%	- 9 pps	43%	- 4 pps
Adjusted EBITDA Margin	48%		46%	43%	+ 3 pps	44%	+ 4 pps
PBT Margin	27%		27%	33%	- 6 pps	30%	- 3 pps
Adjusted PBT Margin	36%		36%	30%	+ 6 pps	31%	+ 5 pps
EPS (Sen)	12.88		13.03	13.85	- 0.82 sen	14.19	- 1.31 sen
Adjusted EPS (Sen)	17.26		17.41	12.49	+ 4.92 sen	14.61	+ 2.65 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 DEC 2019

RM 'million	YTD Dec 2019 As reported under MFRS16	MFRS 16 adjustments	YTD Dec 2019 Pre -MFRS16	YTD Dec 2018 Pre-MFRS16	YoY
Revenue	1,113.9	0.0	1,113.9	983.4	+ 13%
EBITDA	479.8	(23.9)	455.9	427.4	+ 7%
Adjusted EBITDA	510.0	(23.9)	486.1	419.8	+ 16%
PBT	328.1	0.4	328.5	304.8	+ 8%
Adjusted PBT	358.3	0.4	358.7	297.2	+ 21%
EBITDA Margin	43%		41%	43%	- 2 pps
Adjusted EBITDA Margin	46%		44%	43%	+ 1 pps
PBT Margin	29%		29%	31%	- 2 pps
Adjusted PBT Margin	32%		32%	30%	+ 2 pps
EPS (Sen)	53.73		53.79	49.56	4.23 sen
Adjusted EPS (Sen)	58.90		58.96	48.25	10.71 sen

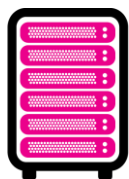
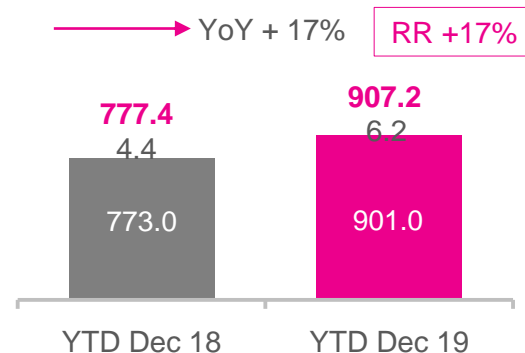
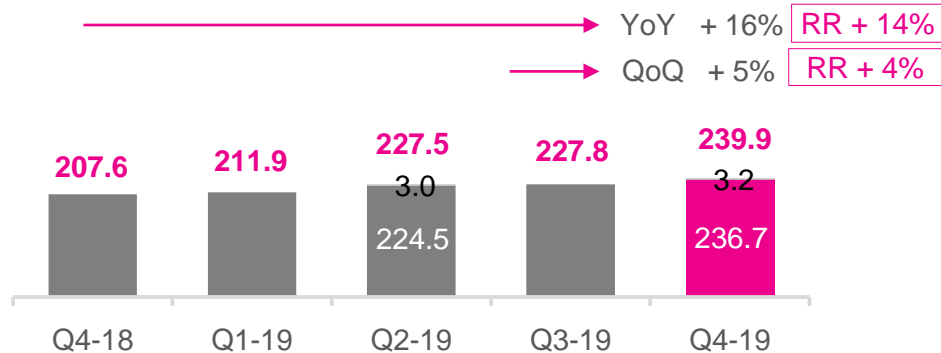
Note : 1) Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes forex impact, PPE written off, impairment of investment and other one off adjustments.

2) YTD variances to the previous year corresponding period is done excluding the impact of MFRS16 for better comparability.

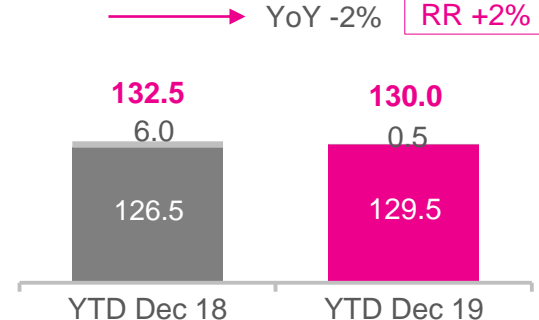
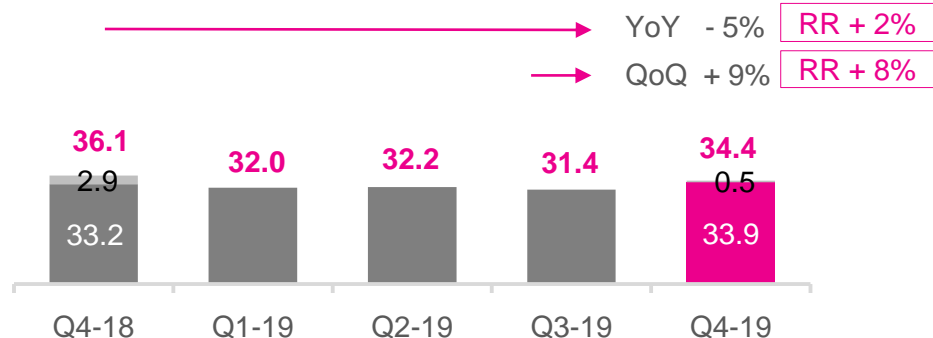
REVENUE GROWTH: BY PRODUCT



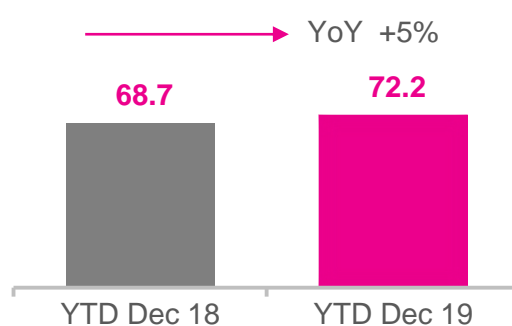
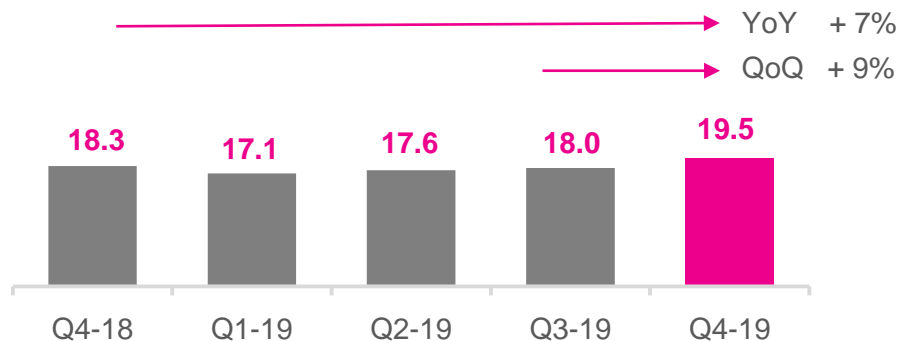
Data



Data Centre



Voice



Note: Numbers are in RM millions

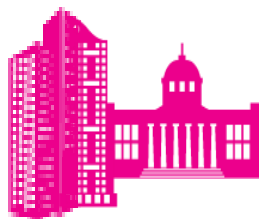
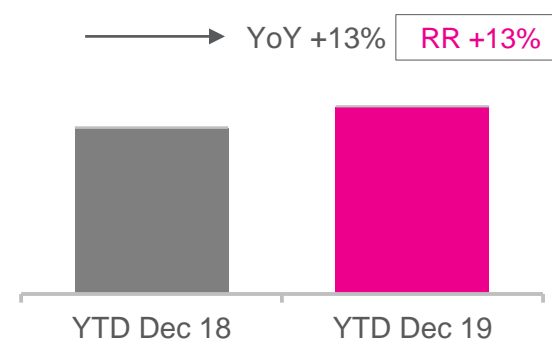
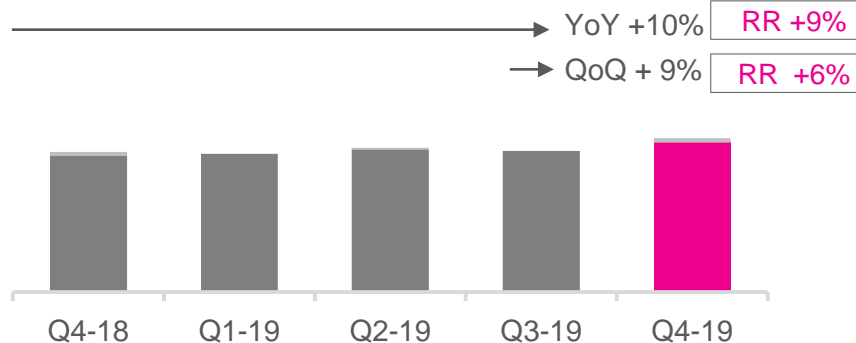
RR: Recurring revenues

Legend : ■ Recurring ■ Non-recurring

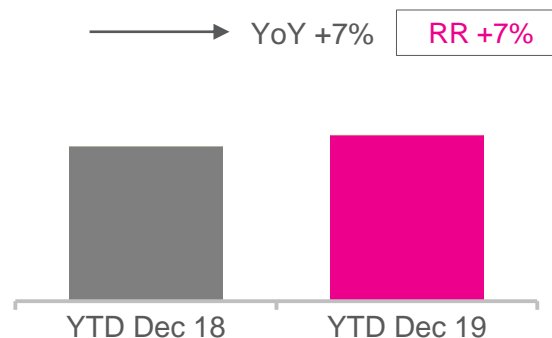
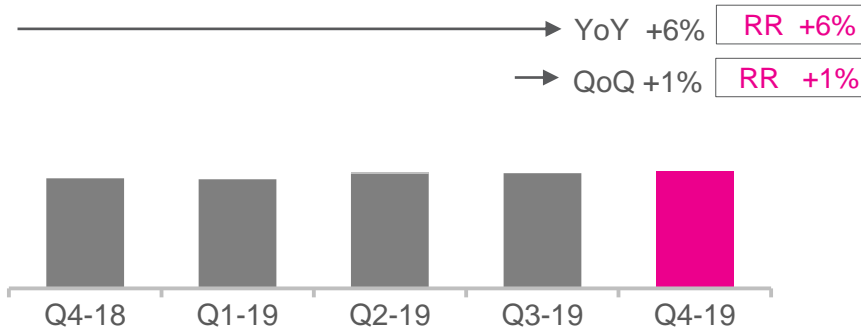
REVENUE GROWTH: BY SEGMENT



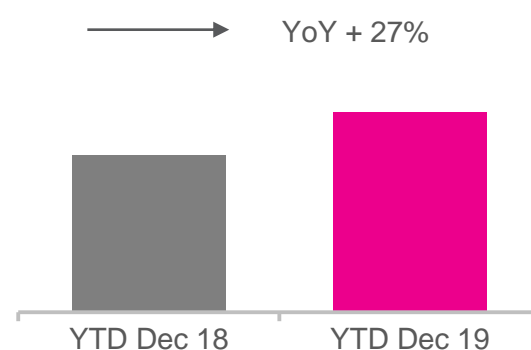
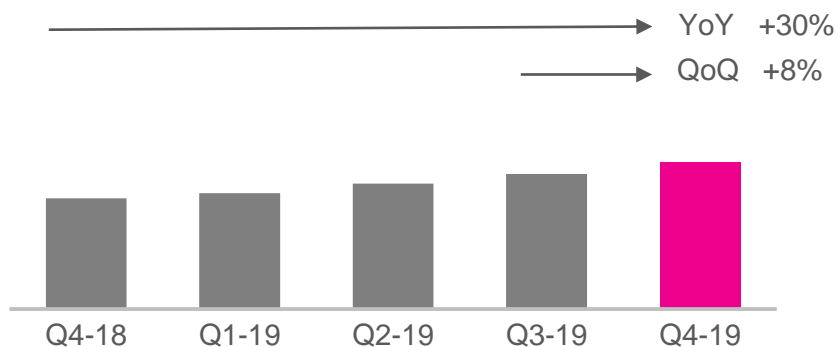
Wholesale



Enterprise



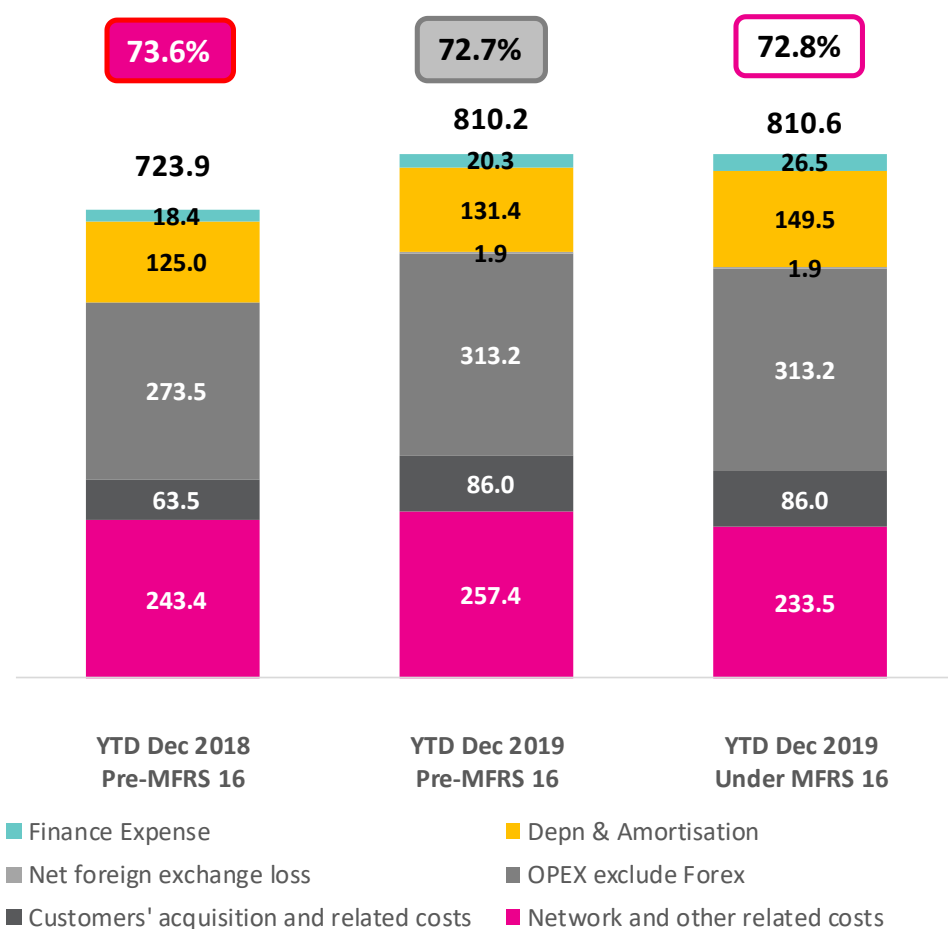
Retail



RR: Recurring revenues

Legend : ■ Recurring ■ Non-recurring

CONSOLIDATED COST TO REVENUE %

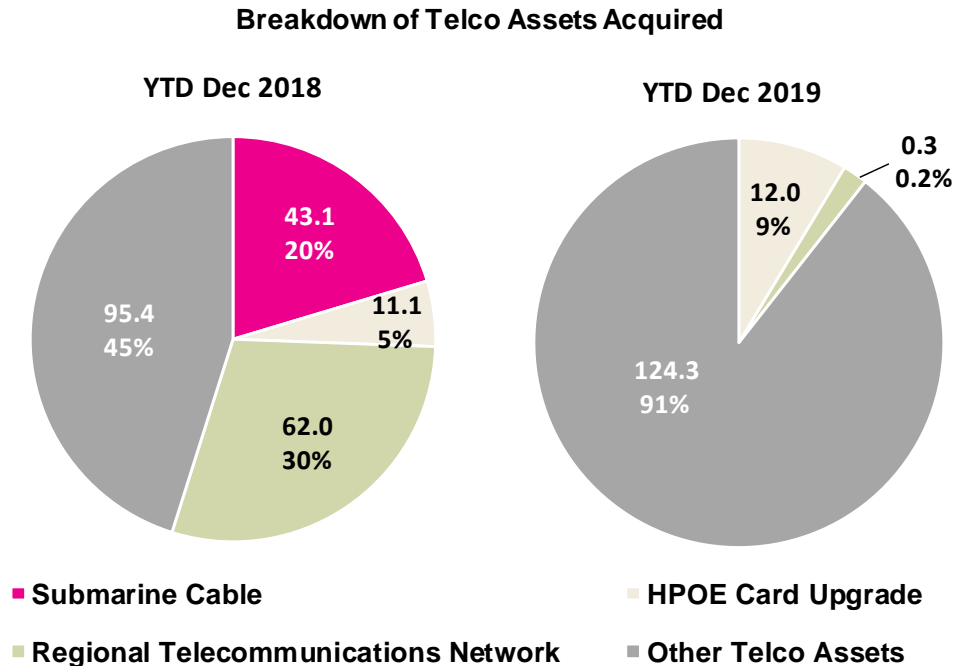
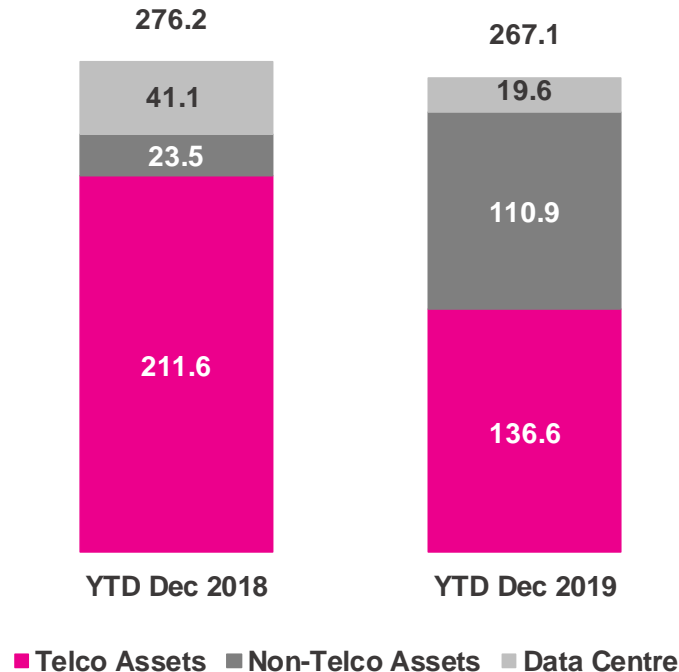


The **adoption of MFRS 16** had the effect of **increasing overall costs** in profit and loss by **RM0.4m** as follows:

- lower network and other related costs/OPEX** by RM23.9m
 - increase depreciation** by RM18.1m for right-of-use assets
 - increase finance expenses** by RM6.2m.
- Included in OPEX for YTD Dec 2018 is a provision for impairment loss in TIME's investment in KIRZ (RM4.0m) and an allowance for doubtful debts (RM7.2m) made for advances to said associate. Excluding the above and impact of foreign exchange, the adjusted Cost to Revenue % for YTD Dec 2018 would have been 72.5%.
 - Included in OPEX for YTD Dec 2019 is an allowance for doubtful debts (RM6.5m) made for advances to said associate and provision for financial guarantee given to associate (RM16.1m). Excluding the above and impact of foreign exchange, the adjusted Cost to Revenue % for YTD Dec 2019 would have been 70.5% (pre-MFRS 16) and 70.6% (post-MFRS 16).
 - The **lower Cost to Revenue % for YTD Dec 2019** when compared to YTD Dec 2018 is mainly as a result of **improved cost efficiencies** obtained within the Group.

CAPITAL EXPENDITURE: YTD DEC 2019

RM'million



- **51%** of YTD Sep 2019 capital expenditure was spent on telco assets, with particular focus on upgrading TIME's existing network infrastructure and expanding domestic network coverage.
- Non-telco asset additions during the year includes the purchase of Menara AIMS in downtown KL at a cost of **RM95.8m**.

MOVING FORWARD

1

Continue to focus on strengthening and improving our existing domestic fibre network infrastructure, whilst concurrently intensifying efforts to expand our coverage footprint throughout the country in line with the government's objectives.

2

To deliver a fast, reliable and unparalleled quality network experience at competitive prices and by understanding and providing meaningful solutions that are specifically tailored to the present and future requirements of all our customers.

3

Closely monitor developments within the industry to be able to leverage on any additional opportunities that may arise.

4

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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