

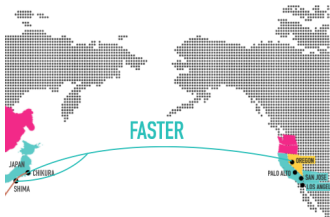


2Q 2016 Performance Guide

August 2016

TIME Q2 2016: HIGHLIGHTS

Subsea Cables



- **READY FOR SERVICE (RFS)** w.e.f. 30 June 2016.
- Gain of RM4.8m from pre-sale 72.5% of FASTER recognised in Q2 2016 upon RFS.

Products



- Fibre home broadband speeds of up to 500Mbps launched in late-March 2016.
- Retail revenue grew 25% Q-o-Q in Q2 2016.
- Subscriber acquisition costs, however, increased commensurately resulting in some short term margin compression.

Sales



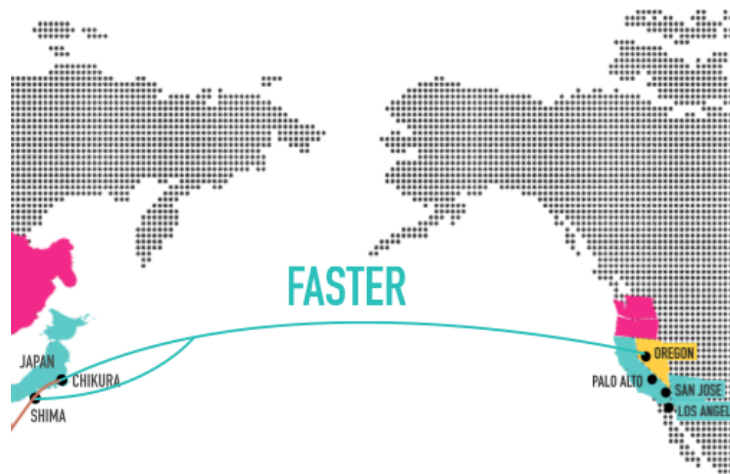
- Sales orders (annualised) grew by 49% on the back of rapid growth from the Wholesale and Retail segments.

Investments

- **DiGi.Com Berhad**
Disposed remaining shares on 20 May 2016 for RM307.2m and realised a fair value gain from AFS reserve of RM157.4m.
- **Campana Group Pte Ltd**
Disposed on 29 April 2016 for USD999,750 and recorded a RM2.5m gain.
- **CMC Telecom**
Acquired an additional 79,500 shares for a cash consideration of VND2.83b (c. RM502k) on 13 April 2016. Ownership interest now stands at 45.27%.

FASTER: RFS ON 30 JUNE 2016

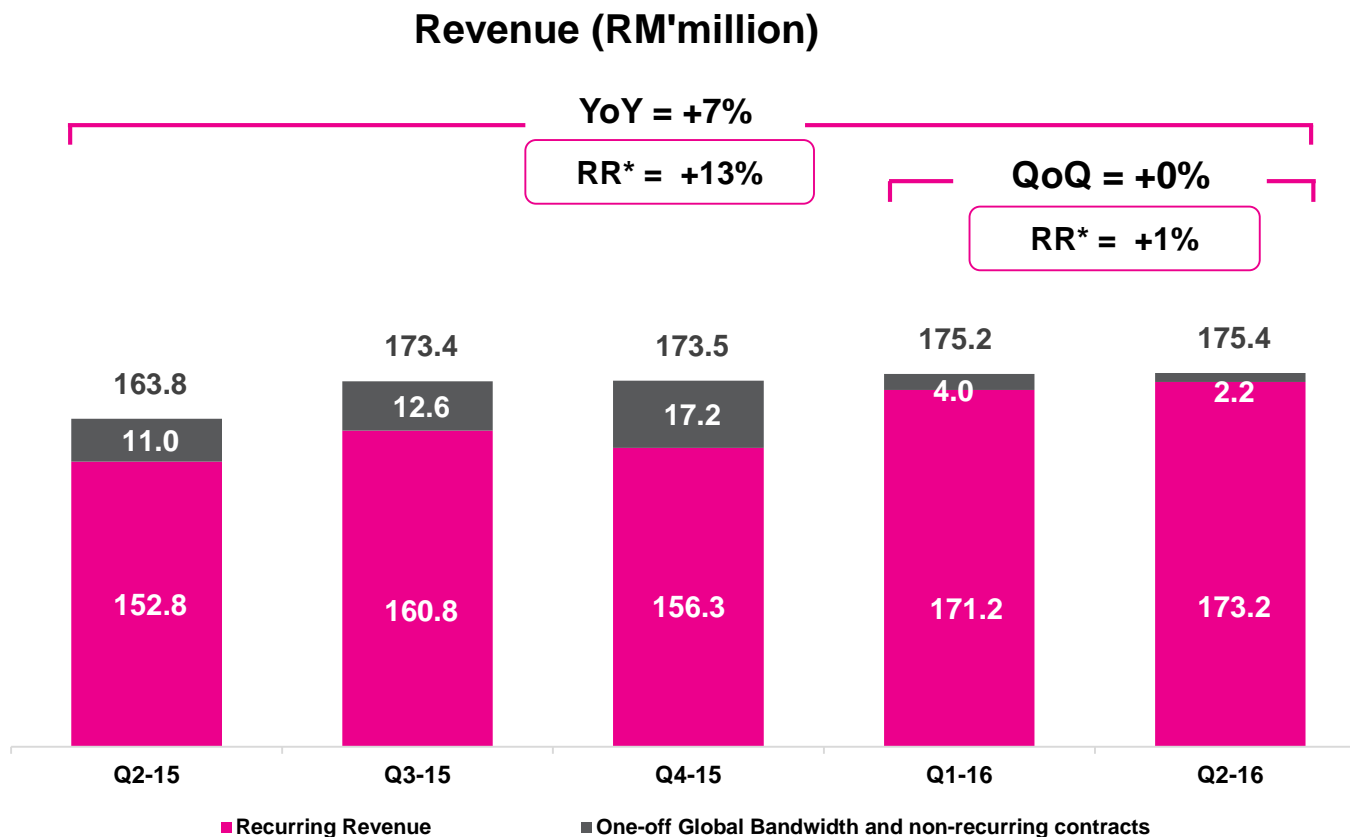
Facts at a glance.



Cable RFS date	30 June 2016
Capacity owned	10.0 Tbps
Ownership	16.6%
In brief	<ul style="list-style-type: none">• 9,000km• Trans-Pacific cable connecting Japan to the US
Consortium members	China Mobile International, China Telecom, KDDI, GT2, Google and SingTel

- **FASTER** is a **new trans-Pacific cable system**, landing at Chikura and Shima in Japan and seamlessly connecting many neighbouring cable systems to extend the capacity beyond **Japan** to other Asian locations, and reaching major hubs on the **US West Coast** covering the Los Angeles, San Francisco, Portland and Seattle areas.
- **FASTER** features the latest high-quality **6-fiber-pair cables** with an **initial design capacity of 60Tbps**.
- **FASTER** is the Group's **second trans-Pacific cable system** in partnership with Google.

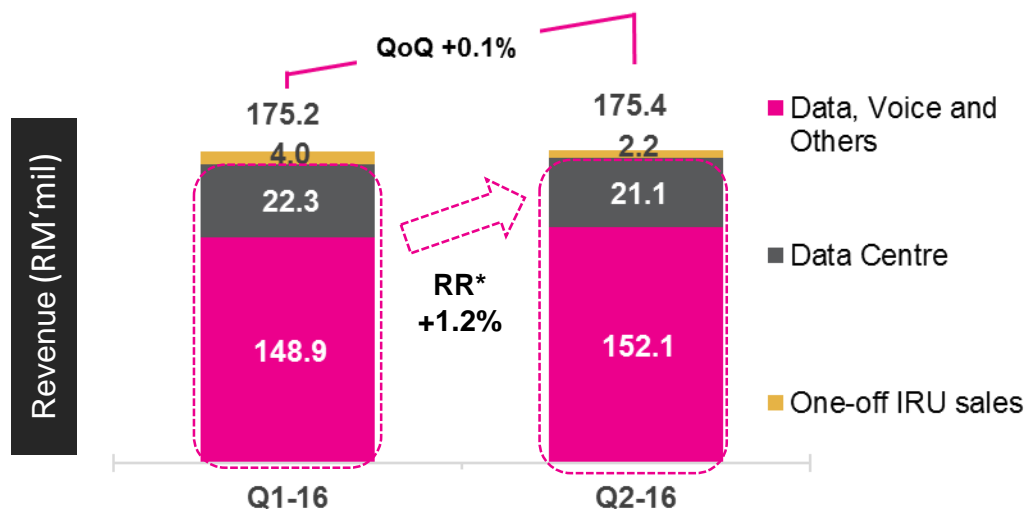
REVENUE TREND: BY QUARTER



- Continued to improve and grow stable **recurring revenues** (excluding one-off revenues) from data, data centre, voice and other businesses.
- Recurring revenues** (excluding one-off revenues) from data, data centre, voice and other businesses **+1%** QoQ and **+13%** YoY.

ANALYSIS: QUARTER-ON-QUARTER

RM'mil	Actual Q1-16	Actual Q2-16	QoQ Variance
REVENUE	175.2	175.4	+0.1%
PROFIT BEFORE TAXATION (PBT)	39.3	201.2	>100%
Adjustments:			
Dividend income	(3.4)	-	
Realisation of FV gain from AFS	-	(157.4)	
Gain on disposal of PPE	-	(4.8)	
Gain on disposal of investment in Campana	-	(2.5)	
Forex Loss/(Gain)	8.1	(0.3)	
Total	4.7	(165.0)	
ADJUSTED PBT	44.0	36.2	-18%

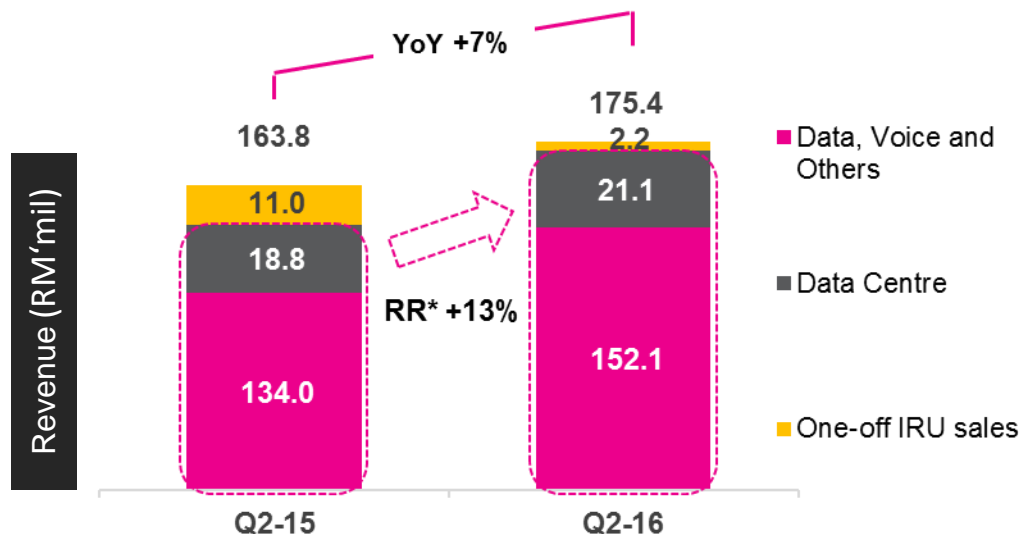


- **Combined recurring revenues** (excluding one-off revenues) from data, data centre, voice and other businesses **increased RM2.0m or 1.2% QoQ.**
- **Encouraging results** seen from broadband sales to home users post-launch of the 100Mbps, 300Mbps and 500Mbps **TIME Fibre Home Broadband** service in late-March 2016. In Q2 2016, **revenue from retail customers** alone **grew 25% QoQ.**
- **One-off revenues** from IRU sales amounted to RM4.0m in Q1 2016 compared to **RM2.2m in Q2 2016.**
- **Adjusted PBT (after normalisation)** was **down 18%** mainly due to **higher subscriber acquisition costs** (i.e. installation and dealer commissions) of RM7.8m arising from rapid growth in the deployment of home broadband services and **lower IRU sales.**
- Growth in home broadband sales are expected to bring **long-term benefit** to the Group despite **short term margin compression** during early periods of rapid development.

ANALYSIS: YEAR-ON-YEAR

RM'mil

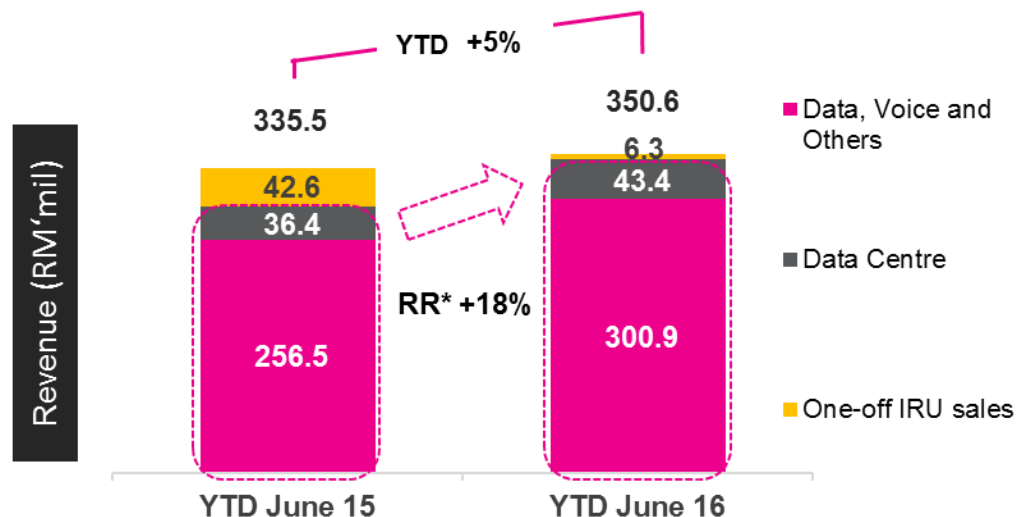
	Actual Q2-15	Actual Q2-16	YoY Variance
REVENUE	163.8	175.4	+7%
PROFIT BEFORE TAXATION (PBT)	317.0	201.2	-37%
Adjustments:			
Dividend income	(4.2)	-	
Realisation of FV gain from AFS	(274.0)	(157.4)	
Gain on disposal of PPE	(2.4)	(4.8)	
Gain on disposal of investment in Campana	-	(2.5)	
Forex (Gain)/Loss	(3.9)	(0.3)	
Total	(284.5)	(165.0)	
ADJUSTED PBT	32.5	36.2	+11%



- Revenue increased by **7%** as compared to Q2 2015.
- One-off revenues** from IRU sales accounted for **RM2.2m** of total data revenue in Q2 2016 (Q2 2015: RM11.0m). **Excluding these**, revenues would have shown an **even higher growth of 13%** coming mainly from enterprise and retail customers.
- Retail customers** alone contributed **58% YoY growth** while **enterprise customers** contributed **15% YoY growth in recurring revenues**.
- Adjusted PBT (after normalisation)** recorded a **growth of 11% YoY** mainly attributed to **strong revenue growth** from all core product segments (despite a decline in one-off IRU sales) on the back of **improved cost efficiencies**, **lower depreciation** and **increased share of profit** from equity accounted investments, **offset by lower interest income** and **higher subscriber acquisition cost** in the current quarter.

ANALYSIS: YEAR-TO-DATE

RM'mil	Actual YTD June 15	Actual YTD June 16	YTD Variance
REVENUE	335.5	350.6	+5%
PROFIT BEFORE TAXATION (PBT)	374.5	240.5	-36%
Adjustments:			
Dividend income	(14.1)	(3.4)	
Gain on disposal of PPE	(2.4)	(4.8)	
Gain on disposal of investment in Campana	-	(2.5)	
Realisation of FV gain from AFS	(274.0)	(157.4)	
Forex Gain/(Loss)	(12.8)	7.8	
Total	(303.3)	(160.3)	
ADJUSTED PBT	71.2	80.2	+13%



- **Revenue increased 5%** compared to YTD June 2015.
- **One-off revenues** from IRU sales accounted for **RM6.3m** of total revenue for YTD June 2016 (YTD June 2015: RM42.6m). **Excluding these**, revenues would have shown a **growth of 18%**.
- **All product segments** recorded **higher revenues** in YTD June 2016 led by a RM39.5m increase in data revenues (excluding one-off revenues) followed by data centre (RM7.1m) and voice (RM4.6m).
- **Adjusted PBT (after normalisation)** recorded **growth of 13% YoY** mainly attributed by **strong revenue growth** on the back of **improved cost efficiencies**, **lower depreciation** and **increased share of profit from equity accounted investments offset by higher subscriber acquisition costs** from rapid deployment of home broadband services and **lower interest income**.

UPDATE: ASEAN



KIRZ

Direct TIME interest

45.27%

49.00%

RM 'million

YTD Jun 2016

YTD Jun 2016

Revenue

88.1

7.5

E/(L)BITDA

16.6

(0.6)

Profit/(Loss) After Tax

6.1

(2.6)

**Share of Profit/(Loss) on
Investment of Associates**

2.5

(1.2)

PERFORMANCE: Q2, 2016

RM 'million	Q2, 2016	Q2, 2015	Y-o-Y	Q1, 2016	Q-o-Q
Revenue	175.4	163.8	+ 7%	175.2	+ 0%
EBITDA	64.4	59.7	+ 8%	57.5	+ 12%
<i>Adjusted EBITDA</i>	<i>56.8</i>	<i>53.4</i>	<i>+ 6%</i>	<i>65.6</i>	<i>- 13%</i>
PBT	201.2	317.0	- 37%	39.3	> 100%
<i>Adjusted PBT</i>	<i>36.2</i>	<i>32.5</i>	<i>+ 11%</i>	<i>44.0</i>	<i>- 18%</i>
EBITDA Margin	37%	36%	+ 1 pps	33%	+ 4 pps
<i>Adjusted EBITDA Margin</i>	<i>32%</i>	<i>33%</i>	<i>- 1 pps</i>	<i>37%</i>	<i>- 5 pps</i>
PBT Margin	115%	194%	- 79 pps	22%	+ 93 pps
<i>Adjusted PBT Margin</i>	<i>21%</i>	<i>20%</i>	<i>+ 1 pps</i>	<i>25%</i>	<i>- 4 pps</i>
EPS (Sen)	34.71	54.97	- 20.26 sen	6.53	+ 28.18 sen
<i>Adjusted EPS (Sen)</i> ^{Note 1}	<i>6.05</i>	<i>5.39</i>	<i>+ 0.66 sen</i>	<i>7.35</i>	<i>- 1.30 sen</i>

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

PERFORMANCE: YTD JUNE 2016

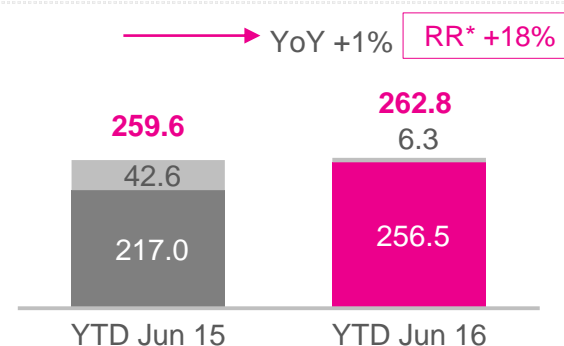
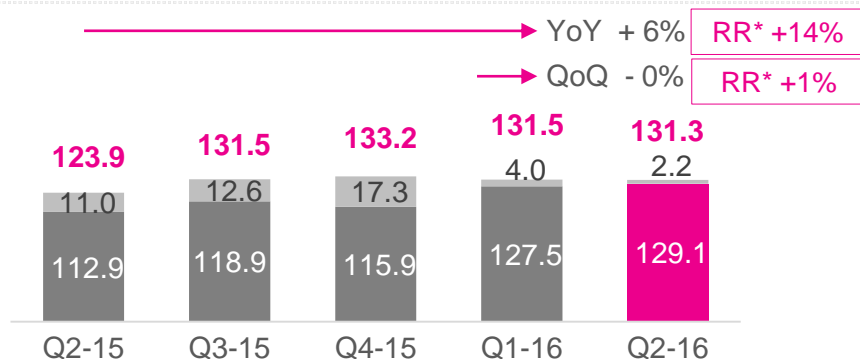
RM 'million	YTD Jun 2016	YTD Jun 2015	Y-o-Y
Revenue	350.6	335.5	5%
EBITDA	121.9	129.2	-6%
<i>Adjusted EBITDA</i>	<i>122.4</i>	<i>114.0</i>	<i>7%</i>
PBT	240.5	374.5	-36%
<i>Adjusted PBT</i>	<i>80.2</i>	<i>71.2</i>	<i>13%</i>
EBITDA Margin	35%	39%	-4 pps
<i>Adjusted EBITDA Margin</i>	<i>35%</i>	<i>34%</i>	<i>1 pps</i>
PBT Margin	69%	112%	-43 pps
<i>Adjusted PBT Margin</i>	<i>23%</i>	<i>21%</i>	<i>2 pps</i>
EPS (Sen)	41.24	64.83	-23.59 sen
<i>Adjusted EPS (Sen)</i> <small>Note 1</small>	<i>13.40</i>	<i>11.96</i>	<i>1.44 sen</i>

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

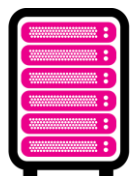
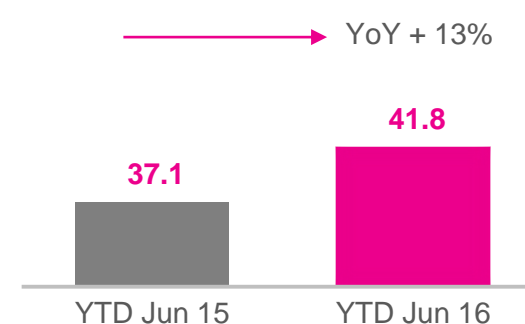
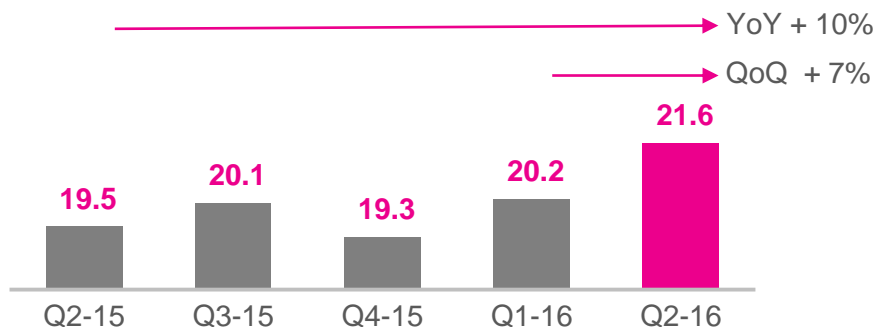
REVENUE GROWTH: BY PRODUCTS



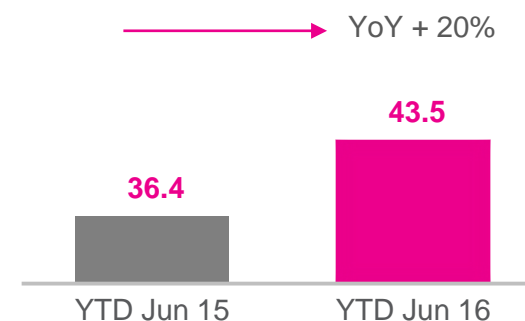
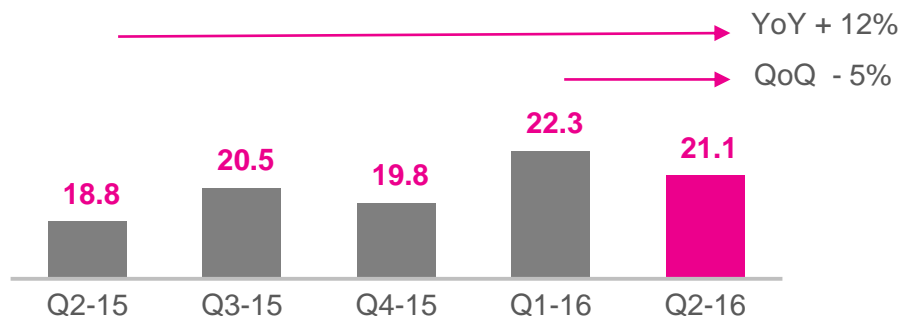
Data



Voice



Data Centre



Note: Numbers are in RM million

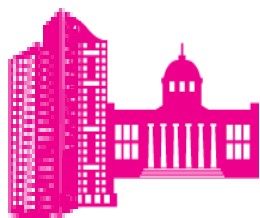
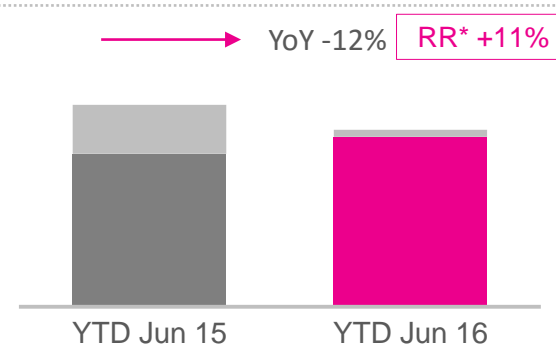
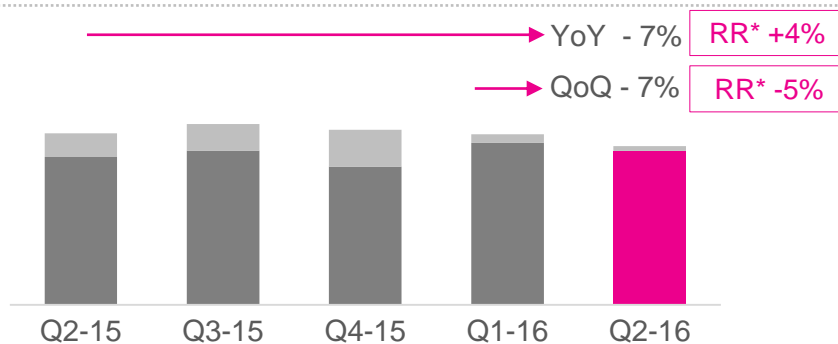
Legend : ■ Recurring ■ Non-recurring

RR*: Recurring revenues

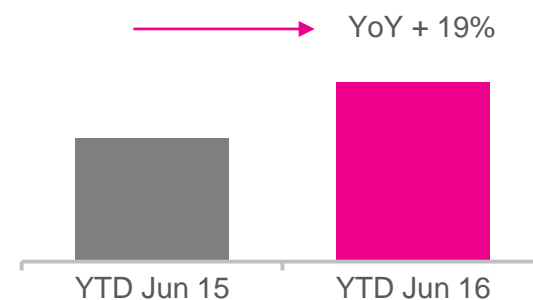
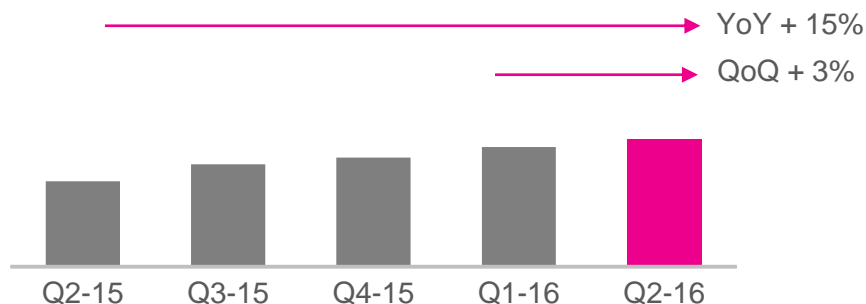
REVENUE GROWTH: BY SEGMENTS



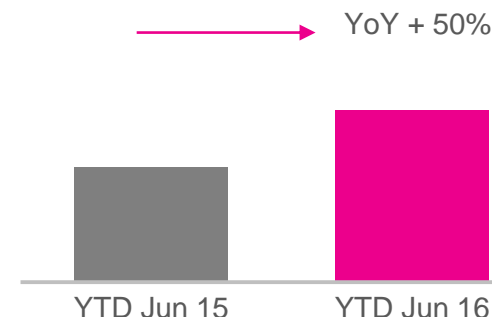
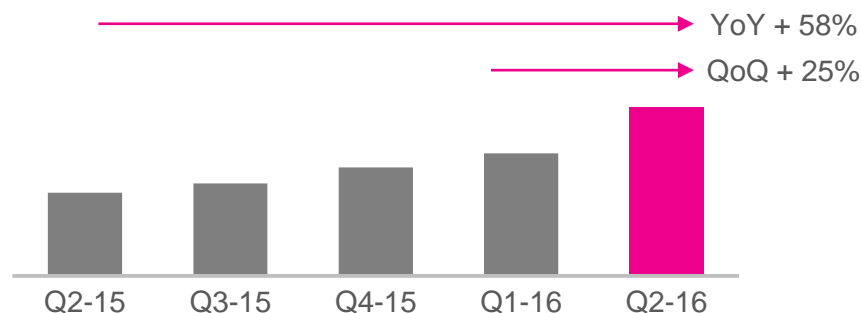
Wholesale



Enterprise



Retail

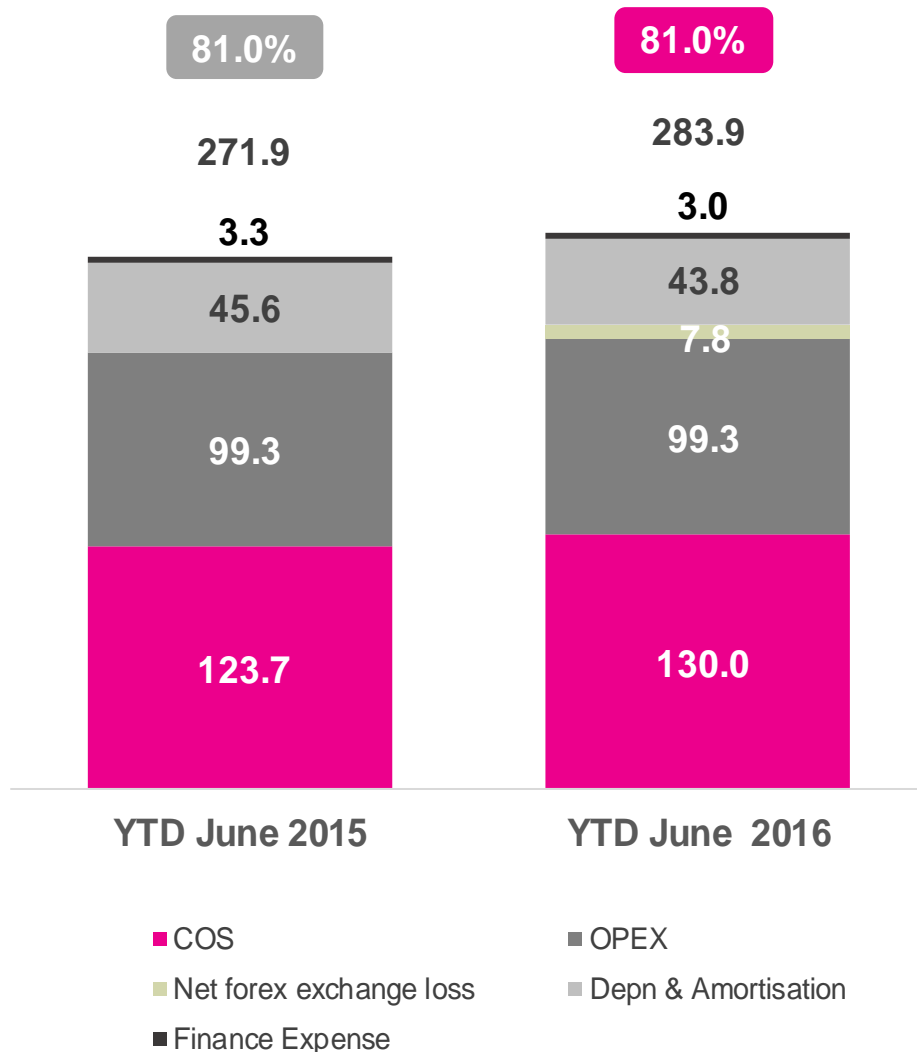


Note: Numbers are in RM million

Legend : Recurring Non-recurring

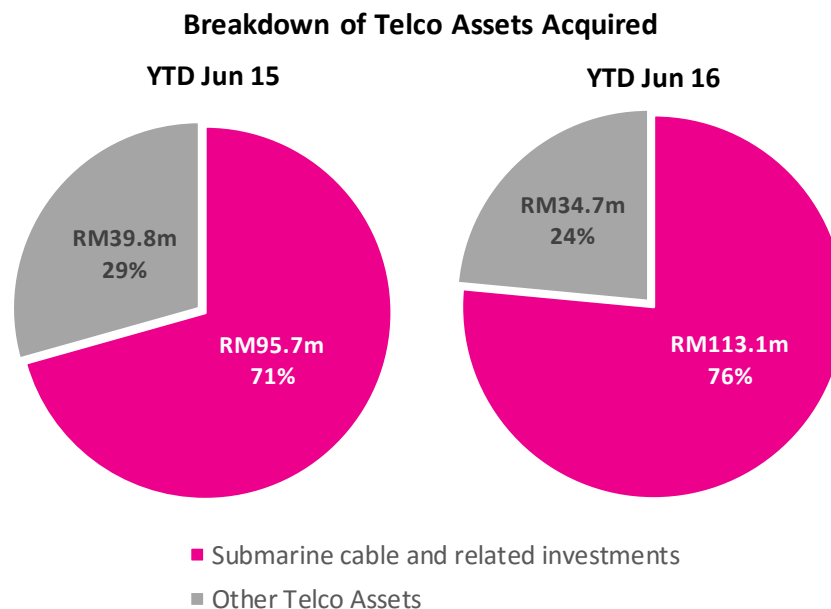
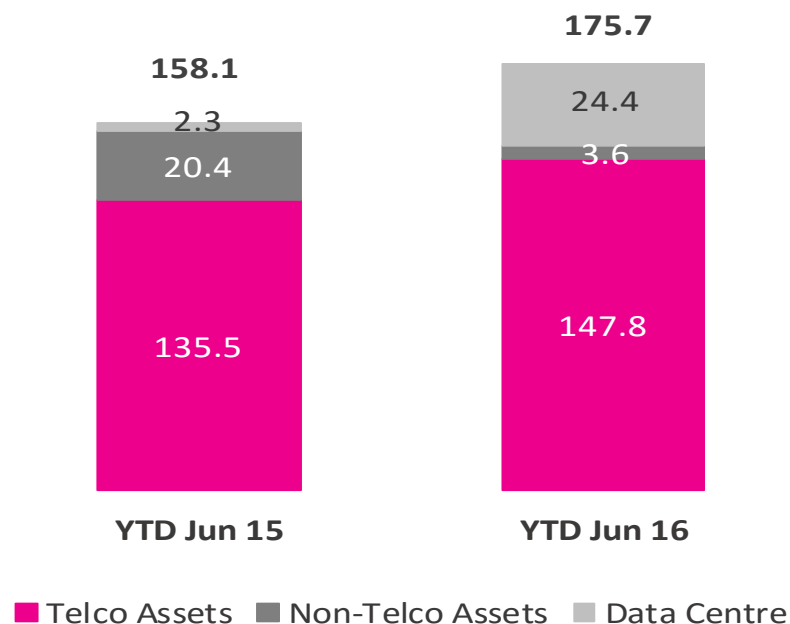
RR*: Recurring revenues

CONSOLIDATED COST TO REVENUE %



- Overall YTD June 2016 costs have grown in tandem with the growth in revenues, with cost-to-revenue % maintained at 81.0%. However, should net foreign exchange losses during the period of RM7.8m be excluded, the YTD June 2016 cost-to-revenue % would have reduced to 78.8%.
- Overall, absolute COS increased 5% mainly due to higher subscriber acquisition costs arising from increased demand for TIME Fibre Home Broadband services since late-March 2016.
- Whilst the higher subscriber acquisition costs may have resulted in some short term margin compression, overall YTD June 2016 cost-to-revenue continues to remain stable due to cost efficiencies on the back of improved revenues during the half year period.

CAPITAL EXPENDITURE: YTD JUNE 2016



- Expenditure incurred on telco assets was mainly to extend network coverage (domestic and international) as well as to upgrade existing network infrastructure.
- 84% of total YTD June 2016 capital expenditure was spent on telco assets.
- RM113.1m was spent on submarine cable systems (i.e. APG, AAE-1, FASTER and SKR1M) in YTD Jun 2016.
- Non-telco CAPEX YTD June 2015 comprised mainly of land purchase in Cyberjaya for approximately RM15.5m.

MOVING FORWARD

1

Continue to explore and tap expansion opportunities within ASEAN.

2

Continue extending our domestic reach to new territories and improving our presence in the retail segment.

3

FASTER is now ready-for-service and can start contributing revenue to the Group in the second half.

4

APG cable system is expected to become operational in second half of 2016 and AAE-1 is expected to be completed in 2017.

5

Declared a special interim tax exempt (single tier) dividend of 13.3 sen per ordinary share for FY2016 to be paid on 30 September 2016.

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