



1Q 2015 RESULTS

ANALYST BRIEFING

29 May 2015

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Performance Overview

A blue rectangular box with rounded corners containing the text 'Financial Review'. A blue line connects this box to the 'Financial Review' section of the table of contents on the right.

Financial Review

A blue rectangular box with rounded corners containing the text 'Operating Highlights'. A blue line connects this box to the 'Operating Highlights' section of the table of contents on the right.

Operating Highlights

A blue rectangular box with rounded corners containing the text 'Concluding Remarks'. A blue line connects this box to the 'Concluding Remarks' section of the table of contents on the right.

Concluding Remarks

1Q 2015 Highlights

Financial Performance

- Operating revenue grew by 5.9% YoY from RM2.62bn to RM2.77bn
- Lower EBIT from RM316.8mn to RM243.4mn due to higher operating cost
- Reported PATAMI was lower at RM128.9mn due to higher operating cost, forex losses and consolidation of P1

Operational Performance

- Strong growth in Internet and Others revenue – higher subscriber base and customer projects
- Total broadband take-up continues to grow:
Streamyx: 1.509mn customers
Unifi: 757,000 customers

Life
Made **Easier**
Hidup Lebih Mudah

unifi

Business
Made **Easier**
Perniagaan Lebih Mudah

Streamyx



Shop In A Box™

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Performance Overview

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Financial Review

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Concluding Remarks

Group Results 1Q 2015



RM mn	Reported				
	1Q15	4Q14	% Change QoQ	1Q14	% Change YoY
Revenue	2,774.1	3,157.3	-12.1	2,620.0	+5.9
Other Operating Income	32.4	37.6	-13.8	50.2	-35.5
EBITDA	847.6	960.4	-11.7	896.7	-5.5
Depn & Amort.	604.2	631.0	-4.2	579.9	+4.2
EBIT	243.4	329.4	-26.1	316.8	-23.1
Other Gains / (Loss)	(0.6)	(1.7)	-64.7	(0.5)	+20.0
Net Finance Cost*	35.0	35.9	-2.5	40.5	-13.6
FX (Gain) / Loss	41.2	43.2	-4.6	(2.9)	->100.0
Profit Before Tax (PBT)	172.1	253.7	-32.2	279.6	-38.4
PATAMI	128.9	218.3	-41.0	210.6	-38.8
Normalised PATAMI	171.3	350.2	-51.1	185.3	-7.6

Note:

Except 1Q14, all figures stated shall be inclusive of P1

For Normalised EBIT and Normalised PBT refer Slides 7 and 8

•Excludes FX (Gain)/Loss

Normalised EBIT



In RM mn	1Q15	4Q14	1Q14
Reported EBIT	243.4	329.4	316.8
Non Operational			
FX (Gain)/Loss on International Trade Settlement	0.4	(7.6)	(1.2)
Loss on Sale of Assets	0.2	0.1	0.2
Negative Goodwill on acquisition of a new subsidiary	-	-	(21.9)
Mesra Programme	-	111.2	-
Estimated cost and asset write-off due to flood	-	9.6	-
Normalised EBIT	244.0	442.7	293.9
Normalised EBIT Margin	8.7%	13.8%	11.1%
Reported EBIT Margin	8.7%	10.3%	11.9%

EBIT is calculated as Total Revenue (Operating Revenue + Oth. Operating Income) less Operating Cost

EBIT Margin is calculated as percentage of EBIT against Total Revenue

Normalised EBIT Margin is calculated as percentage of Normalised EBIT against Normalised Total Revenue (Operating Revenue + Oth. Operating Income – Loss on Sale of Assets – Negative Goodwill on acquisition of new subsidiary)

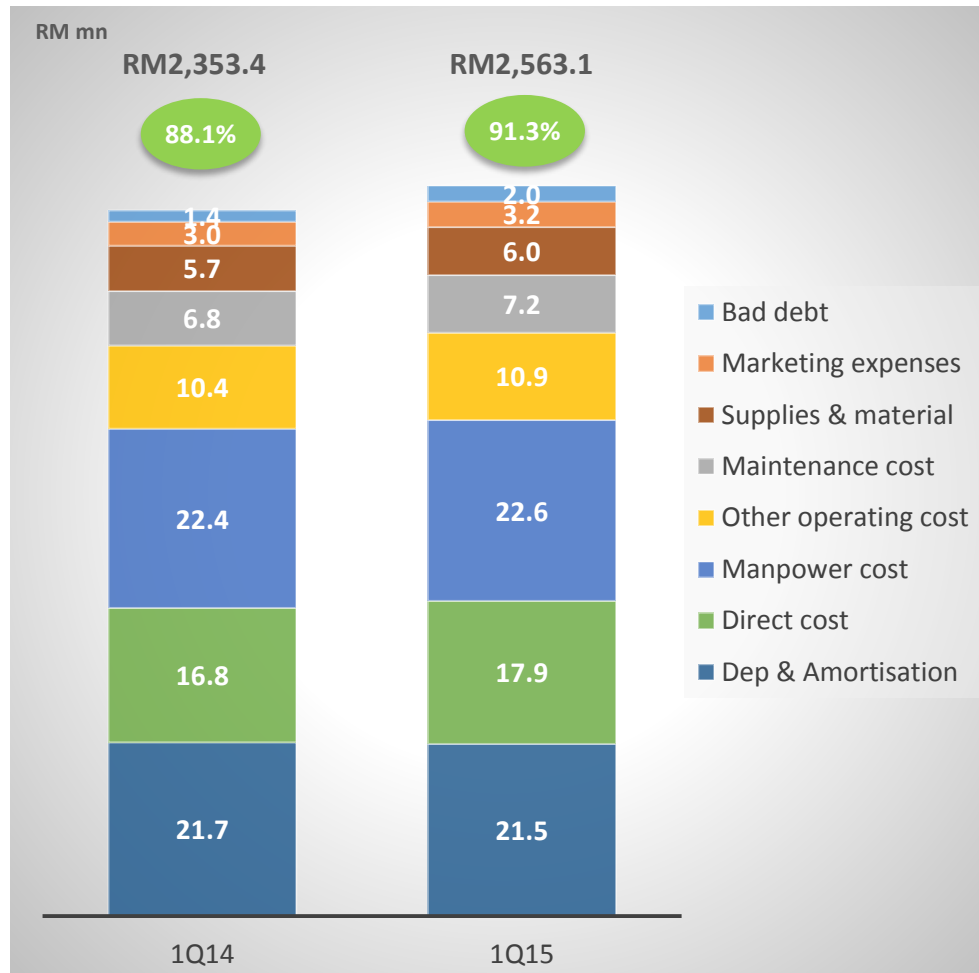
Normalised PBT



In RM mn	1Q15	4Q14	1Q14
Reported PBT	172.1	253.7	279.6
Non Operational			
FX (Gain)/Loss on International trade settlement	0.4	(7.6)	(1.2)
Other (Gain)/Losses & Impairment*	0.8	1.8	0.7
Unrealised FX (Gain)/Loss on Long Term loans	41.2	43.2	(2.9)
Negative Goodwill on acquisition of a new subsidiary	-	-	(21.9)
MESRA Programme	-	111.2	-
Estimated cost and assets write-off due to flood	-	9.6	-
Normalised PBT	214.5	411.9	254.3

** Comprise of fair value (FV) changes of FVTPL (FV through P&L) investment and gain/loss on disposal for AFS (available for sale) investments.*

Cost % of Revenue¹



Total Cost / Revenue (%)

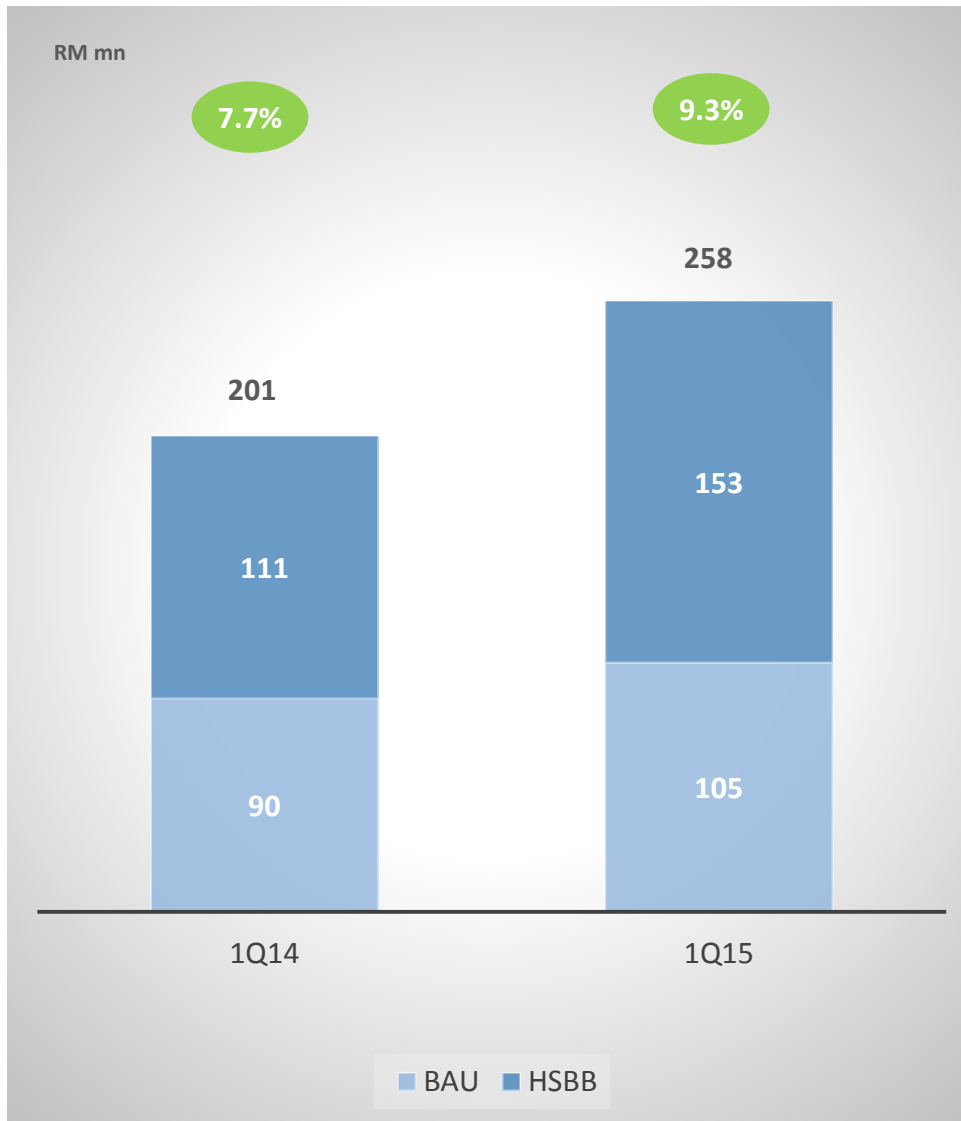
¹ Revenue = Operating Revenue + Other Operating Income

Note: The classification of cost is as per financial reporting

- Higher Direct Cost due to international outbound and content cost
- Higher OOC due to rental, utilities and higher customer projects

(Please refer to Appendix for quarterly details & breakdown)

Group Capital Expenditure



- Capex/Revenue ratio at 9.3%
- BAU capex at RM105mn
HSBB capex at RM153mn
- 31% Core Network
54% Access
15% Support System

Capex / Revenue (%)

Group Cash Flow



RM mn	1Q15	1Q14
Cash & cash equivalent at start	2,975.0	2,514.5
Cashflows from operating activities	145.7	406.4
Cashflows used-in investing activities	(502.8)	(444.4)
Capex	258.0	201.0
Cashflows from financing activities	268.8	312.7
Effect of exchange rate changes	0.1	(0.3)
Cash & cash equivalent at end	2,886.8	2,788.9
Free cash-flow (EBITDA – Capex)	589.6	695.7

Key Financial Ratios

	31 Mar 15	31 Dec 14
Return on Invested Capital ¹	5.20%	7.72%
Return on Equity ²	8.97%	12.80%
Return on Assets ¹	4.28%	6.34%
Current Ratio ³	1.36	1.33
WACC	7.39%	7.54%

¹ Based on Normalised EBIT

² Based on Normalised PATAMI

	31 Mar 15	31 Dec 14
Gross Debt to EBITDA	1.96	1.77
Net Debt/EBITDA	1.16	1.02
Gross Debt/Equity	0.88	0.85
Net Debt/Equity	0.51	0.46
Net Assets/Share (sen)	207.4	203.6

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Concluding Remarks

Group Total Revenue by Product

Voice

RM mn

-2.4%

-3.9%

874

889

854

1Q14

4Q14

1Q15

Internet

RM mn

+14.3%

+0.2%

726

828

830

1Q14

4Q14

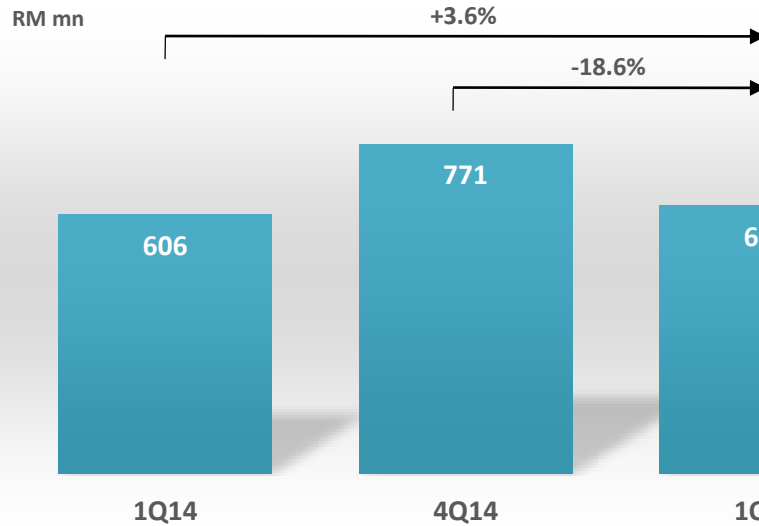
1Q15

- 31% of Group Revenue
- YoY
 - Lower net customer base and usage at Mass Market & Managed Accounts
 - Lower wholesale minutes

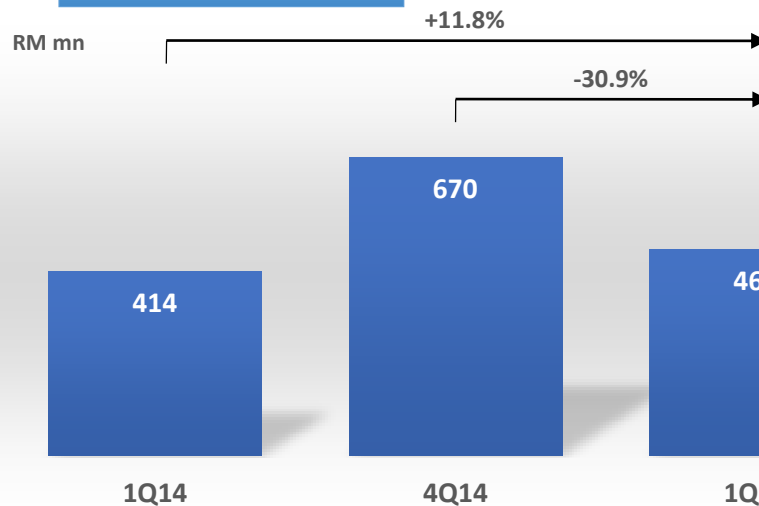
- 30% of Group Revenue
- YoY
 - Higher total broadband customer base
 - Higher content IPTV take-up

Group Total Revenue by Product

Data



Others*



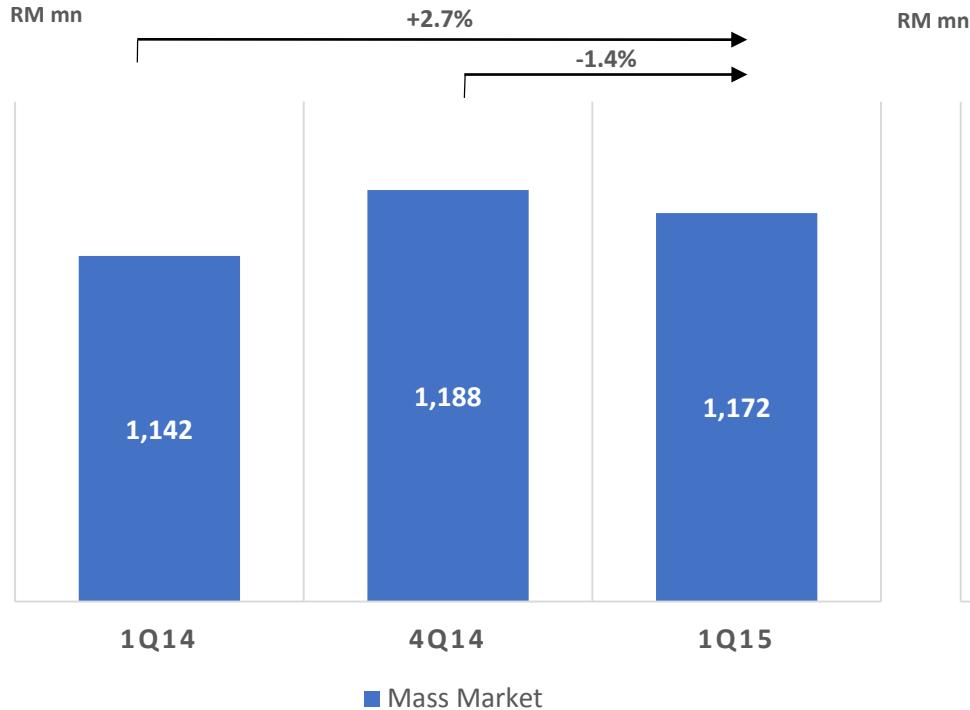
*Others comprise other telco and non-telco services
(i.e ICT-BPO, MMU tuition fees, customer projects)

- 22% of Group Revenue
- YoY
 - Mainly from Managed Accounts
 - Higher WSE and HSBA at G&W

- 17% of Group Revenue
- YoY
 - Higher customer projects, USP maintenance, VADS revenue

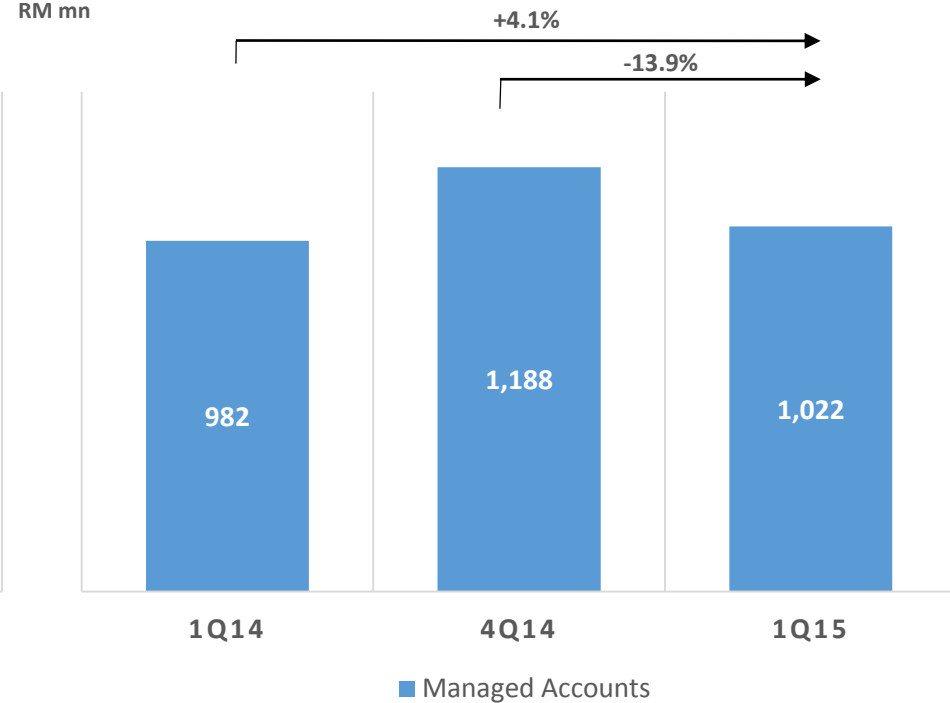
Group Total Revenue by Lines of Business

Mass Market



- Higher revenue by 2.7% YoY to RM1.17bn
- Growth led by Internet revenue growth at Consumer – higher customer base and increased Content IPTV take-up

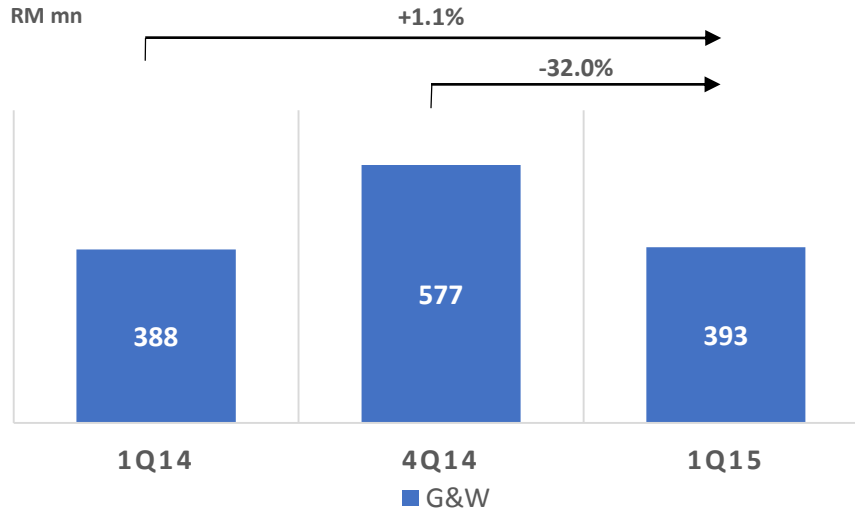
Managed Accounts



- Higher by 4.1%, due to higher customer projects, data and ICT revenue

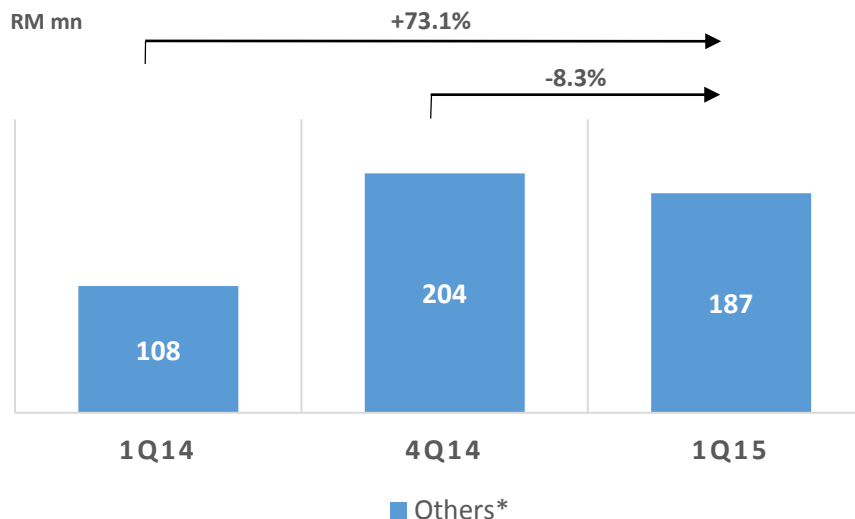
Group Total Revenue by Lines of Business

Global & Wholesale



- 1.1% higher YoY
- Mainly due to higher WSE and HSBA

Others*



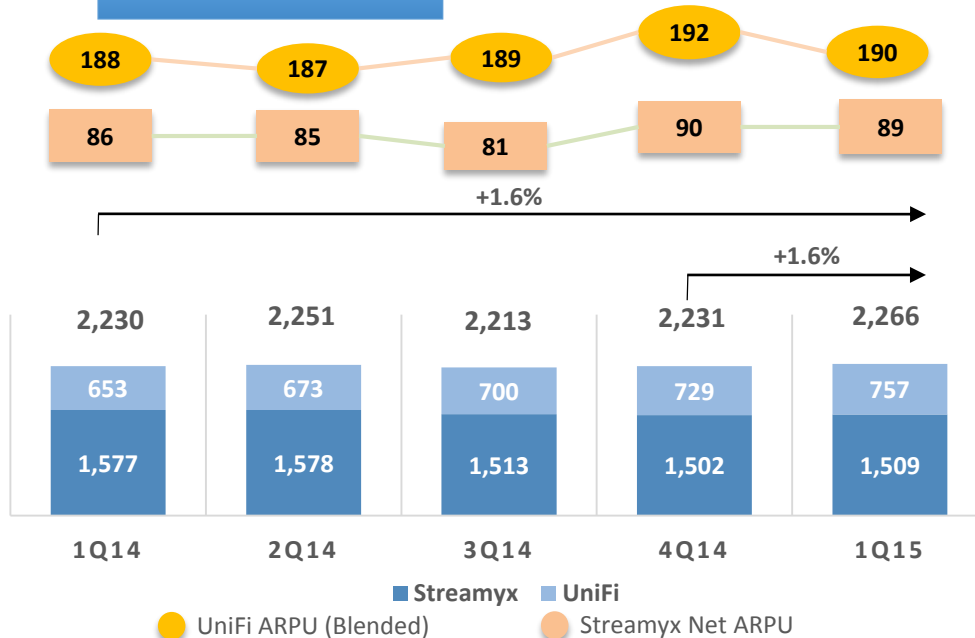
- 73.1% higher YoY
- Higher revenue at UTSB

Physical Highlights

Broadband

ARPU (RM)

Customers (In thousand)

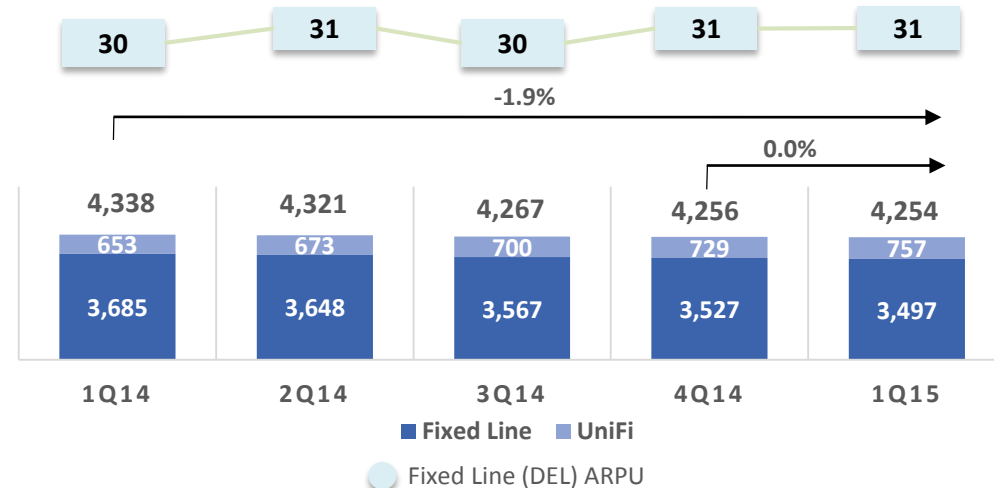


- 1.6% total broadband customers growth
- Strong Unifi take-up – 28K net adds QoQ
- Stable ARPU

Fixed Line

ARPU (RM)

Customers (In thousand)



- DEL ARPU stable at RM31

The background of the slide is an aerial photograph of the TM Tower in Kuala Lumpur, Malaysia. The tower is a tall, modern skyscraper with a distinctive triangular top and a large circular observation deck. The city of Kuala Lumpur is visible in the background, with a mix of urban development and greenery.

Performance Overview

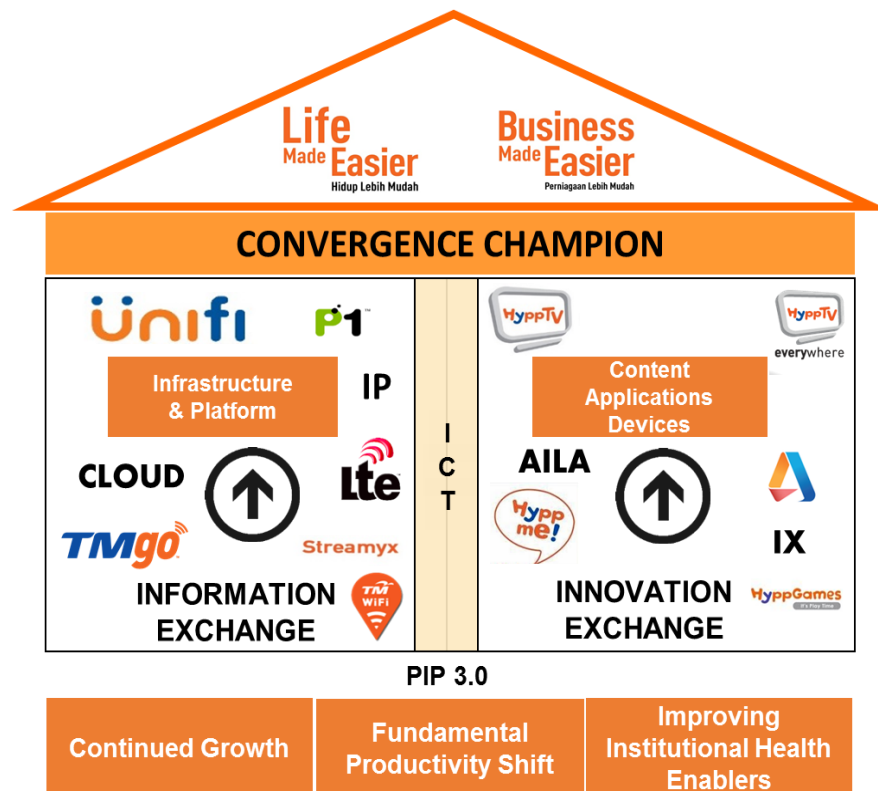
Financial Review

Operating Highlights

Concluding Remarks

- Operating revenue grew by 5.9% YoY
- Strong Internet, Others & Data growth
- EBIT lower at RM243.4mn due to higher operating cost
- Capex/Revenue ratio at 9.3%
- Broadband Champion:
 - 757,000 Unifi customers
 - 46% take-up rate
 - Stable ARPU

CONVERGENCE CHAMPION delivering LIFE and BUSINESS MADE EASIER



Appendices

Normalised EBITDA



In RM mn	1Q15	4Q14	1Q14
Reported EBITDA	847.6	960.4	896.7
Non Operational			
FX (Gain)/Loss on International trade settlement	0.4	(7.6)	(1.2)
Loss on Sale of Assets	0.2	0.1	0.2
Negative Goodwill on acquisition of a new subsidiary	-	-	(21.9)
MESRA Programme	-	111.2	-
Estimated cost and asset write-off due to flood	-	6.4	-
Normalised EBITDA	848.2	1,070.5	873.8
Normalised EBITDA Margin	30.2%	33.5%	33.0%
Reported EBITDA Margin	30.2%	30.1%	33.6%

EBITDA is calculated as Total Revenue (Operating Revenue + Oth. Operating Income) less Operating Cost (Exc. Depreciation, Amortisation & Impairment).

EBITDA Margin is calculated as percentage of EBITDA against Total Revenue

Normalised EBITDA Margin is calculated as percentage of Normalised EBITDA against Normalised Total Revenue (Operating Revenue + Oth. Operating Income – Loss on Sale of Assets – Negative Goodwill on acquisition of a new subsidiary)

Normalised PATAMI



In RM mn	1Q15	4Q14	1Q14
Reported PATAMI	128.9	218.3	210.6
Non Operational			
FX (Gain)/Loss on International trade settlement	0.4	(7.6)	(1.2)
Other (Gain)/Losses & Impairment*	0.8	1.8	0.7
Unrealised FX (Gain)/Loss on Long Term loans	41.2	43.2	(2.9)
Impact of tax rate changes	-	3.9	-
Negative Goodwill on acquisition of a new subsidiary	-	-	(21.9)
MESRA Programme (Net of tax)	-	83.4	-
Estimated cost and assets write-off due to flood (Net of tax)	-	7.2	-
Normalised PATAMI	171.3	350.2	185.3

** Comprise of fair value (FV) changes of FVTPL (FV through P&L) investment gain/loss on disposal for AFS (available for sale) investments and gain/loss Sale of Assets*

Cost % of Revenue

	1Q15	4Q14	1Q14	Comments (1Q2015 vs. 1Q2014)
Operating Revenue (RM mil)	2,774.1	3,157.3	2,620.0	-
Other Operating Income (RM mil)	32.4	37.6	50.2	-
Direct Costs %	17.9	17.2	16.8	Higher international outbound, content cost, USP contribution and consolidation of P1
RM mil.	502.3	548.6	447.8	
Manpower %	22.6	19.3	22.4	Higher salaries (increments)
RM mil.	633.1	615.1	599.4	
Supplies & Materials %	6.0	8.0	5.7	Higher cable cost and subscriber equipment for customer projects
RM mil.	167.1	255.7	152.3	
Bad & Doubtful Debts %	2.0	3.3	1.4	Higher due to revised impairment rates at TM SME, additional provision at G&W
RM mil.	57.3	104.8	36.4	
Marketing Expenses %	3.2	3.1	3.0	Higher A&P from consolidation of P1, higher commission
RM mil.	89.1	98.6	78.8	
Maintenance Cost %	7.2	8.0	6.8	Higher mainly at Managed Accounts
RM mil.	202.9	256.8	181.1	
Other Operating Costs %	10.9	11.1	10.4	Higher rental charges, communications charges and customer projects
RM mil.	307.1	354.9	277.7	
Depreciation & Amortisation %	21.5	19.8	21.7	Lower as % of revenue but higher absolute mainly due to consolidation of P1
RM mil.	604.2	631.0	579.9	
Total (RM mil)	2,563.1	2,865.5	2,353.4	-
Total (%)	91.3	89.7	88.1	-

Note : Except 1Q14, all figures stated shall be inclusive of P1

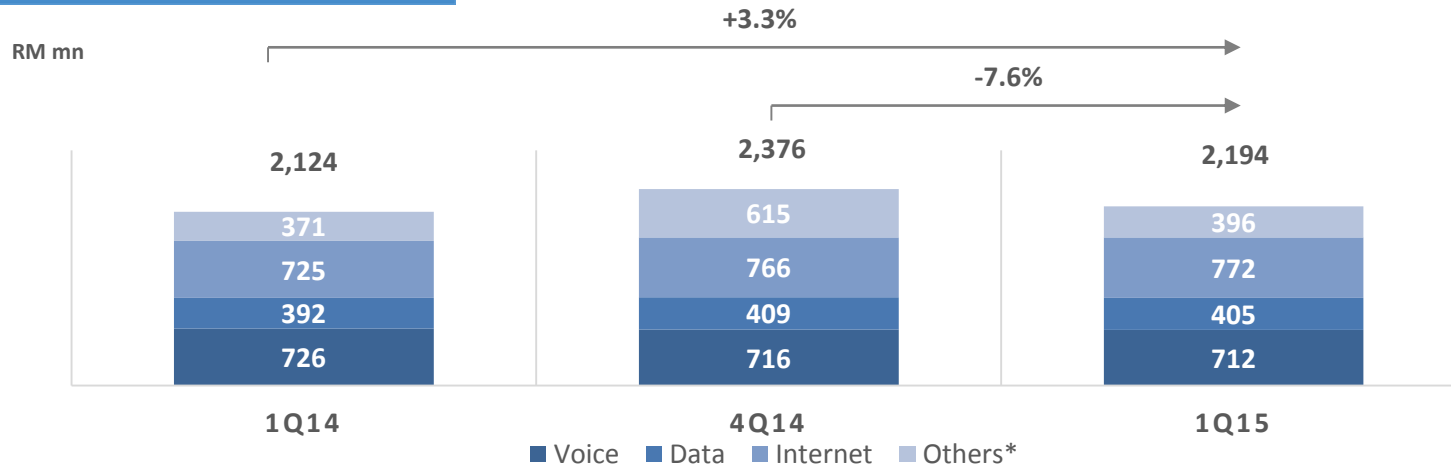
Group Balance Sheet



RM Million	At as 31 Mar 2015	As at 31 Dec 2014
Shareholders' Funds	7,715.0	7,571.1
Non-Controlling Interests	375.8	388.8
Deferred & Long Term Liabilities	9,847.4	9,806.1
<i>Long Term Borrowings</i>	<i>6,317.6</i>	<i>6,251.4</i>
<i>Deferred Tax</i>	<i>1,286.8</i>	<i>1,258.0</i>
<i>Deferred Income</i>	<i>1,797.0</i>	<i>1,823.1</i>
<i>Derivative financial instruments</i>	<i>331.5</i>	<i>337.8</i>
<i>Trade and other payables</i>	<i>114.5</i>	<i>135.8</i>
	17,938.2	17,766.0
Current Assets	6,886.6	6,481.2
<i>Trade Receivables</i>	<i>2,621.6</i>	<i>2,237.2</i>
<i>Other Receivables</i>	<i>663.4</i>	<i>588.1</i>
<i>Cash & Bank Balances</i>	<i>2,897.5</i>	<i>2,985.8</i>
<i>Others</i>	<i>704.1</i>	<i>670.1</i>
Current Liabilities	5,051.2	4,857.2
<i>Trade and Other Payables</i>	<i>3,386.4</i>	<i>3,605.2</i>
<i>Short Term Borrowings</i>	<i>498.5</i>	<i>197.0</i>
<i>Others</i>	<i>1,166.3</i>	<i>1,055.0</i>
Net Current Assets/(Liabilities)	1,835.4	1,624.0
Property Plant & Equipment	14,477.0	14,785.1
Other Non-Current Assets	1,625.8	1,356.9
	17,938.2	17,766.0

Mass Market & Managed Accounts

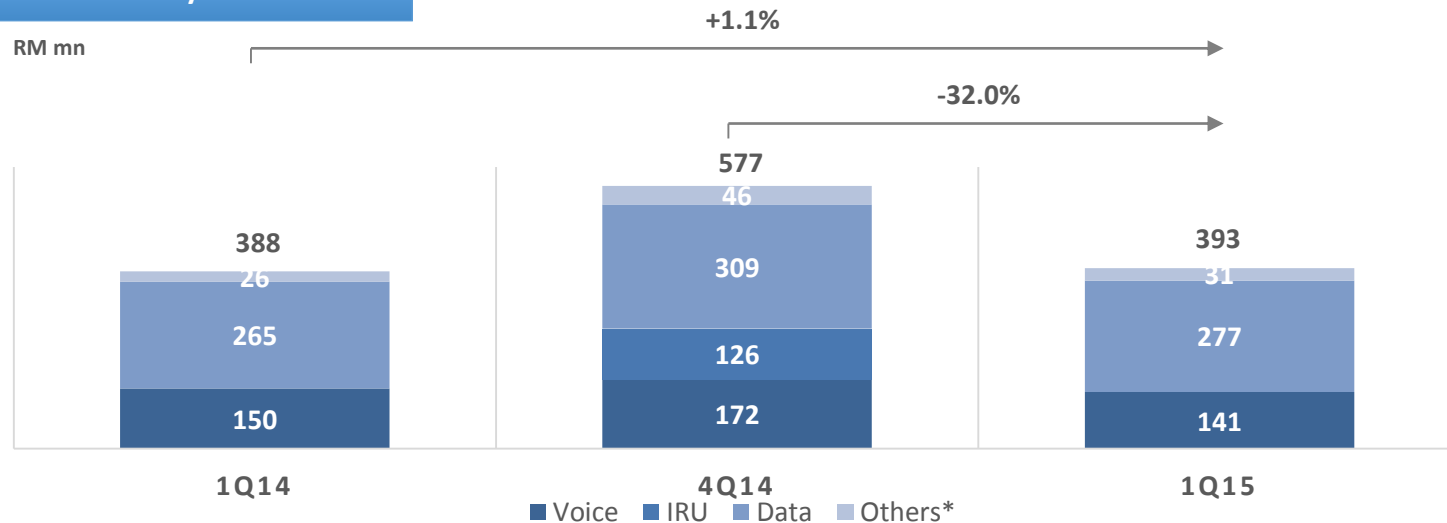
Revenue by Product



Note: Total revenue is after inter-co elimination. Revenue of product is before inter-co elimination *Others comprise other telco and non-telco services (i.e ICT-BPO, MMU tuition fees, customer projects)

Global & Wholesale

Revenue by Product



Note: Total revenue is after inter-co elimination. Revenue of product is before inter-co elimination *Others include Internet

New Broadband Packages

Streamyx

RM38/month

- ☐ Speed: 1 Mbps
- ☐ Quota: 1 GB per month
- ☐ 12 months
- ☐ Free modem
- ☐ Launch date: 16 June 2015

Unifi

RM179/month

- ☐ Speed: 10 Mbps
- ☐ Quota: unlimited
- ☐ 24 months
- ☐ Free CPE
- ☐ Free HyppTV FTA channels
- ☐ Launch date: 15 July 2015

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CHOOSE	GET	YOU PAY	YOU'LL ENJOY
Aneka Pack / Ruby Pack / Varnam Pack	NEW UniFi 30Mbps	RM 210. ⁹⁴ /mth	<ul style="list-style-type: none"> HyppTV Everywhere on 2 devices HyppTV Set-Up Box (STB) DECT phone Residential Gateway (RG)
Jumbo Pack	NEW UniFi 30Mbps	RM 242. ⁷⁴ /mth	<ul style="list-style-type: none"> TM WiFi ID HyppTV Set-Up Box (STB) Residential Gateway (RG)

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- Speed upgrade 50Mbps

RM 53.00/mth

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- Quota 5GB
- FREE Registration & Activation
- Inclusive of UH235 modem

RM 30.74/mth

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