



# **4Q 2018 Performance Guide**

**FEBRUARY 2019**

# TIME Q4 2018: HIGHLIGHTS

## Retail



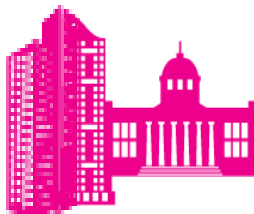
- Launched new **TIME Fibre Home Broadband** packages with **faster speeds at more affordable prices**, including the introduction of **1Gbps** home broadband package in **early October 2018**
- **Retail sales grew 3% QoQ** and **39% YoY** in Q4 2018
- Retail business continues to be the **fastest growing customer group** in FY2018

## Wholesale



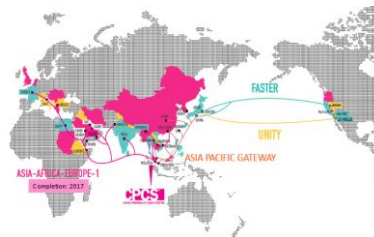
- Revenue from **wholesale business** grew **8% QoQ** and **19% YoY**

## Enterprise



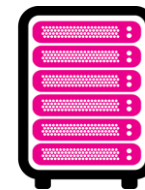
- Revenue from **enterprise business** grew **3% QoQ** and **11% YoY**

## Submarine Cables



- **Strong demand from wholesale customers** for the Group's international submarine cable capacity in Q4 2018
- Overall **submarine cable sales** grew **6% QoQ**
- **IRU sales (Pre-MFRS 15)** grew **3% QoQ** while **recurring data revenue** from submarine cables **grew 2% QoQ**

## Data Centre



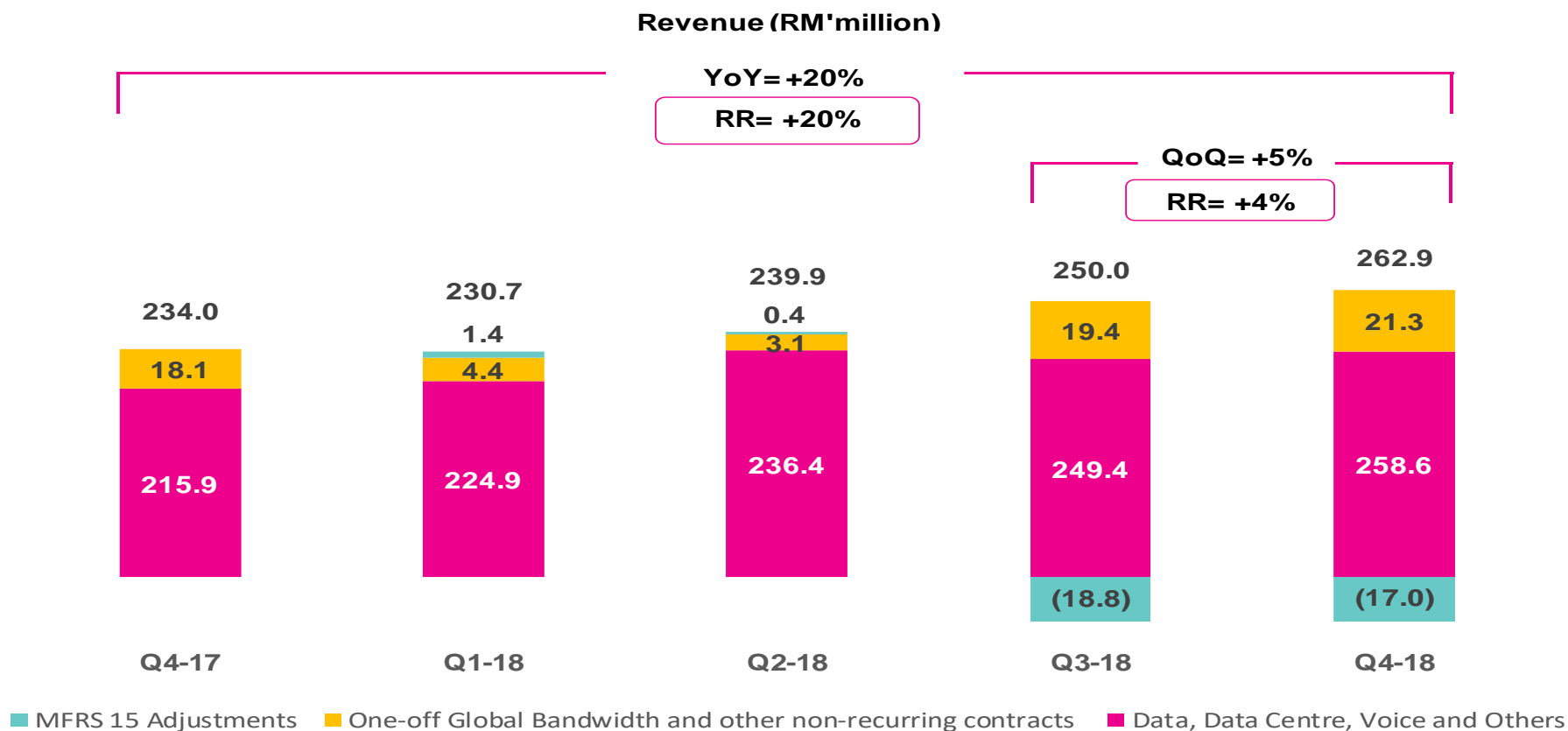
- **Data centre revenue** (excluding non-recurring contract revenue) in Q4 2018 grew **1% QoQ** and **15% YoY**

## Dividend

- Declared an **interim ordinary** and **special interim dividend** of **9.25 sen** and **11.31 sen per share** respectively for the financial year ended 31 December 2018, to be paid on 29 March 2019

Note: All analysis and comparisons to previous year corresponding periods have been done excluding the effects of MFRS 15 for better comparability unless otherwise stated.

# REVENUE TREND: BY QUARTER



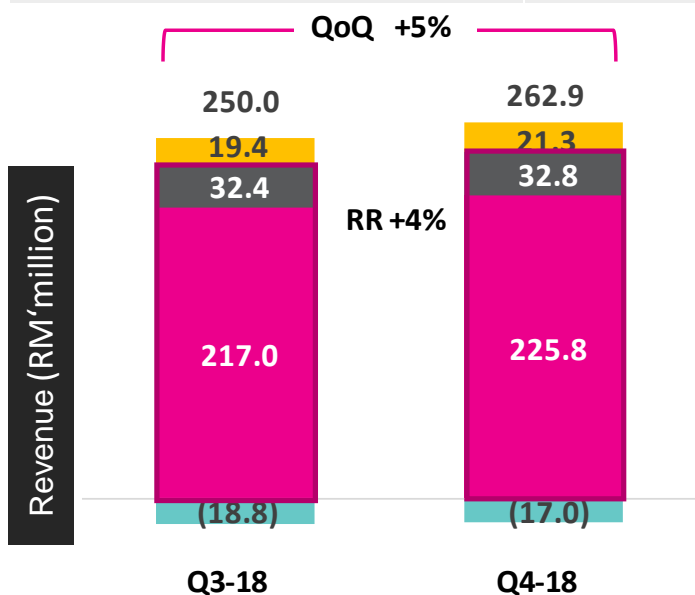
- **Overall recurring revenues** (excluding one-off Global Bandwidth and other non-recurring contract revenues) from data, data centre, voice and other businesses **grew 4% QoQ** and **20% YoY**
- **One-off non-recurring contract revenues** of RM21.3m (pre-MFRS 15) were recorded in Q4 2018 mainly from **data and data centre businesses**. YoY revenue growth (pre-MFRS 15) would have been **20% YoY**

Note : 1) YoY's variance is derived by excluding MFRS 15 adjustments for better comparability while QoQ variances are analysed post-MFRS 15

RR: Recurring revenues

# ANALYSIS: QUARTER-ON-QUARTER

RM'million	Actual As reported under MFRS 15 Q3 2018	Actual As reported under MFRS 15 Q4 2018	QoQ Variance
REVENUE	250.0	262.9	+5%
PROFIT BEFORE TAXATION (PBT)	82.6	87.7	+6%
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	(9.1)	(6.7)	
Total	(9.1)	(7.9)	
ADJUSTED PBT	73.5	79.8	+9%

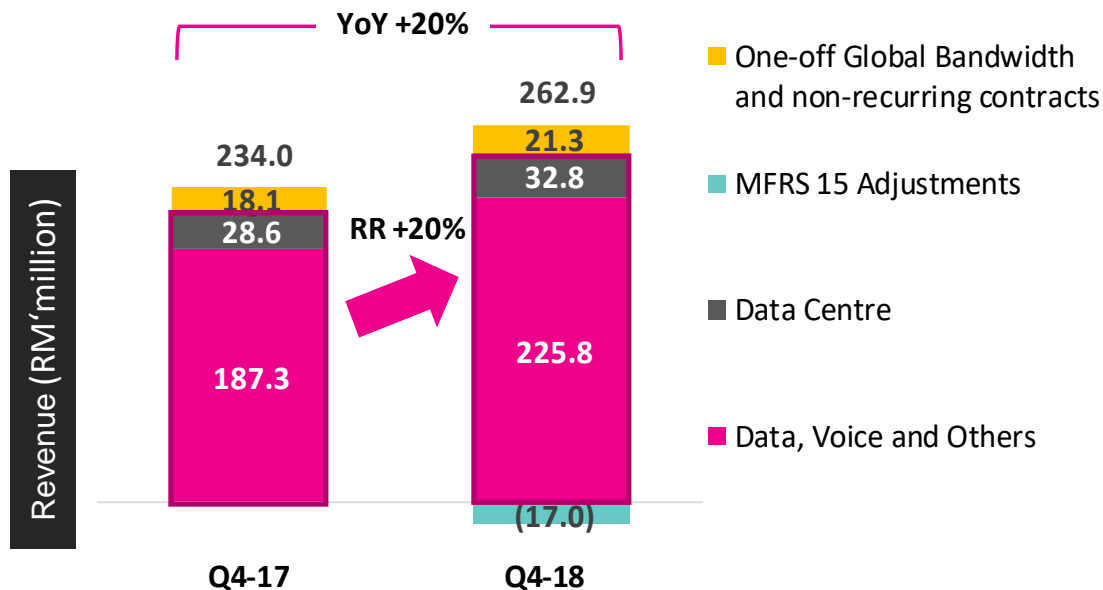


- One-off Global Bandwidth and non-recurring contracts
- MFRS 15 Adjustments
- Data Centre
- Data, Voice and Others

- Q4 2018 revenue was up 5% QoQ from sales to **all core customer groups**, led by wholesale and enterprise customers
- Wholesale and enterprise customers contributed **8% and 3% revenue growth QoQ** respectively
- Strong demand for **TIME's Fibre Home Broadband plans** continues to be seen. Retail sales grew **3% QoQ**, pursuant to the launch of **new competitively priced home broadband packages**, including the new 1 Gbps plan
- One-off revenues from global bandwidth sales and non-recurring data centre contracts amounted to **RM18.4m and RM2.9m respectively** in Q4 2018 (Q3 2018: RM19.4m only from global bandwidth sales)
- Adjusted PBT in Q4 2018 recorded a **growth of 9%** attributed to **higher overall sales** and **higher share of profit from associates**, set-off by **higher depreciation charges** and **higher provision for doubtful debts**

# ANALYSIS: YEAR-ON-YEAR

RM'million	Actual Pre-MFRS 15 Q4 2017	Actual Pre-MFRS 15 Q4 2018	YoY Variance	MFRS Adjustments Q4 2018	Actual As reported under MFRS 15 Q4 2018
REVENUE	234.0	279.9	+20%	(17.0)	262.9
PROFIT BEFORE TAXATION (PBT)	57.3	100.0	+75%	(12.3)	87.7
<b>Adjustments:</b>					
Gain on disposal of PPE	(0.1)	(0.1)			(0.1)
Impairment of construction deposits	-	1.8			1.8
PPE written off	0.4	1.0			1.0
Writeback provision of expenses	-	(3.9)			(3.9)
Forex loss/(gain)	3.5	(6.7)			(6.7)
<b>Total</b>	<b>3.8</b>	<b>(7.9)</b>			<b>(7.9)</b>
ADJUSTED PBT	61.1	92.1	+51%	(12.3)	79.8



- Overall revenues grew 20% YoY in Q4 2018
- The Group recorded **revenue growth from all its core customer groups** (i.e. wholesale, enterprise and retail customers)
- The Group recorded **one-off revenues from global bandwidth sales and non-recurring data centre contracts** amounting to **RM21.3m in Q4 2018** (Q4 2017: RM18.1m)
- Recurring revenue growth seen in all product segments. **Data, data centre and voice recurring revenues grew 22%, 15% and 4% YoY** respectively
- The Group recorded **51% YoY increase in adjusted pre-MFRS 15 PBT** in Q4 2018 mainly due to **higher overall revenues (boosted by one-off non-recurring contract revenues)** on the back of improved overall cost efficiencies, higher share of profit from investment in associates, lower interest expense, despite higher depreciation, higher net allowance for doubtful debts and lower interest income

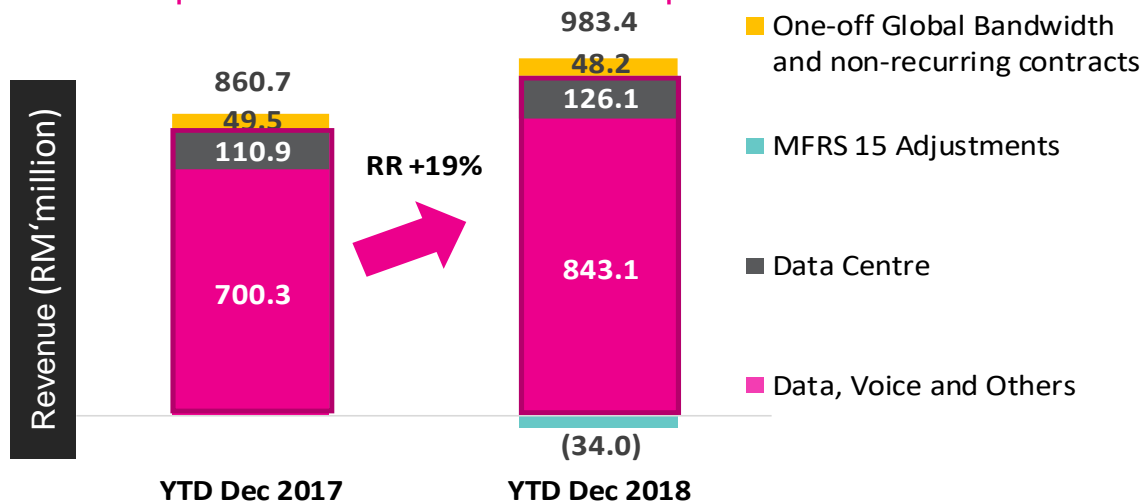
RR : Recurring revenues

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

# ANALYSIS: YTD DEC 2018

RM'million	Actual Pre-MFRS 15 YTD Dec 2017	Actual Pre-MFRS 15 YTD Dec 2018	YTD Variance	MFRS Adjustments YTD Dec 2018	Actual As reported under MFRS 15 YTD Dec 2018
REVENUE	860.7	1,017.4	+18%	(34.0)	983.4
PROFIT BEFORE TAXATION (PBT)	193.1	325.6	+69%	(20.8)	304.8
Adjustments:					
Gain on disposal of PPE	(2.8)	(0.7)			(0.7)
Impairment of construction deposits	-	1.8			1.8
Impairment loss in investment in associates	-	4.0			4.0
Allowance for doubtful debts for advances to associate	-	7.2			7.2
PPE written off	3.1	1.0			1.0
Writeback provision of expenses	-	(3.9)			(3.9)
Forex loss/(gain)	21.1	(17.0)			(17.0)
Total	21.4	(7.6)			(7.6)
ADJUSTED PBT	214.5	318.0	+48%	(20.8)	297.2

YoY +18%






- The Group recorded **one-off non-recurring contract revenues** amounting to **RM48.2m in YTD Dec 2018** (YTD Dec 2017: RM49.5m). Excluding these, **recurring revenues (pre-MFRS 15)** would have **grown 19%** in YTD Dec 2018
- Recurring revenues (pre-MFRS 15)** from data and data centre businesses **grew 24%** and **14% YoY respectively** in YTD Dec 2018
- All core customer groups contributed positively** to overall recurring revenue growth. Largest revenue growth contribution came from **retail customers** which **grew 61%** followed by **wholesale** and **enterprise** with growth of **16%** and **10% YoY** respectively
- Voice revenue declined 11% YoY** due to lower usage in YTD Dec 2018
- Adjusted PBT (pre-MFRS 15)** in YTD Dec 2018 recorded an **increase of 48%** mainly contributed by **higher overall revenues (despite lower revenue from non-recurring contracts)** on the back of **improved overall cost efficiencies, higher share of profit from investment in associates offset by higher depreciation, interest expense, allowances made for doubtful debts and lower interest income**

RR : Recurring revenues

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

# UPDATE: ASEAN

RM ' million

		VIETNAM	THAILAND	
				
YTD Dec 2018		45.27%	49.00%	46.84%
As reported by investee	Revenue	243.5	16.6	167.4
	Profit/(Loss) After Tax	19.0	(3.1)	8.1
TIME's shares in proportion to its interest	Share of Profit/(Loss) on Investment of Associates	8.6	(0.8) <sup>N1</sup>	4.0 <sup>N2</sup>
Total Share of Profit on Investment of Associates		11.8		

Note : 1) The Group no longer shares losses from KIRZ since Q2 2018 when the investment value was fully impaired  
 2) 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 2017 which was deemed as immaterial.

# PERFORMANCE: Q4 2018

RM 'million	Q4 2018 As reported under MFRS15	MFRS 15 adjust- ments	Q4 2018 Pre-MFRS15	Q4 2017 Pre-MFRS15	Y-o-Y Variance	Q3 2018 As reported under MFRS15	Q-o-Q Variance
Revenue	262.9	17.0	279.9	234.0	+ 20%	250.0	+ 5%
EBITDA	121.9	10.5	132.4	85.9	+ 54%	112.9	+ 8%
<b>Adjusted EBITDA</b>	<b>114.0</b>	<b>10.5</b>	<b>124.5</b>	<b>89.7</b>	<b>+ 39%</b>	<b>103.8</b>	<b>+ 10%</b>
PBT	87.7	12.3	100.0	57.3	+ 75%	82.6	+ 6%
<b>Adjusted PBT</b>	<b>79.8</b>	<b>12.3</b>	<b>92.1</b>	<b>61.1</b>	<b>+ 51%</b>	<b>73.5</b>	<b>+ 9%</b>
EBITDA Margin	46%		47%	37%	+ 10 pps	45%	+ 1 pps
Adjusted EBITDA Margin	43%		44%	38%	+ 6 pps	42%	+ 1 pps
PBT Margin	33%		36%	24%	+ 12 pps	33%	+ 0 pps
Adjusted PBT Margin	30%		33%	26%	+ 7 pps	29%	+ 1 pps
EPS (Sen)	13.85		15.95	10.01	+ 5.94 sen	13.71	+ 0.14 sen
Adjusted EPS (Sen)	12.49		14.59	10.67	+ 3.92 sen	12.15	+ 0.34 sen

Note : 1) Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes forex impact, impairment of investment, and other one off adjustments.  
2) YoY variances to the previous year corresponding period is done excluding the impact of MFRS15 for better comparability.  
3) QoQ variances are analysed after accounting for MFRS 15 adjustments.



# PERFORMANCE: YTD DEC 2018

RM 'million	YTD Dec 2018 As reported under MFRS15	MFRS 15 adjustments	YTD Dec 2018 Pre -MFRS15	YTD Dec 2017 Pre-MFRS15	YTD Variance
Revenue	983.4	34.0	1,017.4	860.7	+ 18%
EBITDA	427.4	14.7	442.1	297.2	+ 49%
<i>Adjusted EBITDA</i>	<i>419.8</i>	<i>14.7</i>	<i>434.5</i>	<i>318.6</i>	<i>+ 36%</i>
PBT	304.8	20.8	325.6	193.1	+ 69%
<i>Adjusted PBT</i>	<i>297.2</i>	<i>20.8</i>	<i>318.0</i>	<i>214.5</i>	<i>+ 48%</i>
EBITDA Margin	43%		43%	35%	+ 8 pps
<i>Adjusted EBITDA Margin</i>	<i>43%</i>		<i>43%</i>	<i>37%</i>	<i>+ 6 pps</i>
PBT Margin	31%		32%	22%	+ 10 pps
<i>Adjusted PBT Margin</i>	<i>30%</i>		<i>31%</i>	<i>25%</i>	<i>+ 6 pps</i>
EPS (Sen)	49.56		53.13	30.25	22.88 sen
<i>Adjusted EPS (Sen)</i>	<i>48.25</i>		<i>51.82</i>	<i>33.94</i>	<i>17.88 sen</i>

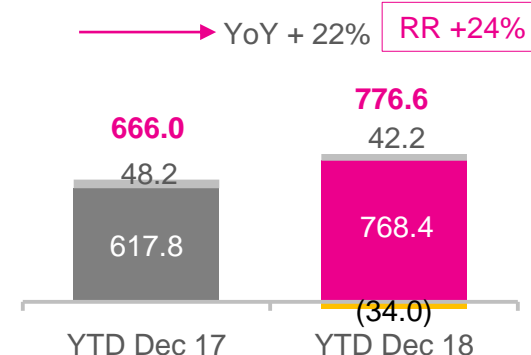
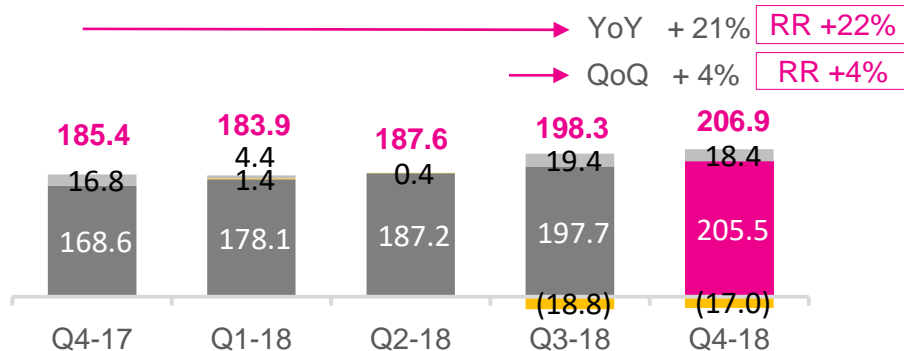
Note : 1) Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes forex impact, PPE written off, impairment of investment and other one off adjustments.

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

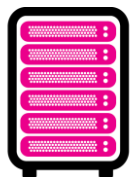
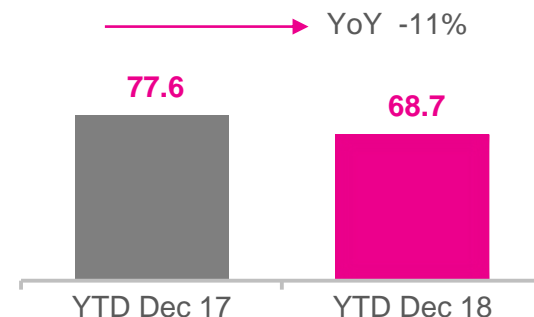
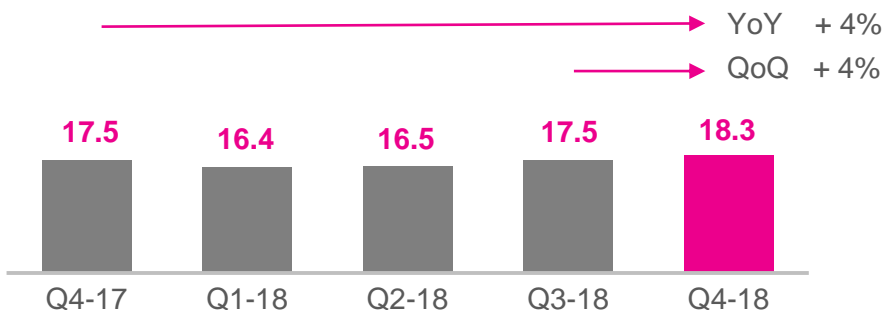
# REVENUE GROWTH: BY PRODUCT



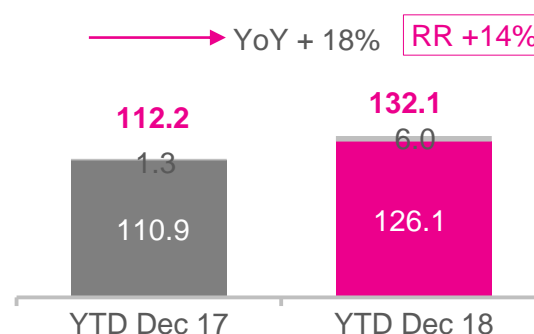
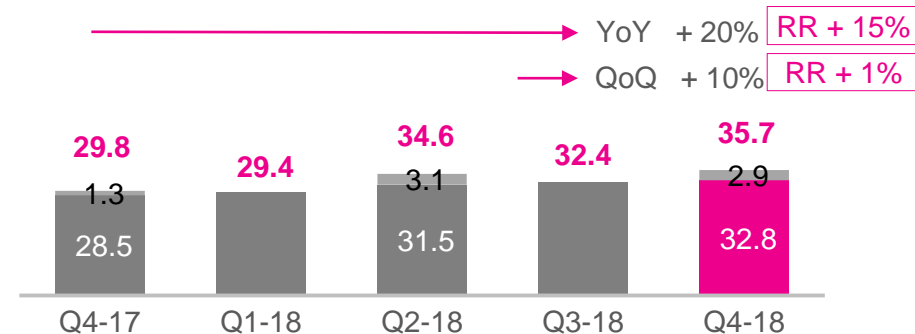
Data



Voice



Data Centre



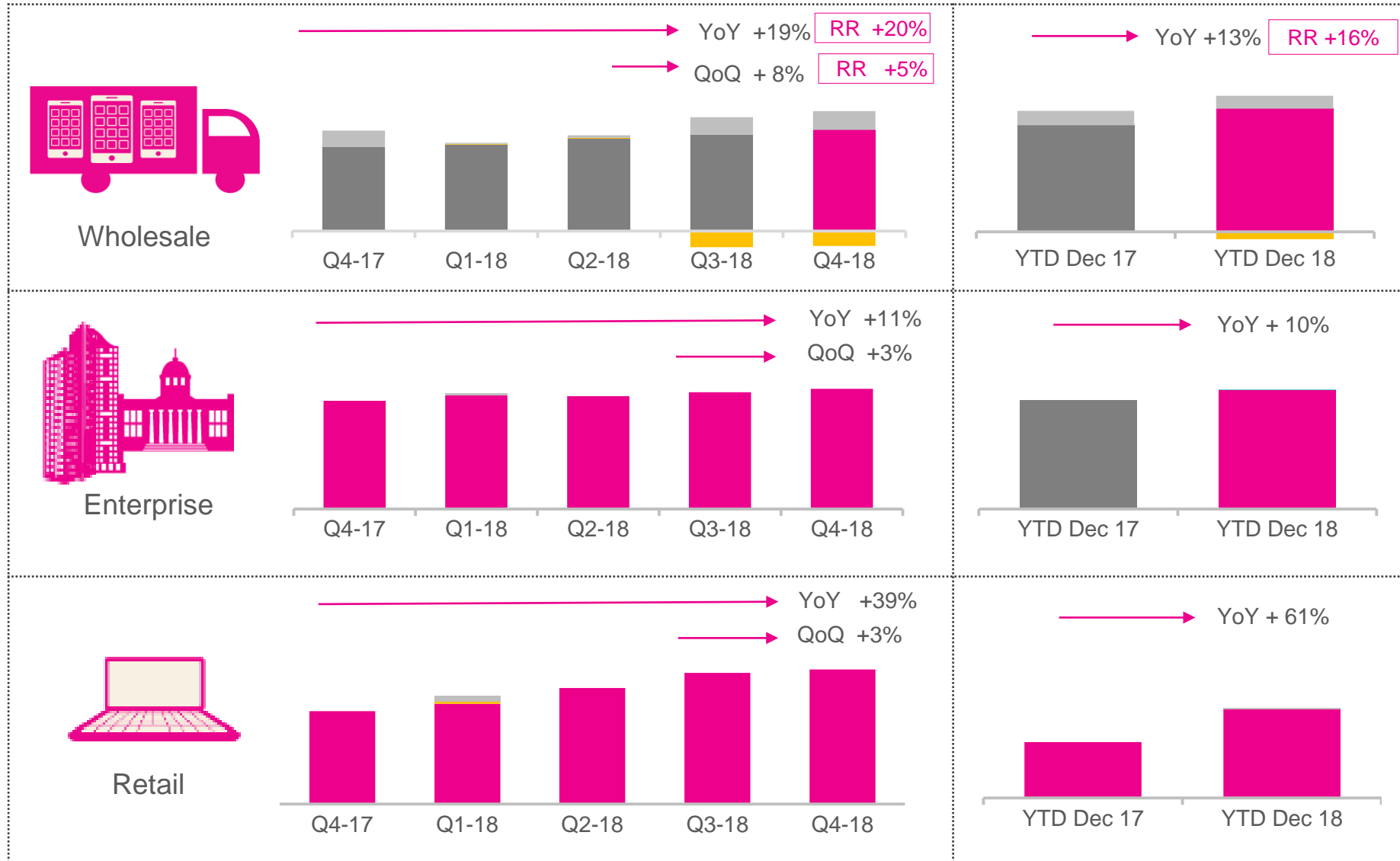
Note: Numbers are in RM'million

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.  
2) QoQ variances are analysed after accounting for MFRS 15 adjustments.

# REVENUE GROWTH: BY SEGMENT

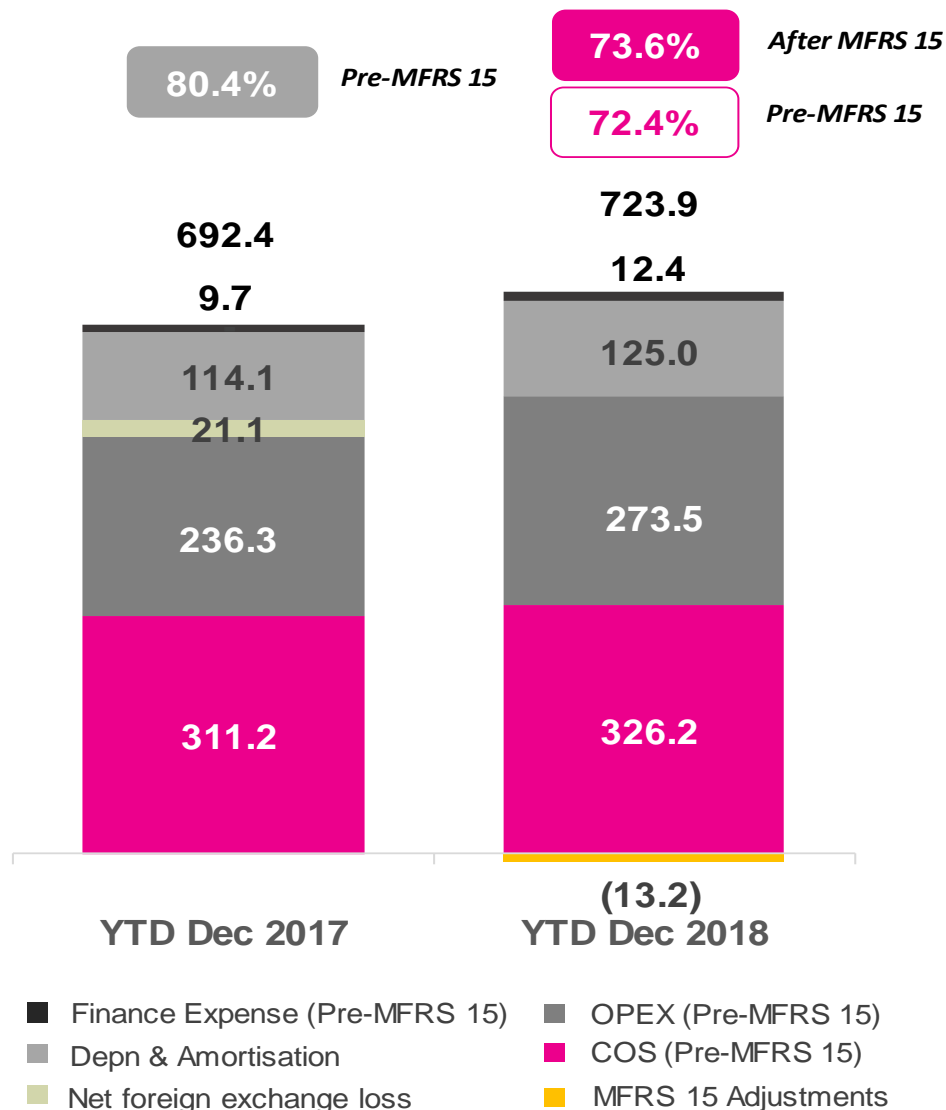


RR: Recurring revenues

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.  
2) QoQ variances are analysed after accounting for MFRS 15 adjustments.

# CONSOLIDATED COST TO REVENUE %

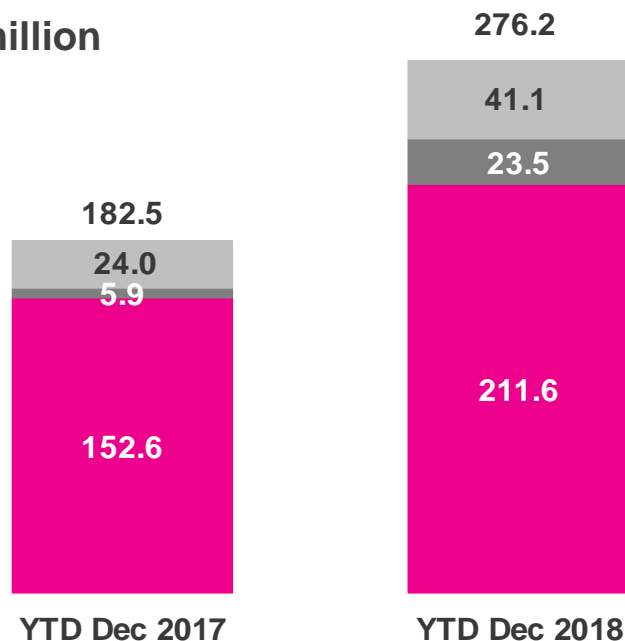


- **MFRS 15**, which was adopted w.e.f 1 Jan 2018, required subscriber acquisition costs to be capitalised and amortised over the contract duration. MFRS 15 also required that upfront customer receipts, where performance obligations are not yet deemed satisfied, will be accounted for as contract liabilities using discounted cash flow based on an indicative rate of borrowings of the Group with the difference taken to finance charges. The adjustments made in compliance with MFRS 15 had the effect of **reducing overall costs of the Group by RM13.2m in FY2018**
- Included in costs in YTD Dec 2017 was a net foreign exchange loss of RM21.1m. **Excluding the net foreign exchange loss**, the **adjusted Cost to Revenue %** for **YTD Dec 2017** would have been **78.0%**
- Included in OPEX for **YTD Dec 2018** is a **provision for impairment loss in investment in associates (RM4.0m)** and **an allowance for doubtful debts made for advances to associate (RM7.2m)**. Excluding the above, the **adjusted Cost to Revenue %** for **YTD Dec 2018** would have been **71.3% (pre-MFRS 15) and 72.5% (post-MFRS 15)**
- The overall improvement in costs is primarily due to **improved overall cost efficiencies** and **better cost management** in the current year

Note: Numbers are in RM'million

# CAPITAL EXPENDITURE: YTD DEC 2018

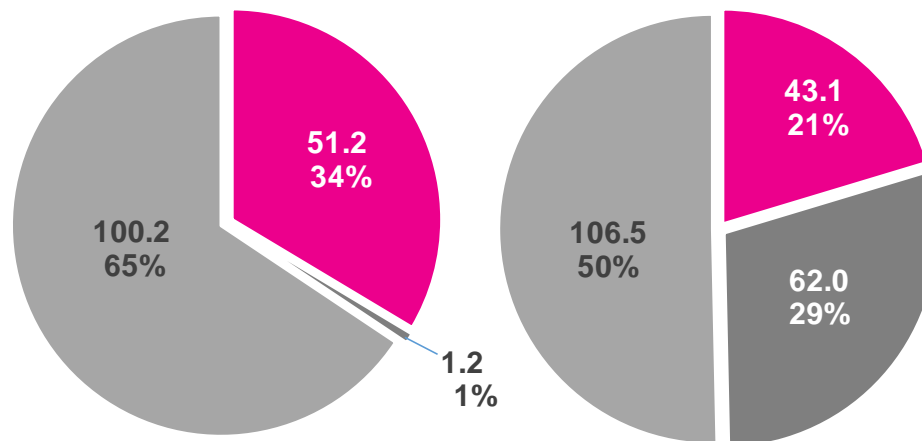
RM'million



## Breakdown of Telco Assets Acquired

YTD Dec 2017

YTD Dec 2018



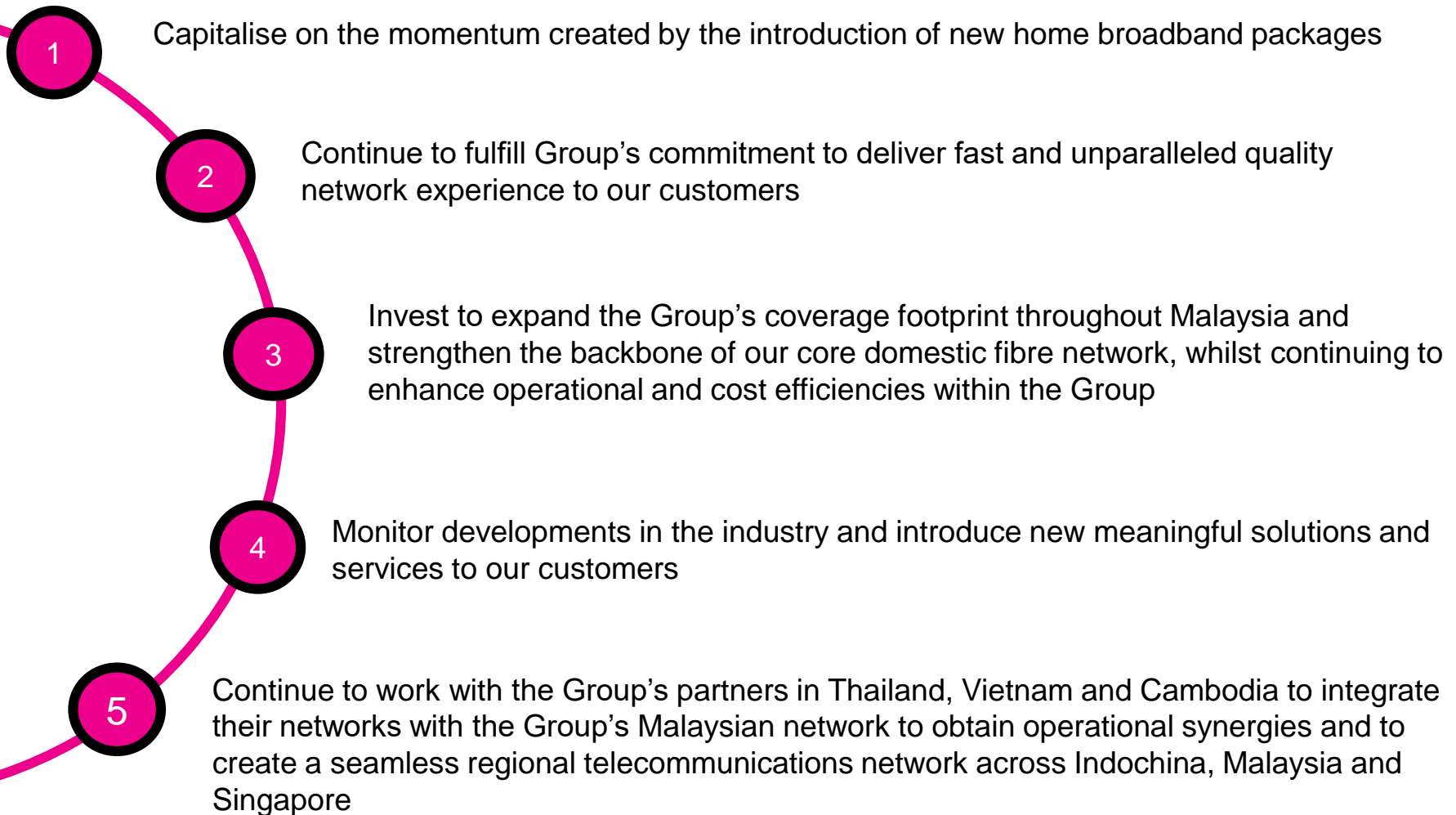
- Submarine Cable
- Regional Telecommunications Network
- Other Telco Assets

■ Telco Assets ■ Non-Telco Assets ■ Data Centre

- 77% of total YTD Dec 2018 capital expenditure was **spent on telco assets** with the main purpose of expanding domestic network coverage and to upgrade TIME's existing network infrastructure
- RM62.0m or 29%** of capital expenditure on telco assets was spent in YTD Dec 2018 to expand the Group's **regional network in Cambodia and Singapore**
- RM43.1m was spent on submarine cable systems** in YTD Dec 2018
- Non-telco asset additions during the year include a **purchase of a freehold land and building** amounting to **RM18.6m**

Note: Numbers are in RM'million.

# MOVING FORWARD



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