



# **2Q 2017 Performance Guide**

**Aug 2017**

# TIME Q2 2017: HIGHLIGHTS

## Subsea Cables



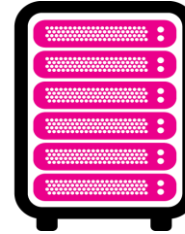
- **AAE-1** cable system partially **“Ready-for-Service”** on 27 June 2017. All segments have been completed except for the routes to Yemen, Myanmar, Cambodia, Singapore and Hong Kong, which are planned to be completed before the end of the year.

## Retail Business



- Retail sales **grew 15% QoQ** and **91% YoY** in Q2 2017.
- **Retail business** continues to be the **fastest growing customer group**.
- Q2 2017 **retail sales orders** grew **28% YoY**.

## Data Centre

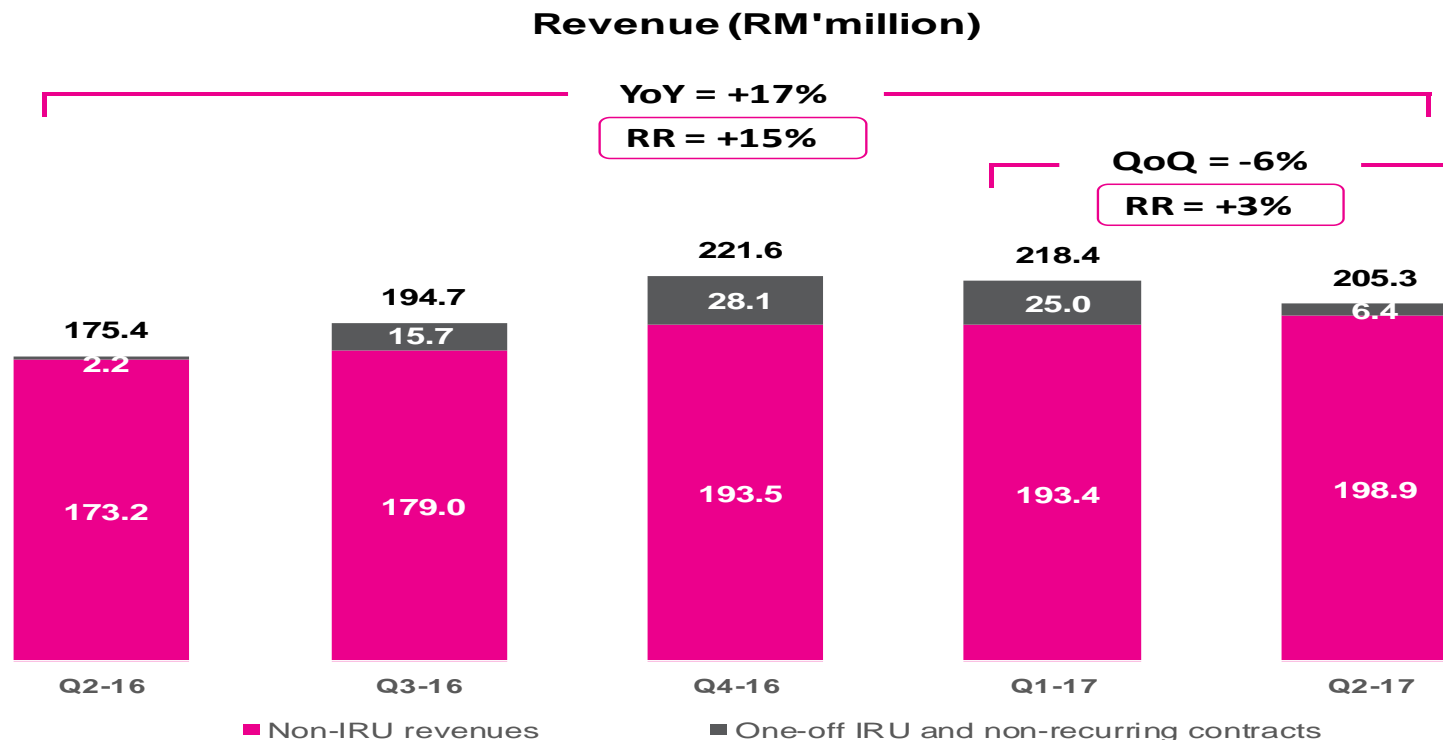


- **Data Centre** also contributed significantly to overall revenues by growing **8% QoQ** and **36% YoY** in Q2 2017

## Subsequent Events

- Issued first tranche of **Sukuk Murabahah** of **RM3.0 million** on 7 July 2017
- Issued **3.159 million shares** in TIME dotCom Berhad to eligible employees under the Company's **Share Grant Plan** on 18 July 2017

# REVENUE TREND: BY QUARTER



- Momentum maintained in **growth of recurring revenues**.
- **Recurring revenues** (excluding one-off IRU revenues) from data, data centre, voice and other businesses **grew 3% QoQ** and **15% YoY**
- **One-off IRU revenues** of RM6.4m were recognised in Q2 2017.

# OUR LATEST SUBMARINE CABLE SYSTEM

## Facts at a glance.

ASIA-AFRICA-EUROPE 1 (“AAE-1”) Submarine Cable System



Cable Partial RFS date	27 June 2017
Capacity owned	1.88 Tbps
Ownership	4.7%
In brief	<ul style="list-style-type: none"><li>• 25,000km</li><li>• Connects 18 countries in Asia, Europe and the Middle-East</li><li>• One of the lowest latency routes between Asia and Europe</li></ul>

Note : All segments are now ready for service except for the routes to Yemen, Myanmar, Cambodia, Singapore & Hong Kong. The rest of the system currently planned to be ready for service by end 2017.

# ANALYSIS: YEAR-ON-YEAR

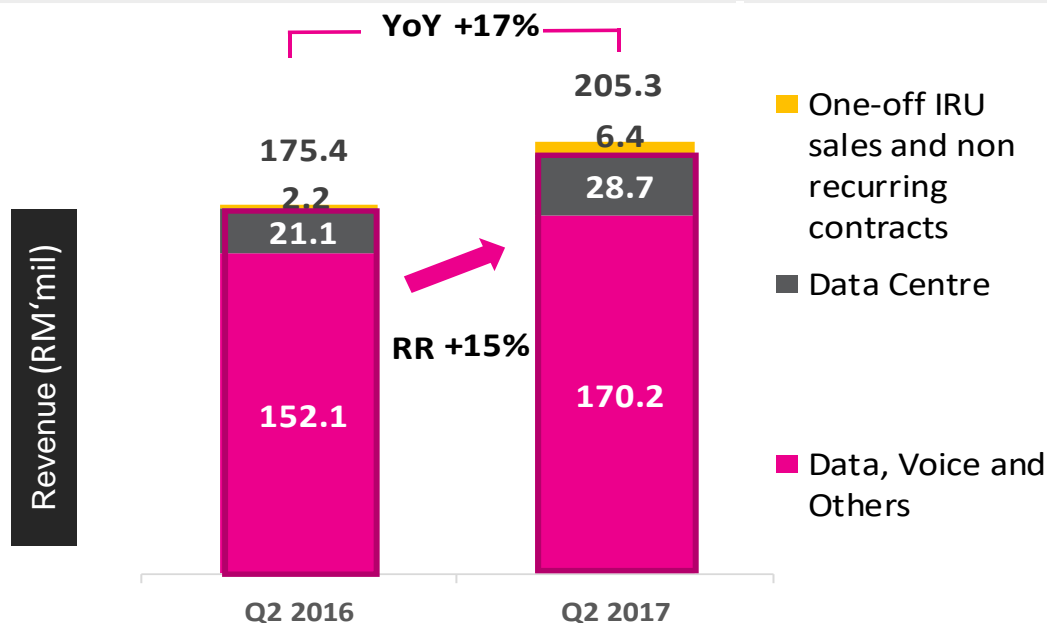
RM'mil

	Actual Q2 2016	Actual Q2 2017	YoY Variance
REVENUE	175.4	205.3	+17%
PROFIT BEFORE TAXATION (PBT)	201.2	37.9	-81%

## Adjustments:

Realisation of FV gain from AFS	(157.4)	-
Gain on disposal of PPE	(4.8)	-
PPE written off	0.3	2.7
Gain on disposal of investment in Campana	(2.5)	-
Forex (gain)/loss	(0.3)	8.9
<b>Total</b>	<b>(164.7)</b>	<b>11.6</b>

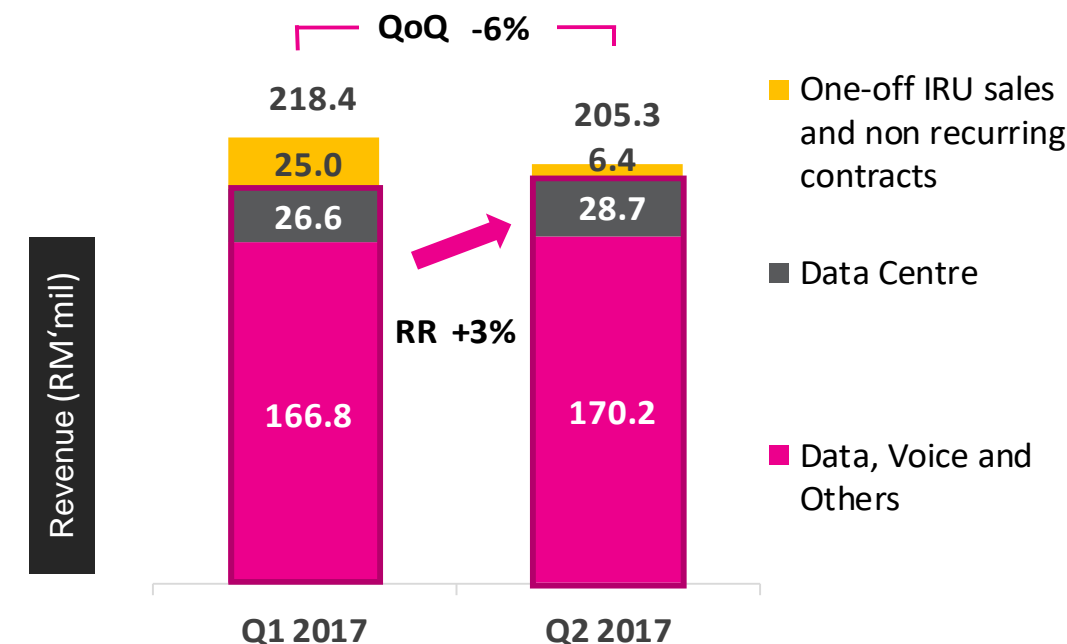
ADJUSTED PBT	36.5	49.5	+36%
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- Q2 2017 revenue up YoY by 17% as compared to Q2 2016 mainly from an increase in data and data centre sales of RM23.4m and RM7.6m respectively.
- One-off revenues from IRU amounted to RM6.4m in Q2 2017 (Q2 2016:RM2.2m). Excluding these, the Group recorded a growth of 15% from overall recurring revenues.
- Retail customers grew 91% YoY while enterprise and wholesale customers each grew 13% and 3% YoY respectively in Q2 2017.
- Adjusted PBT recorded a 36% YoY increase mainly due to strong revenue growth from data and data centre sales on the back of higher IRU sales and interest income offset by higher maintenance costs from the new submarine cables, higher depreciation and interest expense in the current quarter.

# ANALYSIS: QUARTER-ON-QUARTER

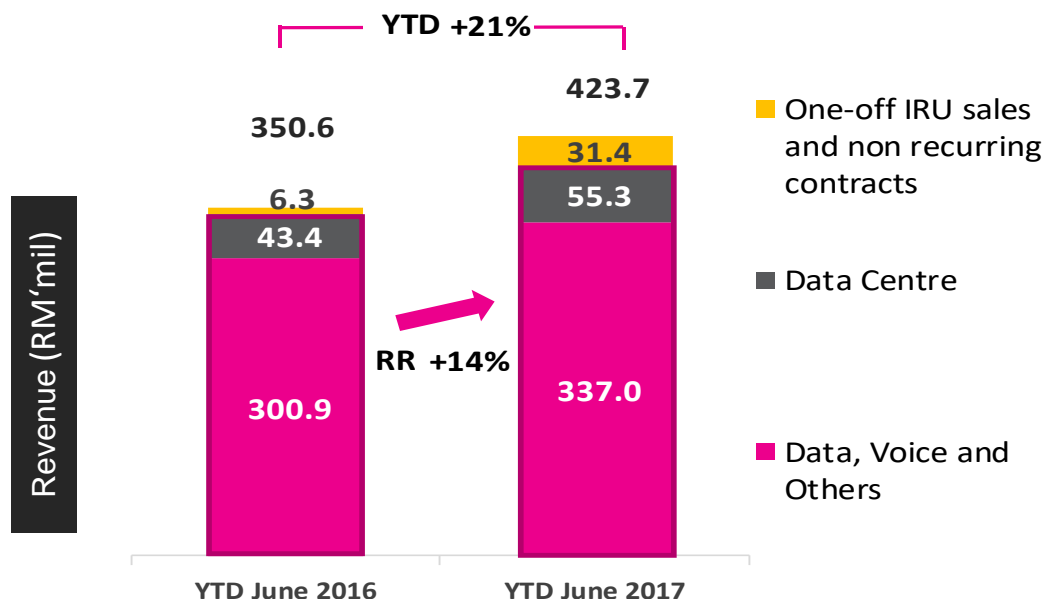
RM'mil	Actual Q1 2017	Actual Q2 2017	QoQ Variance
REVENUE	218.4	205.3	-6%
PROFIT BEFORE TAXATION (PBT)	55.5	37.9	-32%
Adjustments:			
Gain on disposal of PPE	(0.1)	-	
PPE written off	-	2.7	
Forex loss	2.6	8.9	
Total	2.5	11.6	
ADJUSTED PBT	58.0	49.5	-15%



- **One-off revenues** from IRU sales amounted to **RM6.4m** in Q2 2017 (Q1 2017: RM25.0m).
- **Recurring revenues grew 3% QoQ** mainly due to growth in **enterprise** and **retail sales** of **6%** and **15% QoQ** respectively.
- **Voice revenues softened by 2%** in Q2 2017 due to lower usage during the current quarter.
- The Group **wrote-off RM2.7m of PPE** due to **replacement** and **upgrading of transponder cards** for the **UNITY submarine cable system** during the quarter. The upgrade has increased capacity of the said submarine cable system by 360 Gbps.
- **Adjusted PBT** in Q2 2017 recorded a decline of 15% mainly attributed to lower one-off revenues from **IRU sales**, **lower interest income** offset off by the higher profits derived from the increase in recurring revenues.

# ANALYSIS: YEAR-TO-DATE

RM'mil	Actual YTD June 2016	Actual YTD June 2017	YTD Variance
REVENUE	350.6	423.7	+21%
PROFIT BEFORE TAXATION (PBT)	240.5	93.4	-61%
Adjustments:			
Dividend income	(3.4)	-	
Gain on disposal of PPE	(4.8)	(0.1)	
PPE written off	0.3	2.7	
Gain on disposal of investment in Campana	(2.5)	-	
Realisation of FV gain from AFS	(157.4)	-	
Forex loss	7.8	11.5	
Total	(160.0)	14.1	
ADJUSTED PBT	80.5	107.5	+33%



- **Retail revenues** almost doubled with a **growth of 98%**. The retail segment continues to see strong demand from home users for TIME's 100Mbps, 300Mbps and 500Mbps service since its launch in March 2016.
- **Data centre sales** to **Enterprise** and **Wholesale** customers **increased 27%** in the first half of 2017.
- One-off revenues from **IRU sales** accounted for **RM31.4m** of total revenue for YTD June 2017 (YTD June 2016: RM6.3m). Excluding these, **recurring revenues** would have **grown 14%** in YTD June 2017.
- **Adjusted YTD PBT** recorded a **growth of 33%** mainly due to **strong overall revenue growth** backed by **higher IRU sales**, **increased share of profit from equity accounted investments**, **higher interest income**, **offset by higher depreciation**, **higher maintenance costs from the new submarine cables**, **higher interest expense** and **doubtful debts**.

# UPDATE: ASEAN

YTD June 2017



**KIRZ**

## Direct TIME interest

**45.27%**

**49.00%**

RM 'million

As reported by Investee	Revenue	102.3	8.2
	Profit/(Loss) After Tax	7.3	(3.2)
TIME's share in proportion to its interest	Share of Profit/(Loss) on Investment of Associates	3.3	(1.5)



# PERFORMANCE: Q2, 2017

RM 'million	Q2, 2017	Q2, 2016	Y-o-Y Variance	Q1, 2017	Q-o-Q Variance
Revenue	205.3	175.4	+ 17%	218.4	- 6%
EBITDA	63.0	64.4	- 2%	79.8	- 21%
<i>Adjusted EBITDA</i>	<i>74.6</i>	<i>57.1</i>	<i>+ 31%</i>	<i>82.3</i>	<i>- 9%</i>
PBT	37.9	201.2	- 81%	55.5	- 32%
<i>Adjusted PBT</i>	<i>49.5</i>	<i>36.5</i>	<i>+ 36%</i>	<i>58.0</i>	<i>- 15%</i>
EBITDA Margin	31%	37%	- 6 pps	37%	- 6 pps
<i>Adjusted EBITDA Margin</i>	<i>36%</i>	<i>33%</i>	<i>+ 3 pps</i>	<i>38%</i>	<i>- 2 pps</i>
PBT Margin	18%	115%	- 97 pps	25%	- 7 pps
<i>Adjusted PBT Margin</i>	<i>24%</i>	<i>21%</i>	<i>+ 3 pps</i>	<i>27%</i>	<i>- 3 pps</i>
EPS (Sen)	6.20	34.71	- 28.51 sen	9.17	- 2.97 sen
<i>Adjusted EPS (Sen)</i>	<i>8.22</i>	<i>6.10</i>	<i>+ 2.12 sen</i>	<i>9.60</i>	<i>- 1.38 sen</i>

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

# PERFORMANCE: YTD JUNE 2017

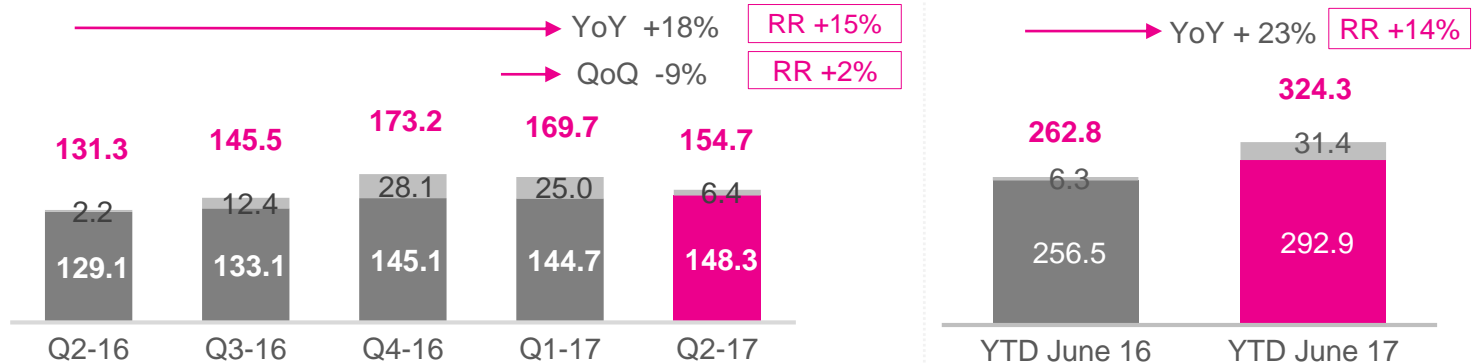
RM 'million	YTD June 2017	YTD June 2016	YTD Variance
Revenue	423.7	350.6	+ 21%
EBITDA	142.7	121.9	+ 17%
<i>Adjusted EBITDA</i>	156.8	122.7	+ 28%
PBT	93.4	240.5	- 61%
<i>Adjusted PBT</i>	107.5	80.5	+ 34%
EBITDA Margin	34%	35%	-1 pps
<i>Adjusted EBITDA Margin</i>	37%	35%	2 pps
PBT Margin	22%	69%	-47 pps
<i>Adjusted PBT Margin</i>	25%	23%	2 pps
EPS (Sen)	15.38	41.24	-25.86 sen
<i>Adjusted EPS (Sen)</i>	17.81	13.45	4.36 sen

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

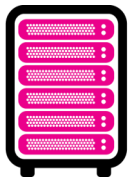
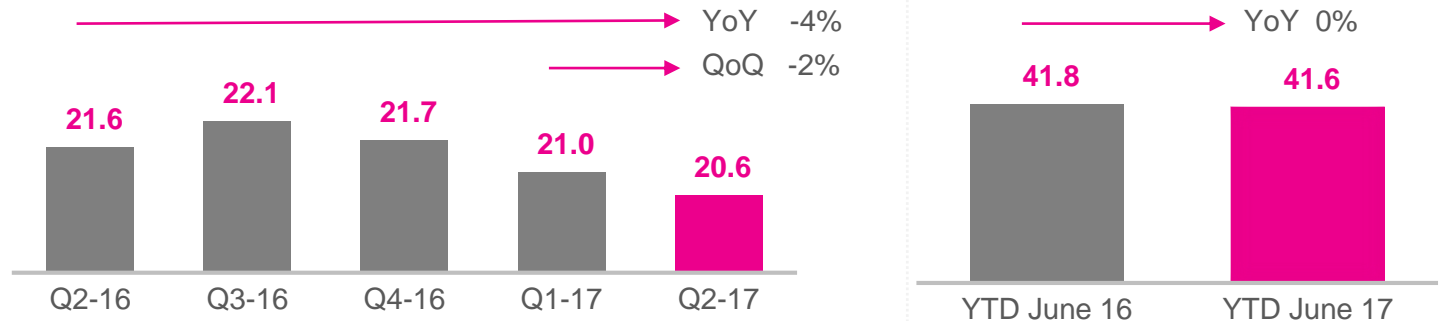
# REVENUE GROWTH: BY PRODUCT



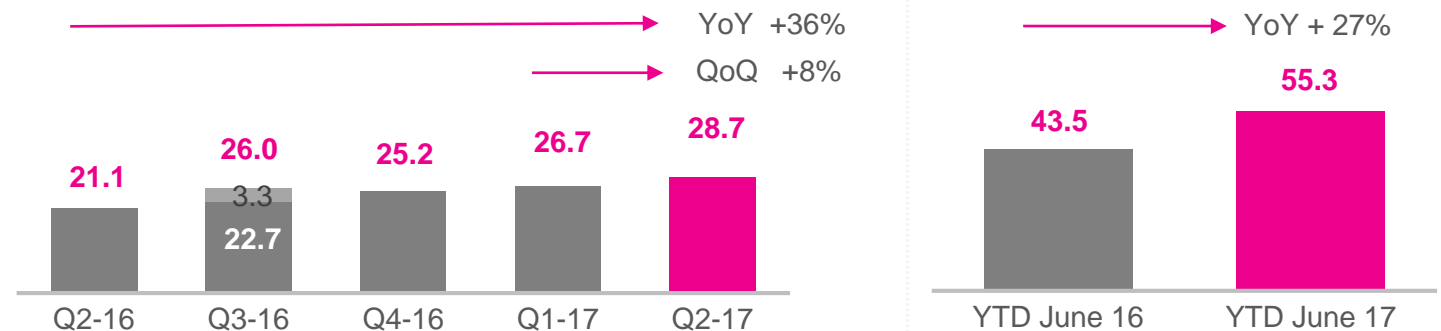
Data



Voice



Data Centre



Note: Numbers are in RM millions

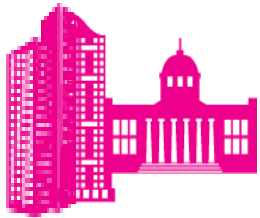
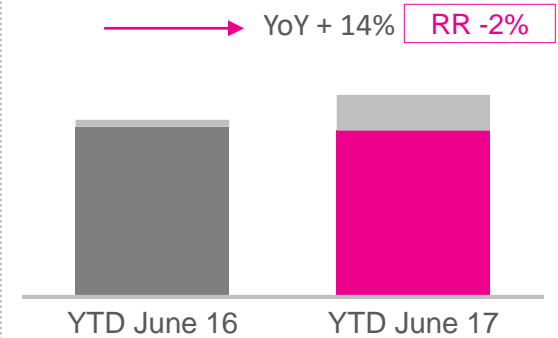
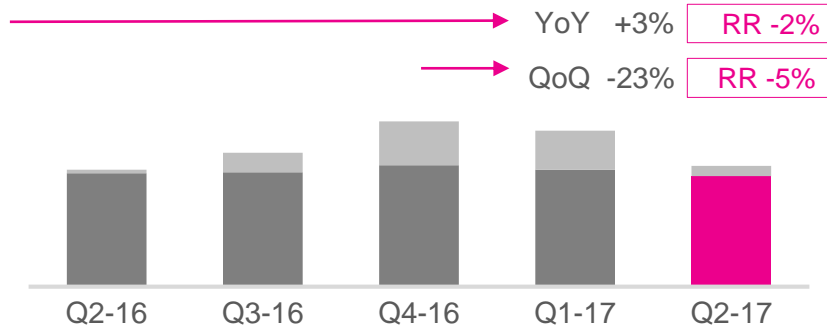
Legend : ■ Recurring ■ Non-recurring

RR: Recurring revenues

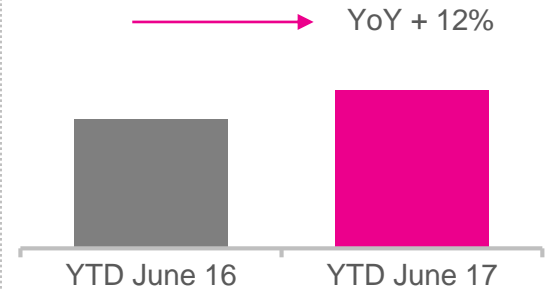
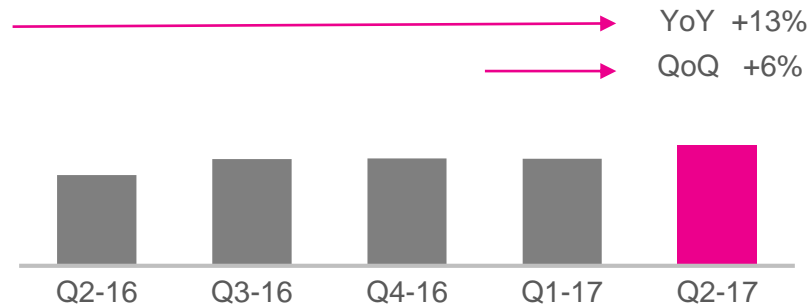
# REVENUE GROWTH: BY SEGMENT



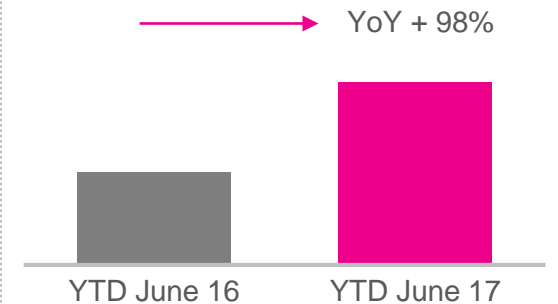
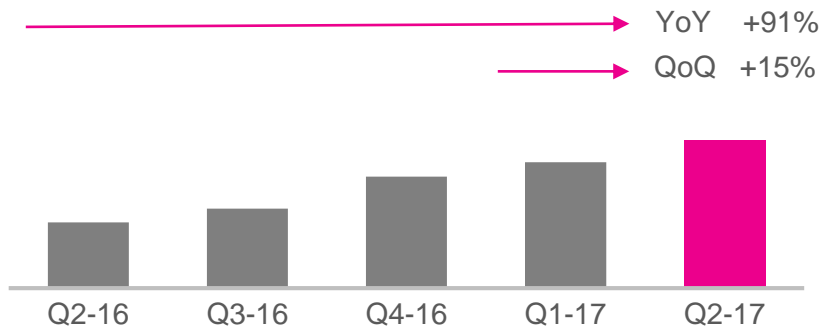
Wholesale



Enterprise



Retail

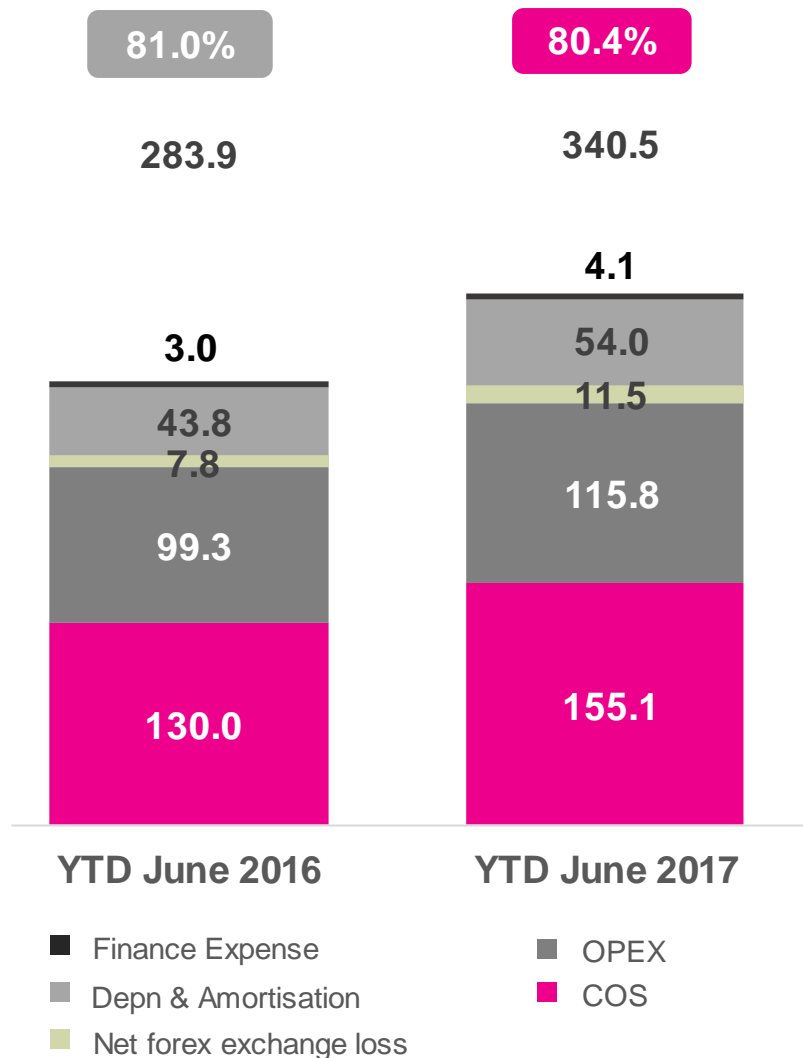


Note: Numbers are in RM millions

Legend : ■ Recurring ■ Non-recurring

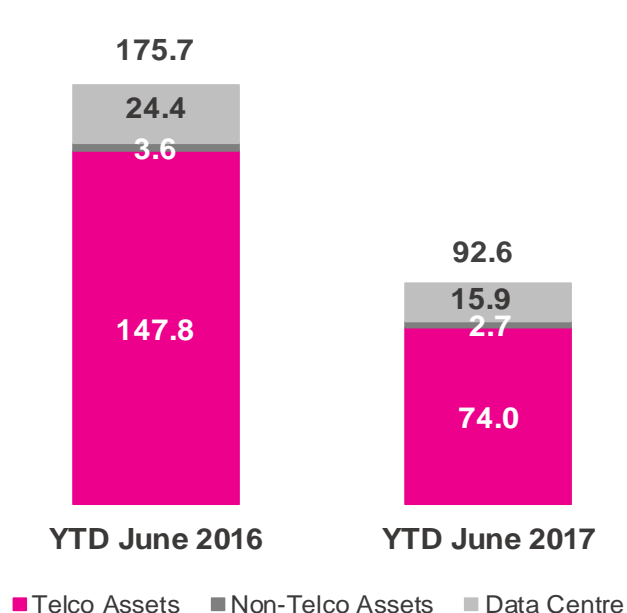
RR: Recurring revenues

# CONSOLIDATED COST TO REVENUE %



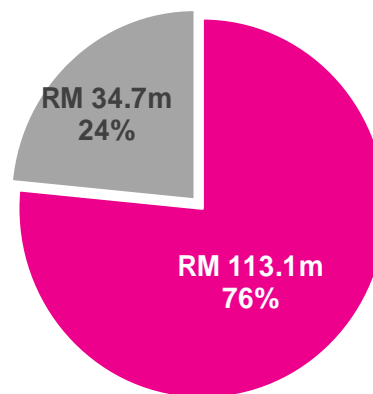
- YTD June 2017 COS increased by 19% relative to YTD June 2016 mainly due to **higher subscriber acquisition costs** arising from increased demand for **TIME Fiber Home Broadband services** since the end of March 2016, **one-off third party network cost** to deliver the IRU sale and **maintenance costs incurred for the new submarine cables** (i.e. APG and FASTER submarine cable systems).
- Notwithstanding the increase in COS, **overall YTD June 2017 Cost-to-Revenue % improved** from **81.0% to 80.4%** on the back of improved operational efficiencies and higher revenue recorded.
- **Depreciation charge increased by 23%** in YTD June 2017 pursuant to the **completion of two new submarine cable systems** (i.e. FASTER and APG submarine cable systems) and the **completion of additional data centre space** in the second half of 2016.

# CAPITAL EXPENDITURE: YTD JUNE 2017

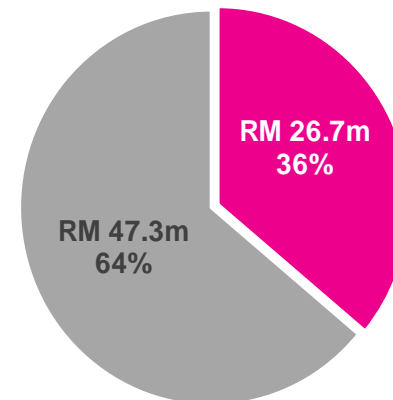


## Breakdown of Telco Assets Acquired

YTD June 2016



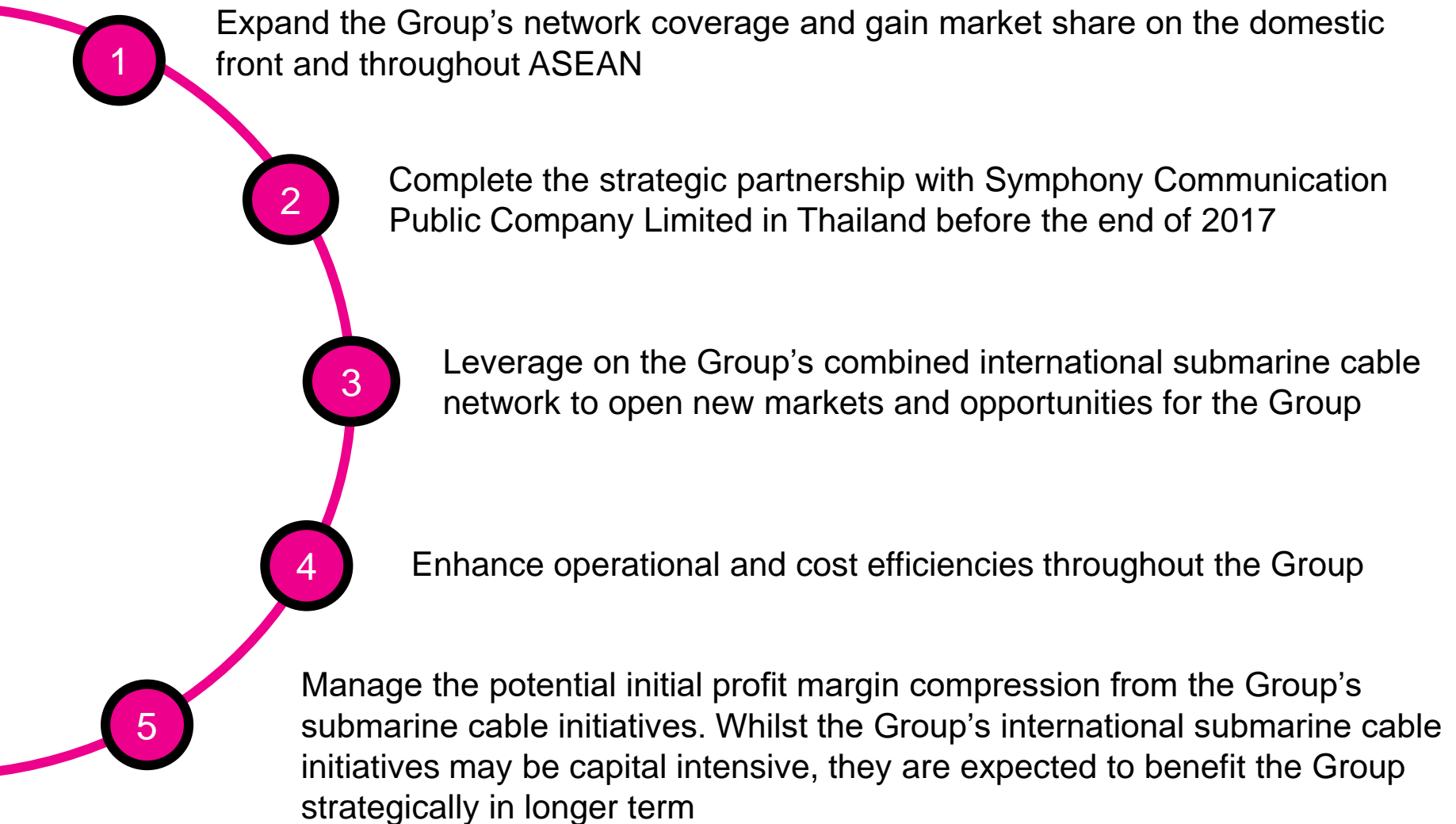
YTD June 2017



■ Submarine cable ■ Other Telco Assets

- 80% of total YTD June 2017 capital expenditure were largely spent on telco assets. CAPEX for submarine cables is expected to be lower moving forward as all submarine cables except for AAE-1 have now been fully RFS'd.
- YTD June 2017 expenditure incurred on telco assets were mainly to expand domestic network coverage, to complete AAE-1 and SKR1M submarine cable systems, as well as, to upgrade TIME's existing network infrastructure.
- Only RM 26.7m was spent on submarine cable systems (i.e. AAE-1 and SKR1M) in YTD June 2017.

# MOVING FORWARD



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**[investor.relations@time.com.my](mailto:investor.relations@time.com.my)**

TIME dotCom Berhad  
No.14, Jalan Majistret U1/26, Hicom Glenmarie Industrial Park,  
40150 Shah Alam, Selangor, MALAYSIA  
Tel: +603-5032 6000 I Fax: +603-5032 6100 I [www.time.com.my](http://www.time.com.my)