

# **1Q 2017 Performance Guide**

**May 2017**

# TIME Q1 2017: HIGHLIGHTS

## Retail Business



- Retail sales **grew 10% QoQ** and **108% YoY** in Q1 2017.
- **Retail business** continues to **spearhead** the overall revenue growth during the quarter and for the year.
- Q1 2017 **retail sales orders** grew **131% YoY**.

## Subsea Cables



- Recorded **first IRU sales from APG** cable system in Q1 2017.

## Data Centre

- Data Centre has continued to perform well and **grew 6% QoQ** and **19% YoY** in Q1 2017

## ASEAN



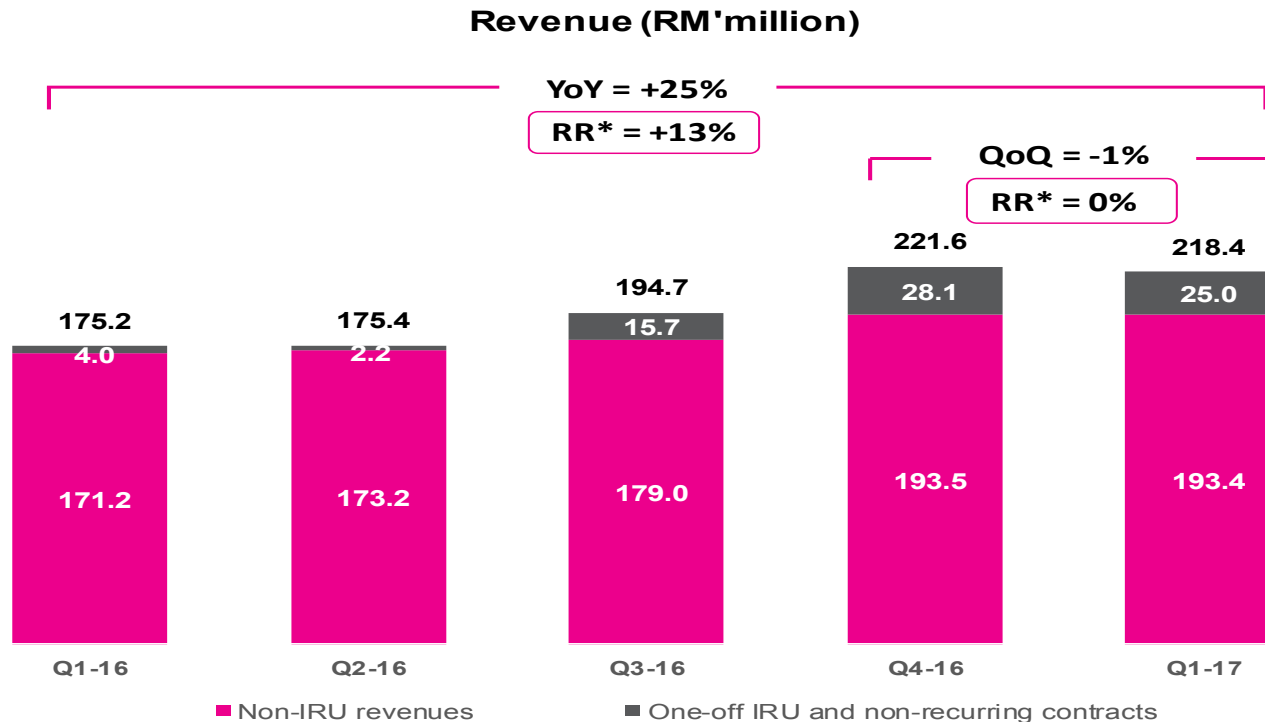
- Proposed acquisition of a stake of up to 49% in **Symphony Communication Public Company Limited** ("**SYMC**"), a publicly listed fixed-line telecommunication service provider in **Thailand** for a consideration of up to THB 2,200 million

## Shareholders Matters



- Paid an interim ordinary and a special interim tax exempt (single tier) **dividend** of **6.60 sen** and **10.70 sen** per ordinary share respectively in respect of the financial year ended 31 Dec 2016 on 31 Mar 2017

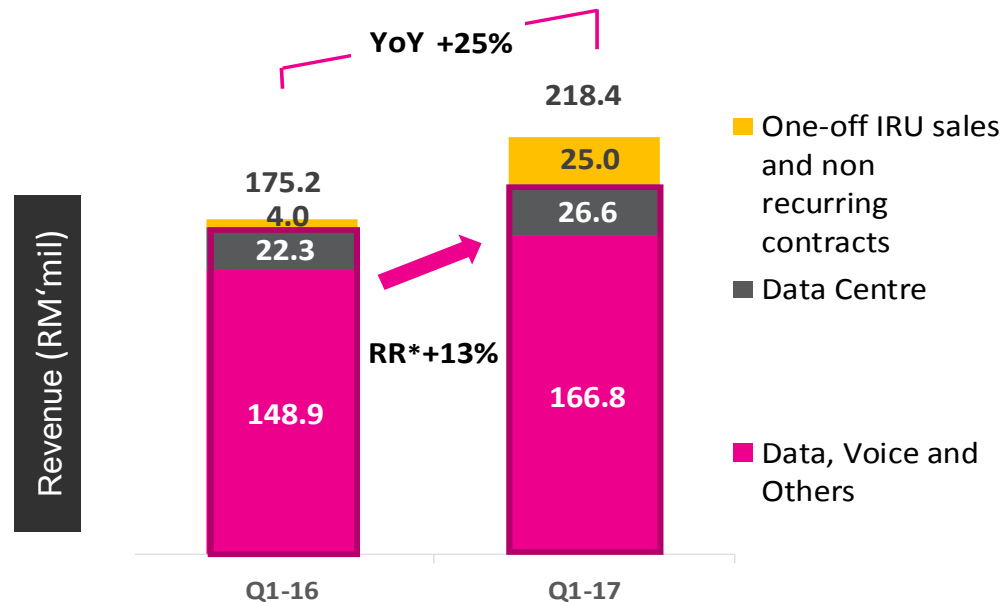
# REVENUE TREND: BY QUARTER



- **Non-IRU revenues**, which are **generally recurring** in nature from data, data centre, voice and other businesses, was flat in Q1 2017 due to slower wholesale data and voice revenues despite retail business showing 10% growth QoQ.
- **YoY non-IRU revenues** grew **13%**.
- **One-off IRU and non-recurring contract revenues** of RM25.0m were recognised in Q1 2017 mainly from maiden capacity sales on APG submarine cable system.

# ANALYSIS: YEAR-ON-YEAR

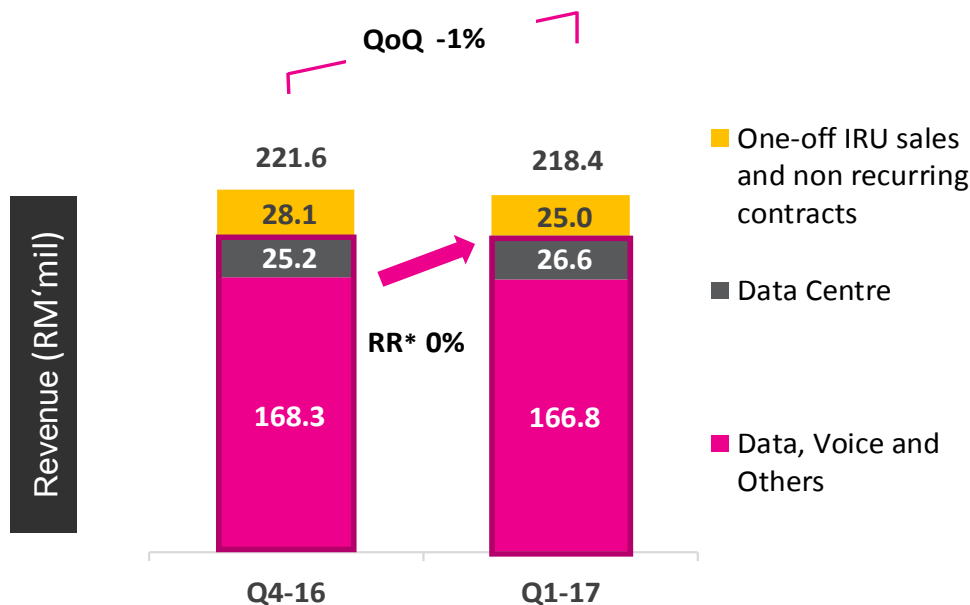
RM'mil	Actual Q1-16	Actual Q1-17	YoY Variance
REVENUE	175.2	218.4	+25%
PROFIT BEFORE TAXATION (PBT)	39.3	55.5	+41%
Adjustments:			
Dividend income	(3.4)	-	
Gain on disposal of PPE	-	(0.1)	
Forex loss	8.1	2.6	
Total	4.7	2.5	
ADJUSTED PBT	44.0	58.0	+32%



- **Q1 2017 revenue increased YoY by 25%** as compared to Q1 2016 from all core product segments.
- **One-off revenues** from IRU and non-recurring contracts amounted to **RM25.0m of total revenue** (Q1 2016:RM4.0m) in Q1 2017. Excluding these, the Group still recorded **a growth of 13%** from all its customer groups, led by **retail customers**.
- **Retail customers** alone contributed **108% YoY revenue growth** while **enterprise** and **wholesale revenues** grew **10%** and **24% YoY respectively** in Q1 2017.
- **Adjusted PBT** recorded a **32% YoY increase** mainly due to revenue growth from **all core product segments** on the back of **higher IRU sales, interest income, improved cost efficiencies**, offset by **higher subscriber acquisition costs, maintenance costs from the new submarine cables** and **higher depreciation** in the current quarter.

# ANALYSIS: QUARTER-ON-QUARTER

RM'mil	Actual Q4-16	Actual Q1-17	QoQ Variance
REVENUE	221.6	218.4	-1%
PROFIT BEFORE TAXATION (PBT)	70.1	55.5	-21%
Adjustments:			
Gain on disposal of PPE	(1.8)	(0.1)	
PPE written off	0.3	-	
Net impairment of PPE	5.8	-	
Forex (gain)/loss	(14.5)	2.6	
Total	(10.2)	2.5	
ADJUSTED PBT	59.9	58.0	-3%



- **Positive results** continue to be seen from broadband sales to home users. In Q1 2017, **revenue from retail segment** alone grew 10% QoQ.
- **One-off revenues** from IRU and non-recurring contracts amounted to **RM25.0m of total data revenue** (Q4 2016: RM28.1m) in Q1 2017. IRU sales were mainly derived from sales contributed from the **APG submarine cable system** and the Group's **Cross Peninsular Cable System ("CPCS")**.
- Voice revenue declined **3% QoQ** in Q1 2017 due to lower usage during the current quarter.
- **Adjusted PBT** in Q1 2017 recorded a decline of 3% attributed to lower one-off revenue from **IRU and non recurring contracts**, **higher interest expense** set off by improved margin from recurring revenues.

# UPDATE: ASEAN

YTD Mar 2017



**KIRZ**

## Direct TIME interest

45.27%

49.00%

RM 'million

As reported by Investee	Revenue	51.7	4.1
	Profit/(Loss) After Tax	3.8	(1.5)
TIME's share in proportion to its interest		Share of Profit/(Loss) on Investment of Associates	
		1.7	(0.7)

# PERFORMANCE: Q1, 2017

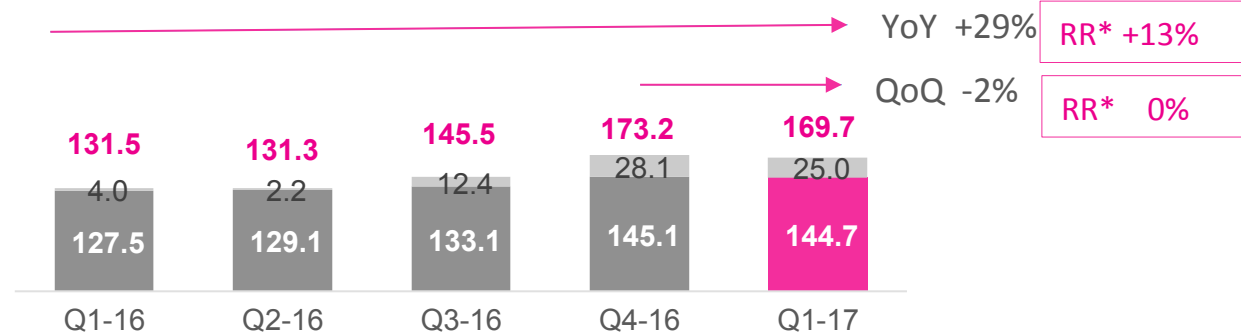
RM 'million	Q1, 2017	Q1, 2016	Y-o-Y	Q4, 2016	Q-o-Q
Revenue	218.4	175.2	+ 25%	221.6	- 1%
EBITDA	79.8	57.5	+ 39%	93.4	- 15%
<b>Adjusted EBITDA</b>	<b>82.3</b>	<b>65.6</b>	<b>+ 25%</b>	<b>83.2</b>	<b>- 1%</b>
PBT	55.5	39.3	+ 41%	70.1	- 21%
<b>Adjusted PBT</b>	<b>58.0</b>	<b>44.0</b>	<b>+ 32%</b>	<b>59.9</b>	<b>- 3%</b>
EBITDA Margin	37%	33%	+ 4 pps	42%	- 5 pps
Adjusted EBITDA Margin	38%	37%	+ 1 pps	38%	0 pps
PBT Margin	25%	22%	+ 3 pps	32%	- 7 pps
Adjusted PBT Margin	27%	25%	+ 2 pps	27%	0 pps
EPS (Sen)	9.17	6.53	+ 2.64 sen	19.81	- 10.64 sen
Adjusted EPS (Sen) <small>Note 1</small>	9.60	7.35	+ 2.25 sen	18.05	- 8.45 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.

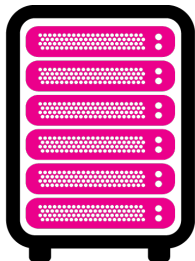
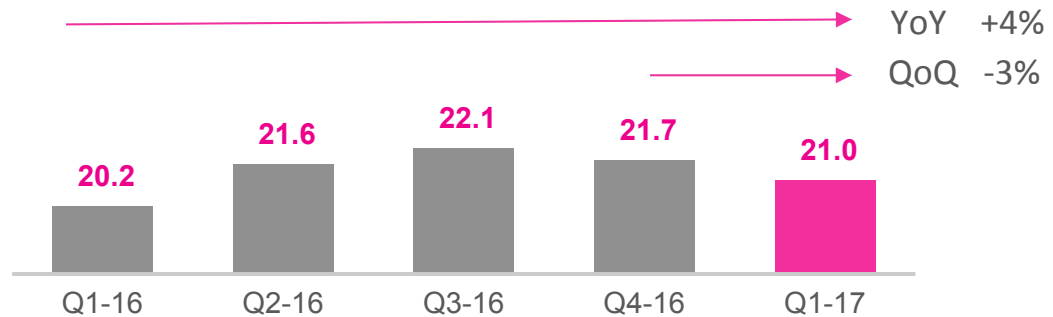
# REVENUE GROWTH: BY PRODUCTS



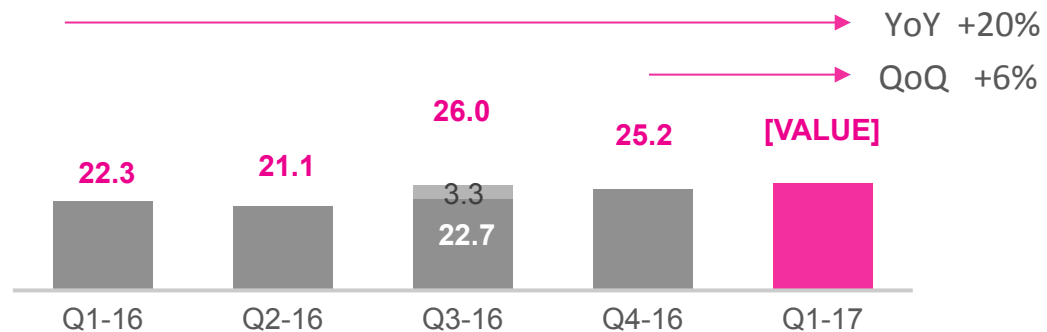
Data



Voice



Data Centre



Note: Numbers are in RM million

Legend : ■ Recurring ■ Non-recurring

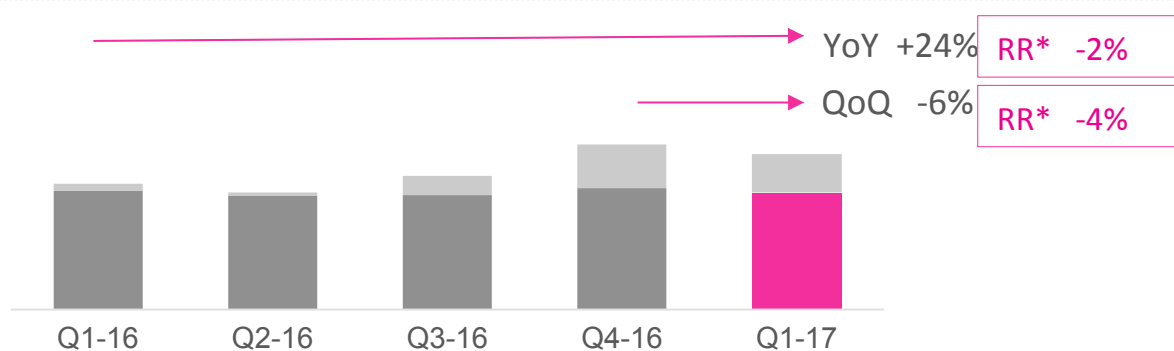
RR\*: Recurring revenues



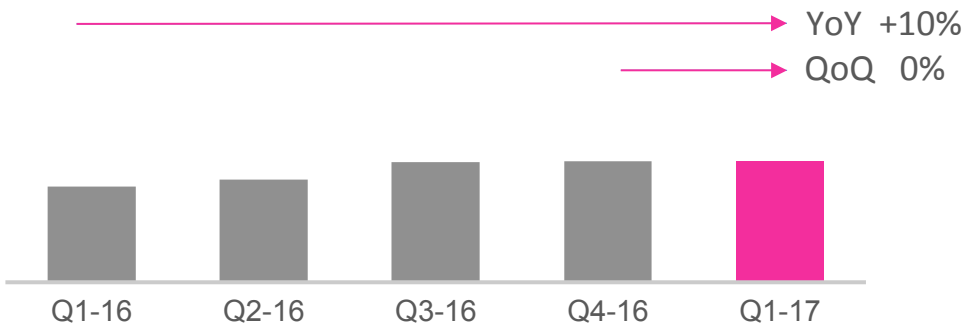
# REVENUE GROWTH: BY SEGMENTS



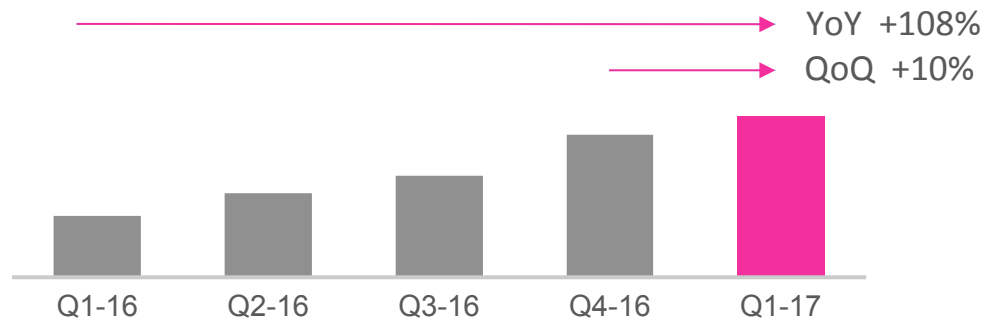
Wholesale



Enterprise



Retail

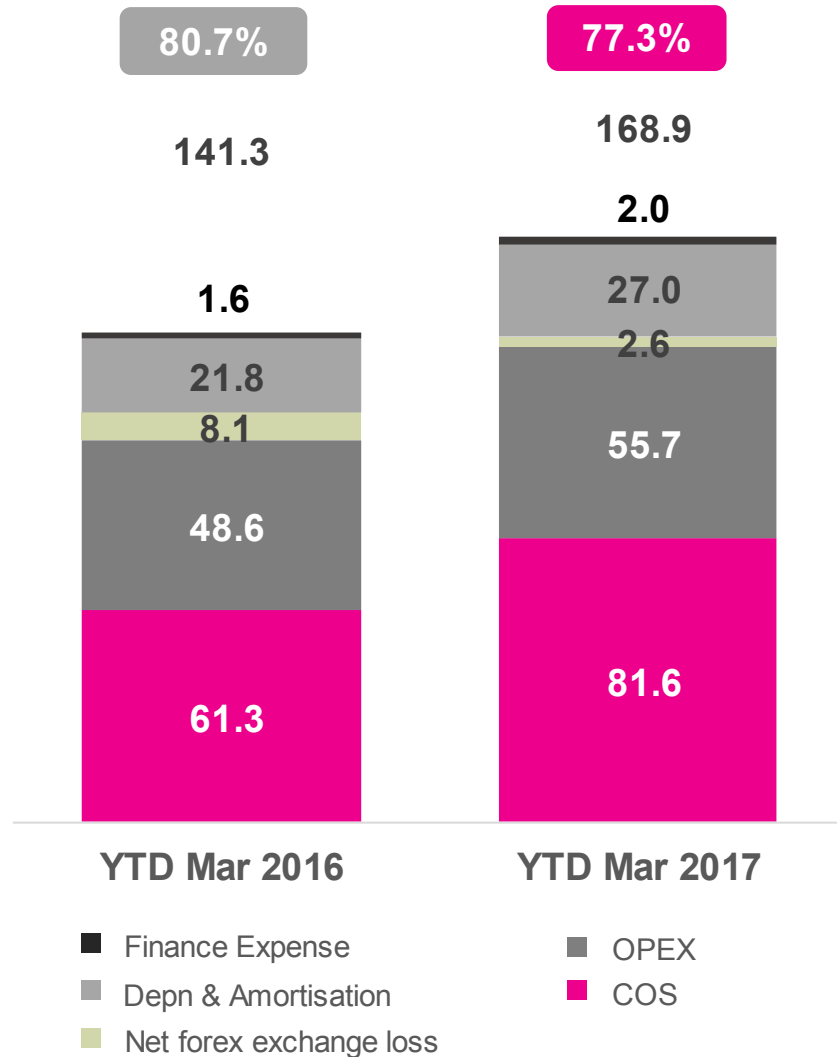


Note: Numbers are in RM million

Legend : ■ Recurring ■ Non-recurring

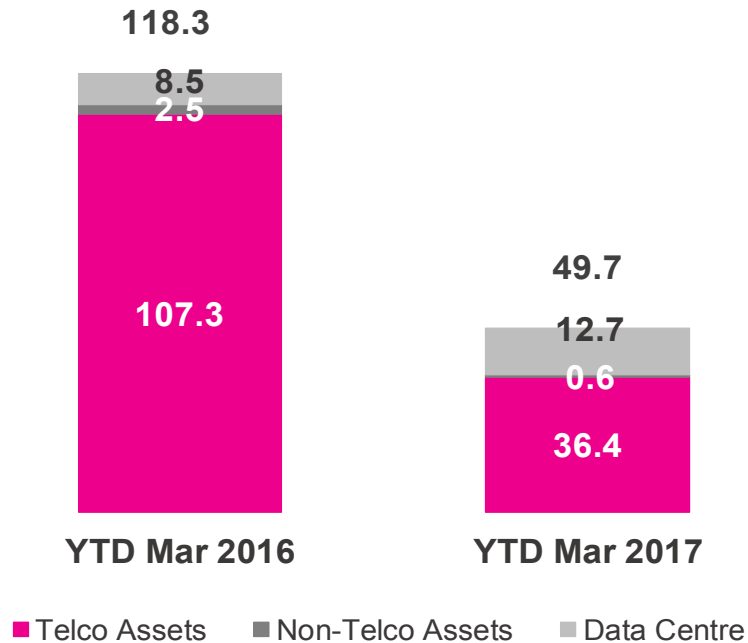
RR\*: Recurring revenues

# CONSOLIDATED COST TO REVENUE %

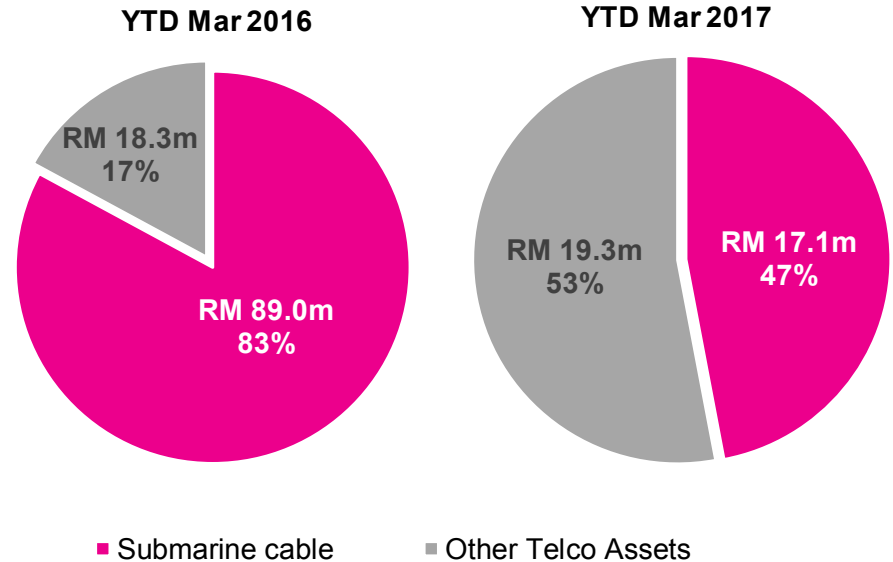


- The **COS** in **YTD Mar 2017 increased by 33% relative to YTD Mar 2016** mainly due to **higher subscriber acquisition costs** arising from **increased demand for TIME Fiber Home Broadband services** since the end of March 2016, **one-off third party network cost** to deliver the IRU sale and **maintenance costs incurred for the new submarine cables** (i.e. APG and FASTER submarine cable systems).
- Notwithstanding the increase in COS, **overall YTD Mar 2017 Cost-to-Revenue % improved** from **80.7% to 77.3%** on the back of lower foreign exchange loss, operational efficiencies and higher revenue recorded on a YoY basis in Q1 2017.
- Depreciation charge increased by 24%** in YTD Mar 2017 pursuant to the **completion of two new submarine cable systems** (i.e. FASTER and APG submarine cable systems) as well as the impact from the completion of **new data centre space** in the second half of 2016.

# CAPITAL EXPENDITURE: YTD MAR 2017



Breakdown of Telco Assets Acquired



- Expenditure incurred on telco assets was mainly to extend domestic network coverage, complete the construction of AAE-1 submarine cable as well as, to upgrade existing network infrastructure.
- 73% of total YTD Mar 2017 capital expenditure was spent on telco assets.
- RM17.1m was spent on submarine cable systems (i.e. AAE-1 and SKR1M) in YTD Mar 2017.

# MOVING FORWARD

1

Expansion and growth opportunities both on the domestic front and in the ASEAN region

2

Completion of the strategic partnership with Symphony and expansion of network presence in Thailand.

3

AAE-1 is scheduled to be completed and become operational in 2017.

4

Enhancement of operational and cost efficiencies throughout the Group.

5

Impending completion of SKR1M will further enhance connectivity to East Malaysia.

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# Thank You

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