



3Q 2014 RESULTS

ANALYST BRIEFING

26 November 2014

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❖ Performance Overview

- ❖ Financial review

- ❖ Operating highlights

- ❖ Concluding remarks

Key Highlights YTD Sept 2014 vs. YTD Sept 2013

Revenue grew 5.6% to RM8.1bn,
driven by Internet & Other Telecommunications revenue

Reported EBIT lower by 2.8% to RM964.9mn

Reported PBT 15.7% higher, at RM851.8mn

Total capex/revenue ratio: 11.7% vs 14.5% in YTD Sept 2013

Broadband customers at 2.2mn

Key Highlights 3Q2014 vs. 3Q2013

Financial Performance

- Operating revenue higher by 1.0%, to RM2.6bn
- Reported EBIT lower by 15.3%, to RM309.2mn; Normalised EBIT lower by 12.7%, to RM305.6mn
- Reported PBT lower by 0.8%, to RM262.8mn; Normalised PBT lower by 9.8%, to RM265.6mn

Key Operating Indicators

- Internet revenue increased by 4.2% to RM713.9mn due to higher Unifi customer base as well as HyppTV content
- Data revenue lower by 7.8% to RM585.6mn due to lower IRU revenue at G&W
- Others revenue higher by 31.9% to RM524.3mn due to higher customer projects
- UniFi customer base up 15.3% to close to 700,000 customers

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Group Results YTD Sept 2014



RMmn

	Reported							
	3Q14	2Q14	% Change QoQ	3Q13	% Change YoY	YTD Sept 14	YTD Sept 13	% Change YTD vs YTD
Revenue	2,636.0	2,821.8	-6.6	2,610.5	+1.0	8,077.8	7,648.9	+5.6
Other Operating Income	36.0	30.5	+18.0	32.5	+10.8	116.7	85.7	+36.2
EBITDA	879.4	899.1	-2.2	906.3	-3.0	2,675.2	2,573.6	+3.9
Depn & Amort.	570.2	560.2	+1.8	541.4	+5.3	1,710.3	1,580.9	+8.2
EBIT	309.2	338.9	-8.8	364.9	-15.3	964.9	992.7	-2.8
Other Gains / (Loss)	8.2	(1.2)	+>100.0	(0.5)	+>100.0	6.5	2.4	+>100.0
Net Finance Cost*	41.2	37.4	+10.2	59.5	-30.8	119.1	165.5	-28.0
FX (Gain) / Loss	14.7	(7.1)	->100.0	43.8	+66.4	4.7	96.5	+95.1
Profit Before Tax (PBT)	262.8	309.4	-15.1	264.9	-0.8	851.8	736.3	+15.7
PATAMI	188.8	214.1	-11.8	240.9	-21.6	613.5	668.0	-8.2
Normalised PATAMI	191.6	214.1	-10.5	270.3	-29.1	590.9	748.8	-21.1

Note: For Normalised EBIT and Normalised PBT refer Slides 8 and 9

*Excludes FX (Gain)/Loss

Normalised EBIT

Normalised EBIT lower by 3.6% vs YTD Sept 2013

In RM mn	3Q14	2Q14	3Q13	YTD Sept 14	YTD Sept 13
Reported EBIT	309.2	338.9	364.9	964.9	992.7
Non Operational					
FX (Gain)/Loss on International trade settlement	(3.6)	5.8	(15.1)	0.9	(13.8)
Loss on Sale of Assets	-	0.1	0.2	0.3	0.5
Negative Goodwill on acquisition of a new subsidiary	-	-	-	(21.9)	-
Normalised EBIT	305.6	344.8	350.0	944.2	979.4
Normalised EBIT Margin	11.4%	12.1%	13.2%	11.6%	12.7%
Reported EBIT Margin	11.6%	11.9%	13.8%	11.8%	12.8%

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

Higher Normalised PBT by 1.5% vs YTD Sept 2013

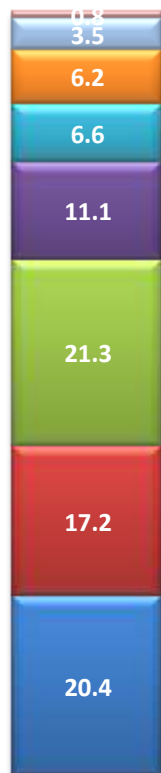
In RM mn	3Q14	2Q14	3Q13	YTD Sept 14	YTD Sept 13
Reported PBT	262.8	309.4	264.9	851.8	736.3
Non Operational					
FX (Gain)/Loss on International trade settlement	(3.6)	5.8	(15.1)	0.9	(13.8)
Other (Gain)/Losses & Impairment*	(8.2)	1.3	0.7	(6.2)	(1.9)
Unrealised FX (Gain)/Loss on Long Term loans	14.6	(7.1)	43.8	4.6	96.5
Negative Goodwill on acquisition of a new subsidiary	-	-	-	(21.9)	-
Normalised PBT	265.6	309.4	294.3	829.2	817.1

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

RM mn

RM6,741.9

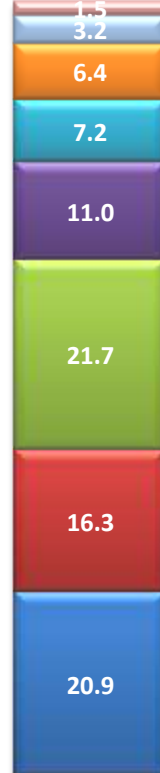
87.2%



YTD13

RM7,229.6

88.2%



YTD14

Total Cost / Revenue (%)

% of Revenue

- Bad Debt
- Marketing Expenses
- Supplies & material
- Maintenance Cost
- Other operating cost
- Manpower cost
- Direct cost
- Dep & Amortisation

YTD Sept 2014 vs. YTD Sept 2013

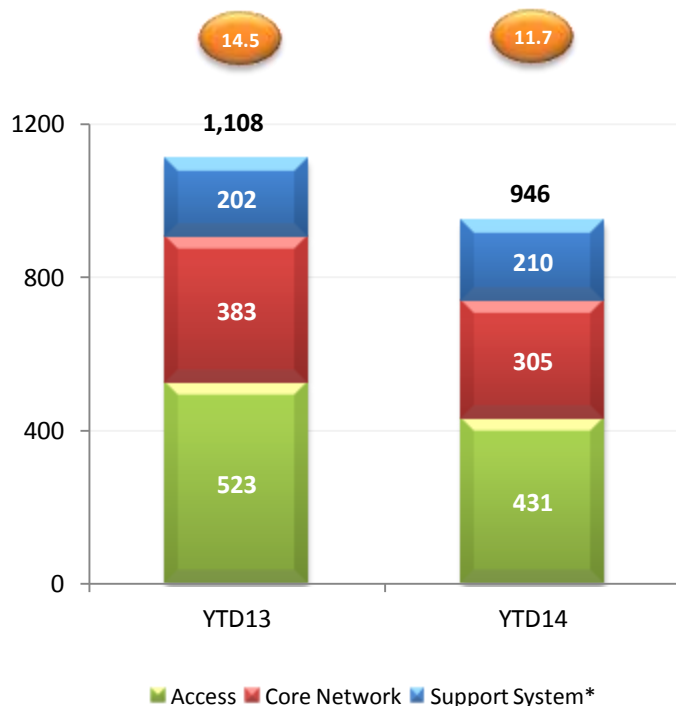
- Higher Bad Debt due to tighter credit treatment policy
- Higher Maintenance due to higher customer projects in line with higher revenue
- Lower Direct cost due to lower international outpayment and interconnect outpayment
- Higher D&A due to impact of accelerated depreciation for USP assets as well as higher asset base

(Please refer to Appendix for quarterly details & breakdown)

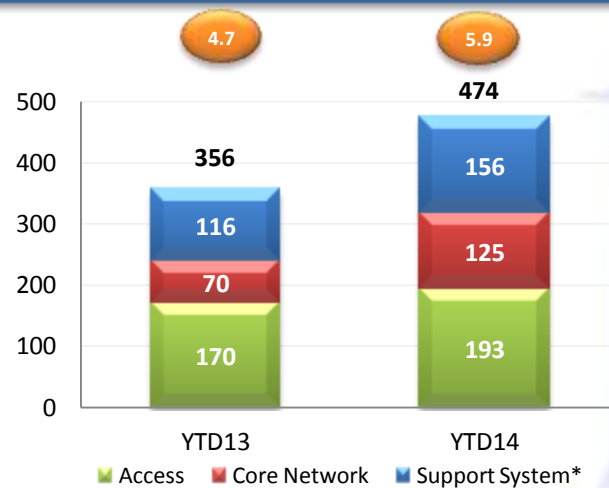
¹ Revenue = Operating Revenue + Other Operating Income
Note: The classification of cost is as per financial reporting

Total Capex

RM mn

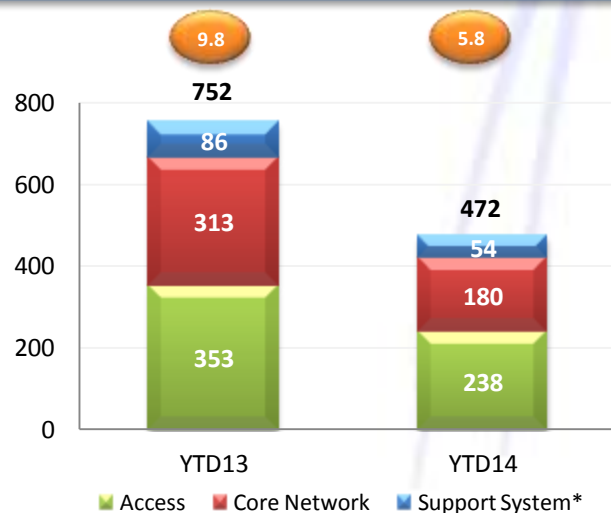


BAU Capex



Note : BAU – Business As Usual

HSBB Capex



*Include Application, Support System & Others (building, land improvement, moveable plants, application & other assets)

Group Cash Flow & Key Financial Ratios

RM mn	YTD Sept 14	YTD Sept 13
Cash & cash equivalent at start	2,514.5	3,738.3
Cashflows from operating activities	1,809.0	1,167.2
Cashflows used-in investing activities	(1,605.1)	(1,597.0)
Capex	946.0	1,108.0
Cashflows from financing activities	(1,035.3)	(128.7)
Effect of exchange rate changes	(0.3)	(2.1)
Cash & cash equivalent at end	1,682.8	3,177.7
Free cash-flow (EBITDA – Capex)	1,729.2	1,465.6

	30 Sept 14	31 Dec 13		30 Sept 14	31 Dec 13
Return on Invested Capital ¹	6.98%	7.68%	Gross Debt to EBITDA	1.70	1.92
Return on Equity ²	11.13%	14.80%	Net Debt/EBITDA	1.11	1.04
Return on Assets ¹	5.96%	6.27%	Gross Debt/ Equity	0.81	0.90
Current Ratio	1.23	0.99	Net Debt/ Equity	0.57	0.55
WACC	7.30%	6.67%	Net Assets/Share (sen)	191.3	199.5

¹ Based on Normalised EBIT
² Based on Normalised PATAMI

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❖ Performance Overview

❖ Financial review

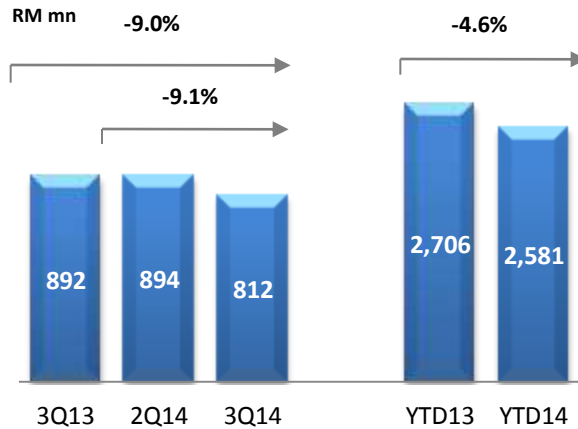
❖ Operating highlights

❖ Concluding remarks

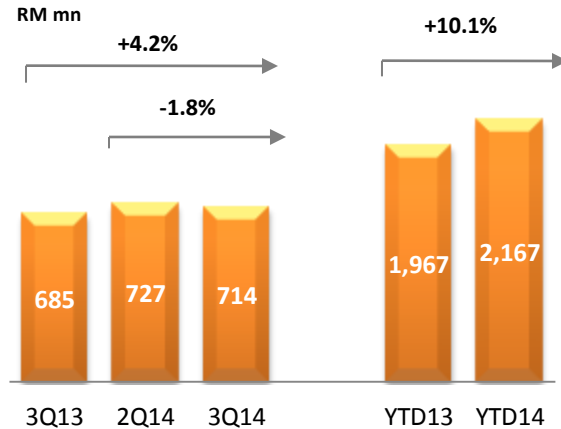
Group Total Revenue by Product

**YTD growth led by Internet and Others;
Non-voice revenue 68% of Group**

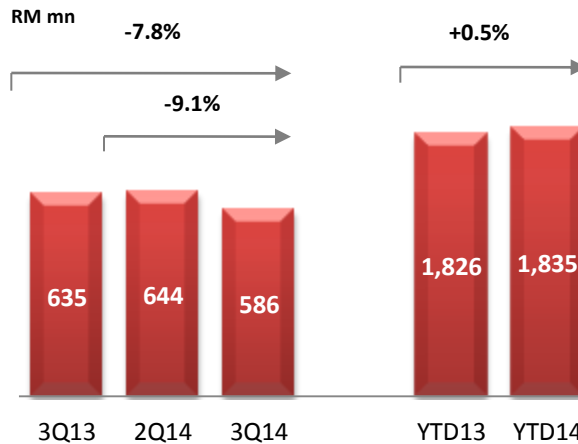
Voice



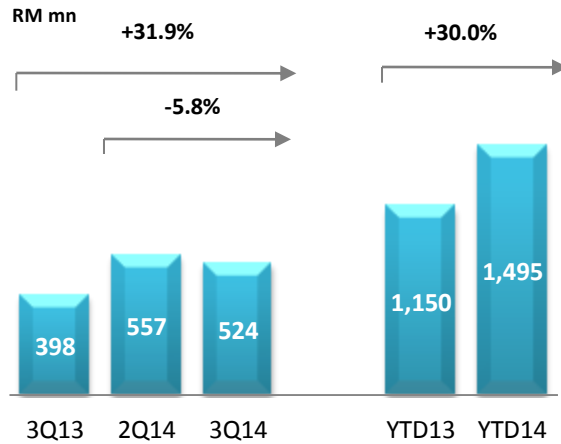
Internet



Data



Others*

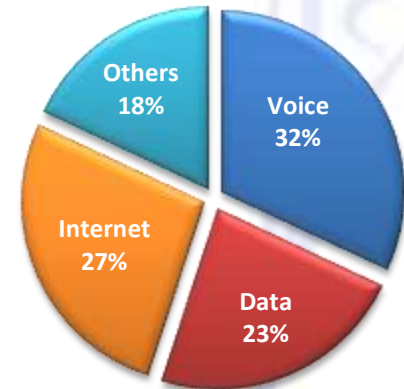


*Others comprise other telco and non-telco services
(i.e ICT-BPO, MMU tuition fees, customer projects)

RM mn

RM8,078mn

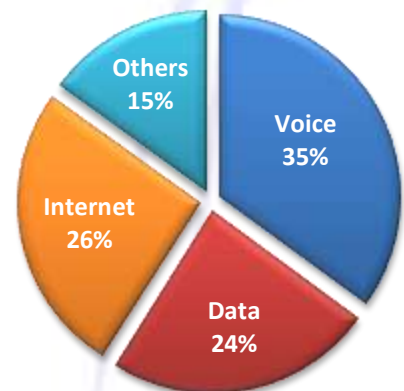
YTD14



RM mn

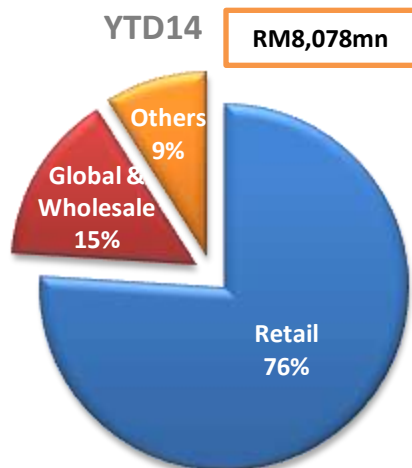
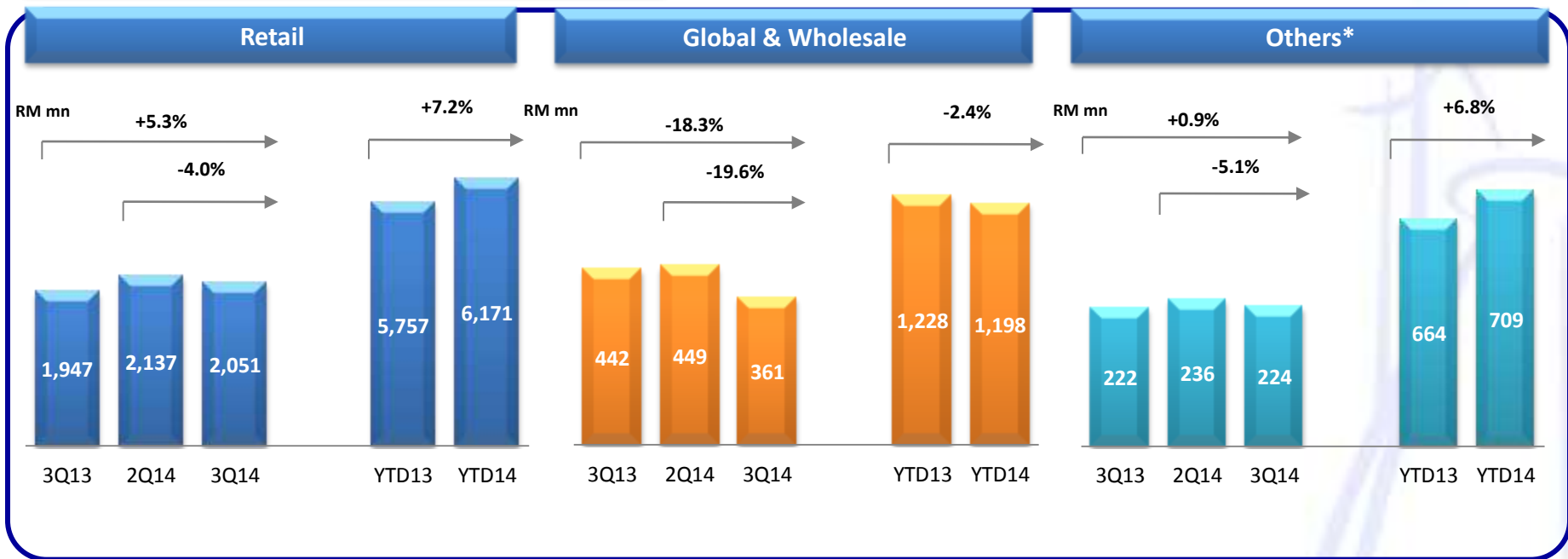
RM7,649mn

YTD13

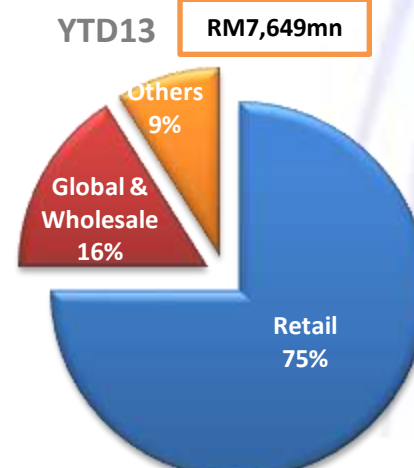


Group Total Revenue by Line of Business

Growth in both Mass Market & Managed Account



Retail (C+S+E+G): 76%



Retail (C+S+E+G): 75%

Physical Highlights

Higher total broadband customers despite cleanup of Streamyx in 3Q2014

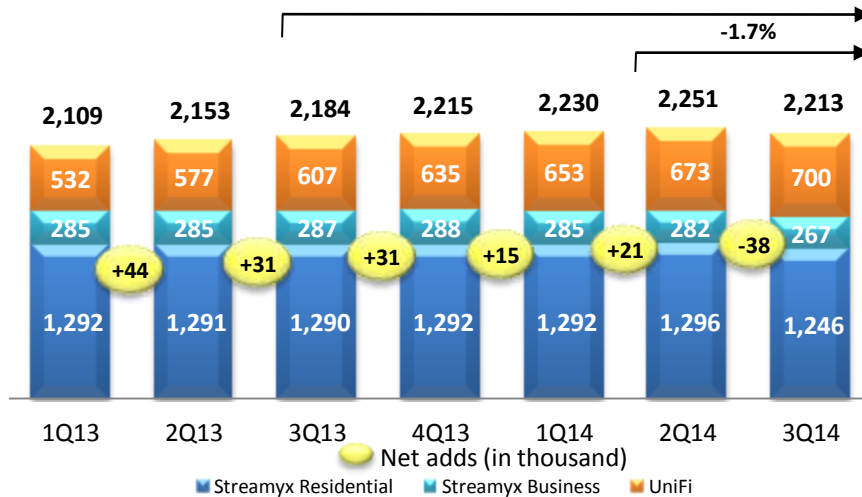


Broadband Customer Growth

In thousand

+1.3%

-1.7%

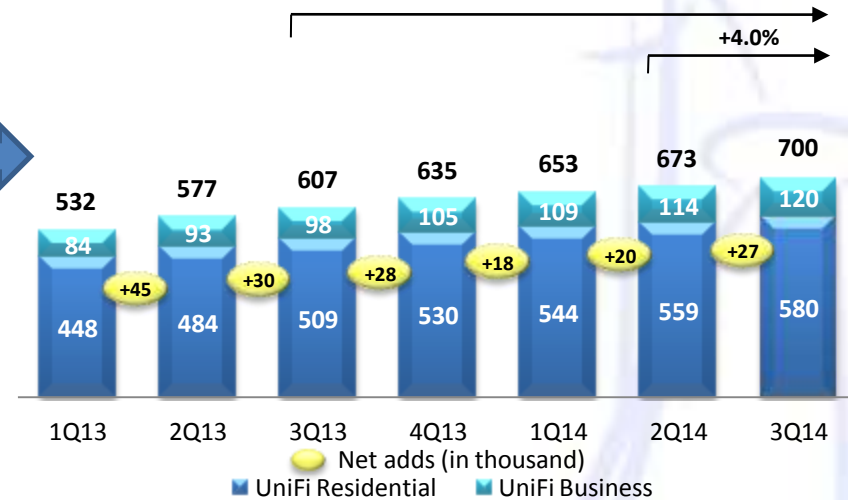


UniFi

In thousand

+15.3%

+4.0%

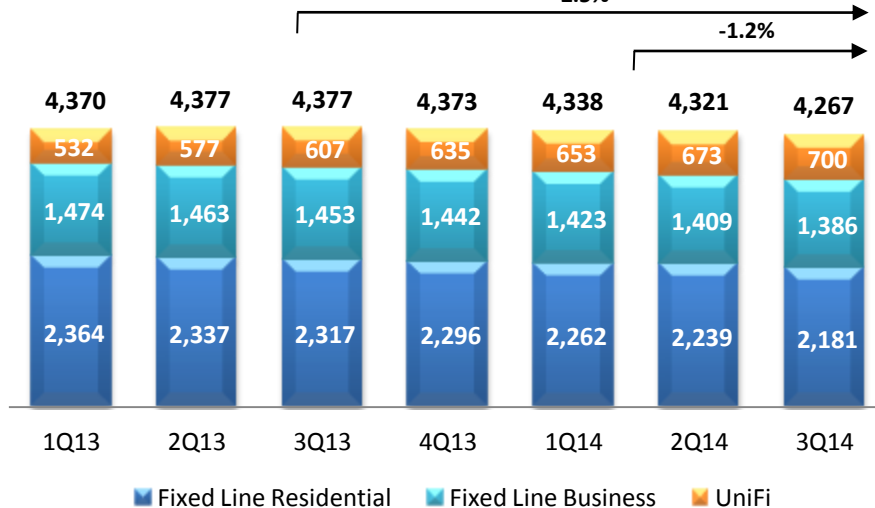


Fixed Line Customer Growth

In thousand

-2.5%

-1.2%



ARPU

ARPU (RM)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Fixed Line (DEL)*	31	32	31	33	30	31	30
Streamyx Broadband**	80	82	83	85	86	85	81
UniFi***	178	180	183	185	188	187	189

*Call Usage Only ** Streamyx Net ARPU *** Blended ARPU

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Key Takeaways

Financial Performance

- TM Group operating revenue up by 5.6% vs. YTD Sept 2013
- Reported EBIT lower by 2.8%, to RM964.9mn
- Reported PBT increased by 15.7% to RM851.8mn
- Capex/Revenue ratio at 11.7%

Broadband Champion

- Total broadband customer YTD growth despite cleanup of Streamyx customers
- UniFi remains strong: close to 700,000 customers as at YTD Sept 2014, more than 712,000 at present
- Increased HyppTV content takeup
- Improved Unifi ARPU

Information & Innovation Exchange

- Towards true convergence:
 - Completion of investment in P1 on 30th September 2014
 - New Board of Directors and Management appointed

Appendices

Normalised EBITDA

Higher EBITDA due to higher revenue

In RM mn	3Q14	2Q14	3Q13	YTD Sept 14	YTD Sept 13
Reported EBITDA	879.4	899.1	906.3	2,675.2	2,573.6
Non Operational					
FX (Gain)/Loss on International trade settlement	(3.6)	5.8	(15.1)	0.9	(13.8)
Loss on Sale of Assets	-	0.1	0.2	0.3	0.5
Negative Goodwill on acquisition of a new subsidiary	-	-	-	(21.9)	-
Normalised EBITDA	875.8	905.0	891.4	2,654.5	2,560.3
Normalised EBITDA Margin	32.8%	31.7%	33.7%	32.5%	33.1%
Reported EBITDA Margin	32.9%	31.5%	34.3%	32.6%	33.3%

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

Higher tax expense from absence of HSBB incentive

In RM mn	3Q14	2Q14	3Q13	YTD Sept 14	YTD Sept 13
Reported PATAMI	188.8	214.1	240.9	613.5	668.0
Non Operational					
FX (Gain)/Loss on International trade settlement	(3.6)	5.8	(15.1)	0.9	(13.8)
Other (Gain)/Losses & Impairment*	(8.2)	1.3	0.7	(6.2)	(1.9)
Unrealised FX (Gain)/Loss on Long Term loans	14.6	(7.1)	43.8	4.6	96.5
Negative Goodwill on acquisition of a new subsidiary	-	-	-	(21.9)	-
Normalised PATAMI**	191.6	214.1	270.3	590.9	748.8

•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

**Current year tax incentives: YTD Sept 14: Nil, YTD Sept 13: RM162.8mil (HSBB tax incentive expired in Sept 13)

Cost % of Revenue

	3Q14	2Q14	3Q13	YTD Sept 14	YTD Sept 13	Comments (YTD2014 vs. YTD2013)
Operating Revenue (RM mil)	2,636.0	2,821.8	2,610.5	8,077.8	7,648.9	-
Other Operating Income (RM mil)	36.0	30.5	32.5	116.7	85.7	-
Direct Costs %	16.1	16.0	18.4	16.3	17.2	Lower % of revenue due to lower international outpayment and interconnect outpayment
RM mil.	431.5	455.8	485.5	1,335.1	1,333.4	
Manpower %	20.5	22.1	20.3	21.7	21.3	Higher salaries, and staff benefits
RM mil.	547.1	631.6	536.7	1,778.1	1,646.0	
Supplies & Materials %	7.1	6.5	6.3	6.4	6.2	Higher cable cost and cost of sale
RM mil.	189.9	184.1	167.5	526.3	480.9	
Bad & Doubtful Debts %	1.1	2.0	0.8	1.5	0.8	Higher due to tighter credit treatment policy
RM mil.	30.1	57.6	21.6	124.1	62.7	
Marketing Expenses %	3.3	3.3	3.2	3.2	3.5	Lower A&P spend
RM mil.	88.6	95.5	84.4	262.9	268.4	
Maintenance Cost %	7.7	7.1	6.5	7.2	6.6	Higher customer projects
RM mil.	206.4	202.0	172.6	589.5	508.7	
Other Operating Costs %	11.2	11.5	10.2	11.0	11.1	Higher absolute cost due to electricity cost and professional fees
RM mil.	299.0	326.6	268.4	903.3	860.9	
Depreciation & Amortisation %	21.3	19.6	20.5	20.9	20.4	Higher due to accelerated depreciation of USP assets and higher asset base
RM mil.	570.2	560.2	541.4	1,710.3	1,580.9	
Total (RM mil)	2,362.8	2,513.4	2,278.1	7,229.6	6,741.9	-
Total (%)	88.4	88.1	86.2	88.2	87.2	-

Group Balance Sheet

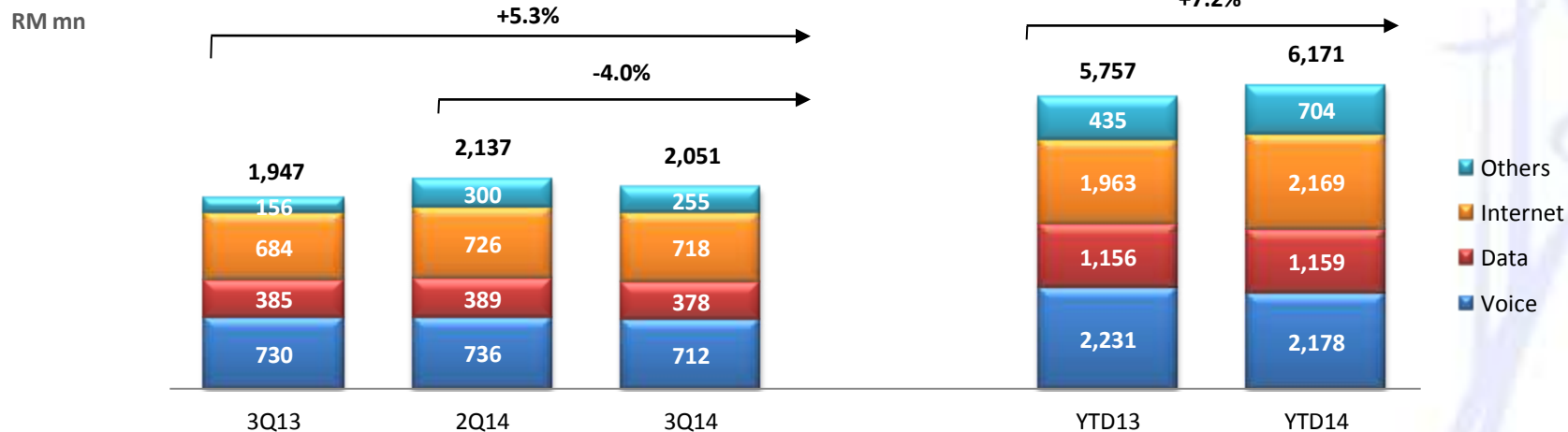
RM Million	As at 30 Sept 2014	As at 31 Dec 2013
Shareholders' Funds	7,016.3	7,136.7
Non-Controlling Interests	342.3	162.6
Deferred & Long Term Liabilities	9,253.0	8,076.7
<i>Long Term Borrowings</i>	<i>5,596.7</i>	<i>4,865.0</i>
<i>Deferred Tax</i>	<i>1,286.1</i>	<i>1,151.0</i>
<i>Deferred Income</i>	<i>1,894.3</i>	<i>1,999.5</i>
<i>Derivative financial instruments**</i>	<i>335.8</i>	<i>51.4</i>
<i>Trade and other payables</i>	<i>140.1</i>	<i>9.8</i>
	<u>16,611.6</u>	<u>15,376.0</u>
Current Assets	5,509.6	5,722.2
<i>Trade Receivables</i>	<i>2,370.0</i>	<i>1,847.7</i>
<i>Other Receivables</i>	<i>512.8</i>	<i>440.9</i>
<i>Cash & Bank Balances</i>	<i>1,698.3</i>	<i>2,514.9</i>
<i>Others</i>	<i>928.5</i>	<i>918.7</i>
Current Liabilities	4,463.0	5,770.5
<i>Trade and Other Payables</i>	<i>2,976.5</i>	<i>3,172.8</i>
<i>Short Term Borrowings</i>	<i>88.9</i>	<i>1,590.2</i>
<i>Others</i>	<i>1,397.6</i>	<i>1,007.5</i>
Net Current Assets/(Liabilities)*	1,046.6	(48.3)
Property Plant & Equipment	14,422.5	14,572.0
Other Non-Current Assets	<i>1,142.5</i>	<i>852.3</i>
	<u>16,611.6</u>	<u>15,376.0</u>

*Due to reclassification of long term debt due within the next 12 months to current liability (RM1.5bn)

** Includes the put option obligation (RM267.6m) to buy Non Controlling Interest shares

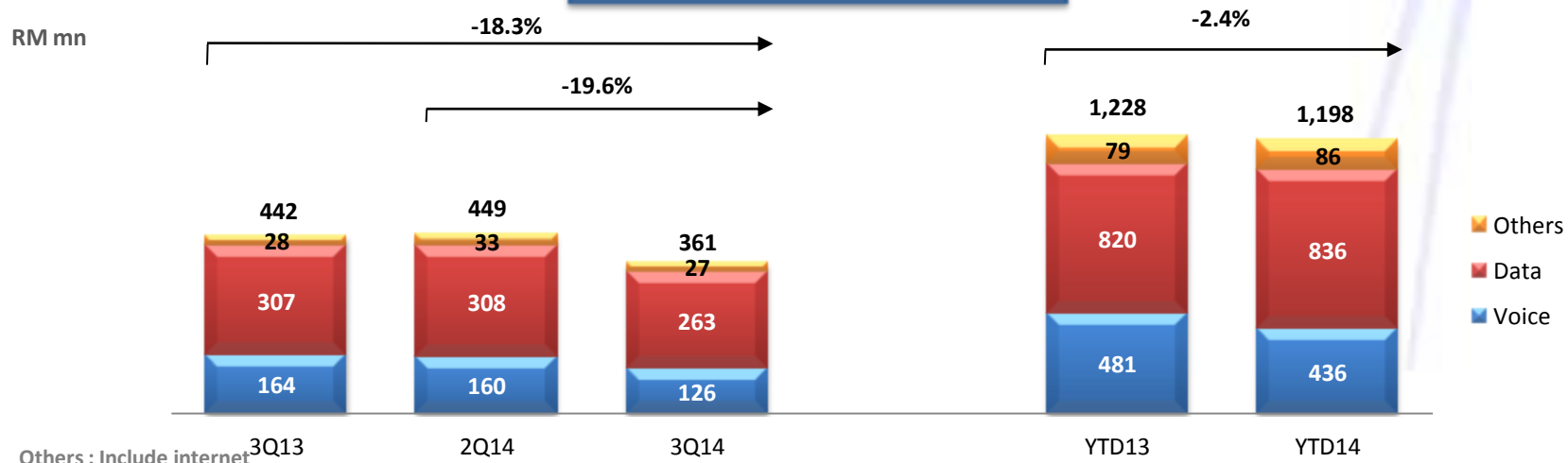
RETAIL

Revenue by Product



GLOBAL & WHOLESALE

Revenue by Product



THANK YOU

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