

FY 2017 RESULTS

Analyst Briefing

27 February 2018

Life
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Easier™



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- 1 Performance Overview**
- 2 Operating Highlights**
- 3 Concluding Remarks**



- Brand consolidation at unifi, reorganization of TM ONE
- #BEBAS plan launched
- Digital empowerment



FY 2017 Highlights

- FY 2017 revenue at RM12.09bn
- Healthy Reported PATAMI growth of 19.8% at RM929.7mn; Normalised PATAMI growth of 1.8% at RM863.2mn
- Reported EBIT was down 5.3% at RM1.1bn due to higher operating expenses and forex loss. Excluding forex loss, Normalised EBIT was at RM1.2bn
- 9.8% TM Household penetration of unifi mobile
- Sustained Customer Satisfaction – surpassed our TRIM index target of 73
- Second interim dividend of 12.1 sen per share; totaling 21.5 sen for FY2017 or RM808.0mn, in line with Dividend Commitment

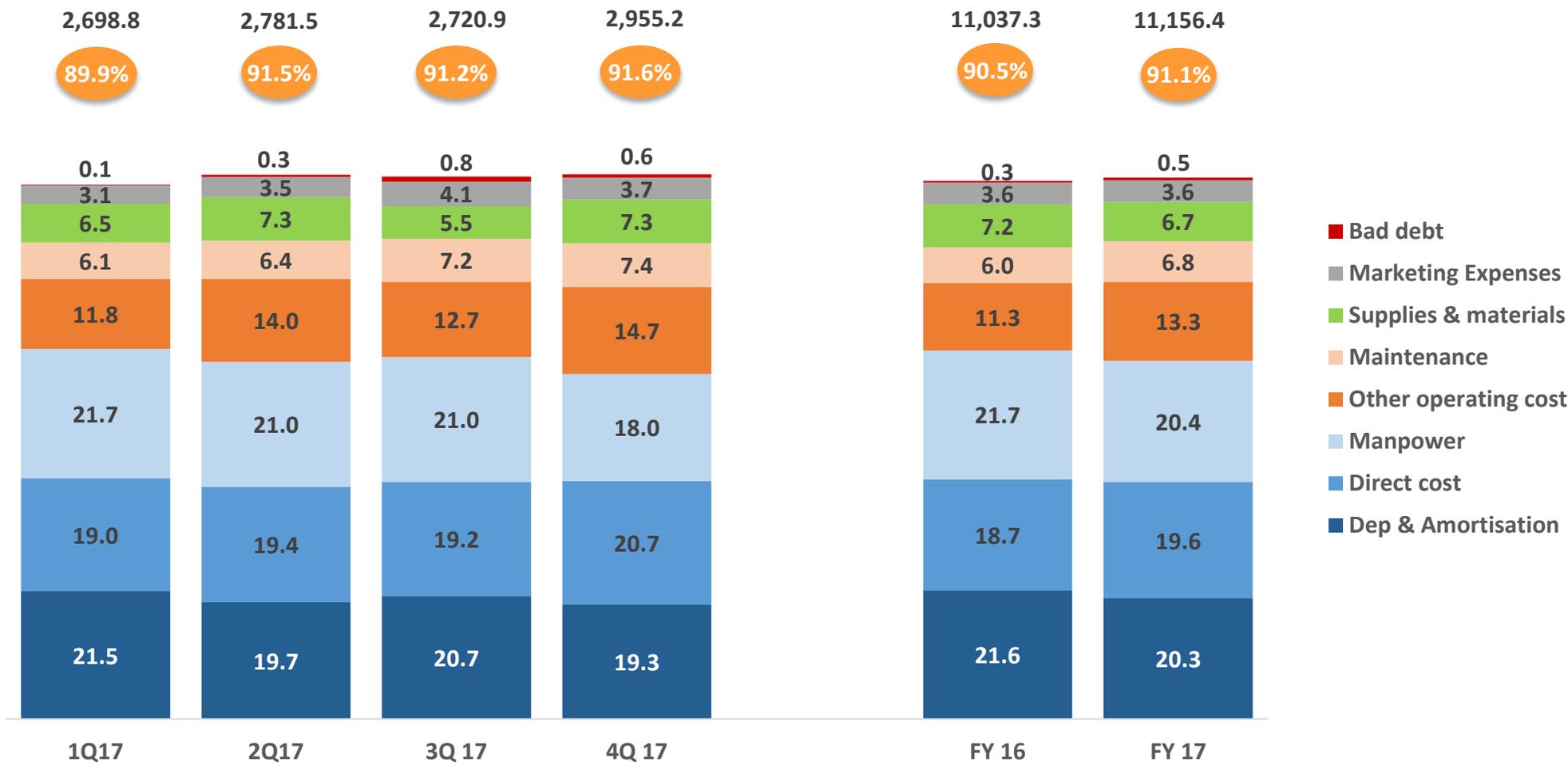
RM mn	Reported							
	4Q17	3Q17	% Change QoQ	4Q16	% Change YoY	FY17	FY16	% Change YTD
Revenue	3,199.9	2,940.4	+8.8%	3,237.0	-1.1%	12,085.1	12,060.9	+0.2%
Other Operating Income	25.6	42.0	-39.0%	29.3	-12.6%	164.0	130.4	+25.8%
EBITDA	893.5	878.7	+1.7%	970.9	-8.0%	3,576.4	3,788.6	-5.6%
Normalised EBITDA	922.3	889.1	+3.7%	985.3	-6.4%	3,671.1	3,820.0	-3.9%
Depn & Amort.	623.2	617.2	+1.0%	685.0	-9.0%	2,483.7	2,634.6	-5.7%
EBIT	270.3	261.5	+3.4%	285.9	-5.5%	1,092.7	1,154.0	-5.3%
Normalised EBIT	299.1	271.9	+10.0%	300.3	-0.4%	1,187.4	1,185.4	+0.2%
Other Gains / (Losses)	14.0	(1.9)	+>100.0%	0.9	+>100.0%	8.5	47.2	-82.0%
Net Finance Cost*	56.8	58.9	-3.6%	62.7	-9.4%	255.3	225.4	+13.3%
FX Gain / (Loss)	74.8	27.0	+>100.0%	(120.5)	+>100.0%	174.5	(86.7)	+>100.0%
Profit Before Tax (PBT)	307.6	235.5	+30.6%	110.6	+>100.0%	1,048.0	918.5	+14.1%
PATAMI	277.0	211.8	+30.8%	154.3	+79.5%	929.7	776.0	+19.8%
Normalised PATAMI	222.0	203.4	+9.1%	269.9	-17.7%	863.2	847.9	+1.8%

*Excludes FX Gain/(Loss)

Cost % Revenue¹

Higher opex in line with unifi mobile expansion

RM mn



Total Cost / Revenue (%) ●

¹ Revenue = Operating Revenue + Other Operating Income

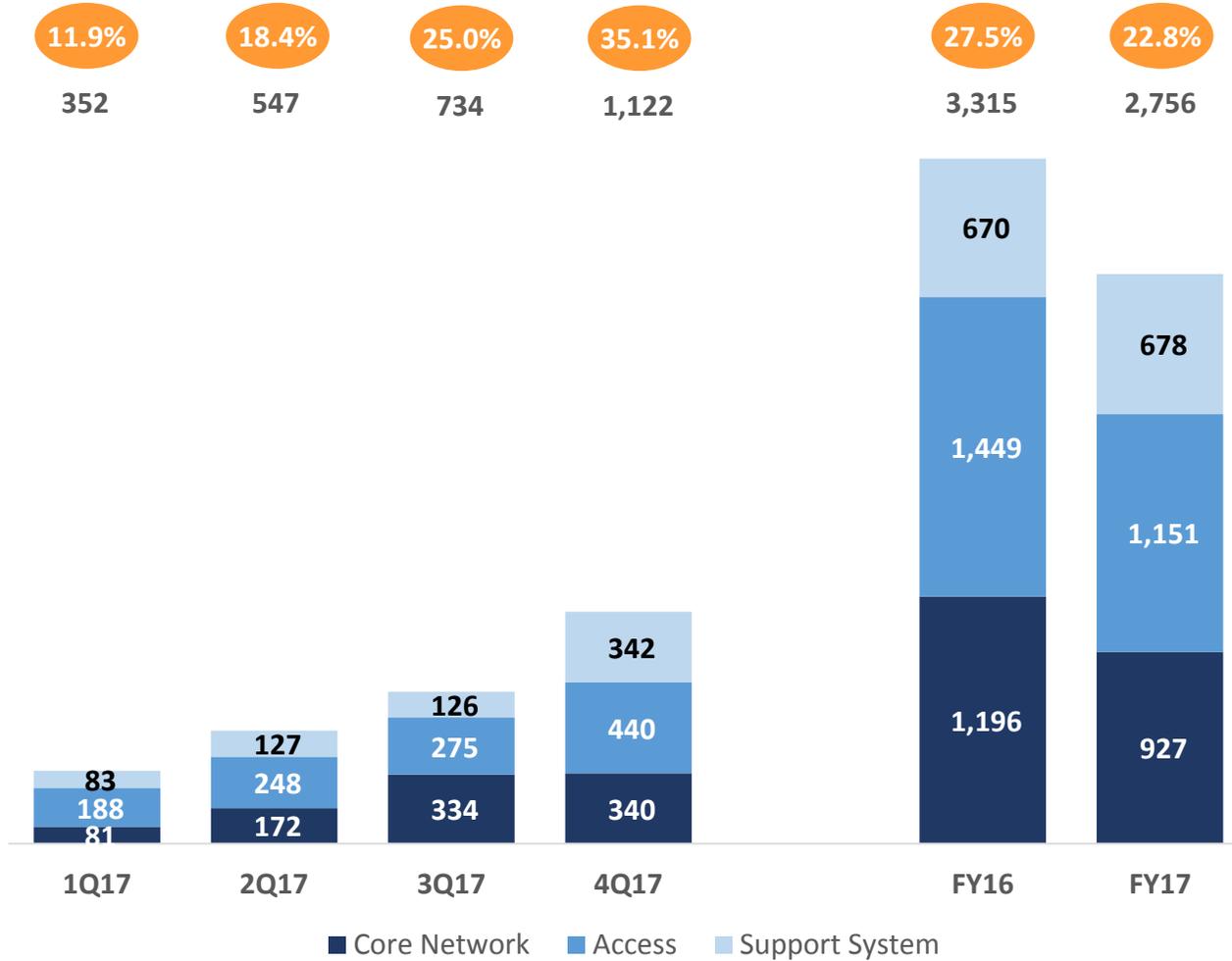
Note: The classification of cost is as per financial reporting

Group Capital Expenditure

Lower capex than guided due to internal re-prioritisation of projects



RM mn



- Capex/Revenue ratio at 22.8%
- 34% Core Network
42% Access
24% Support Systems

Capex / Revenue (%) ●

Group Cash Flow

RM mn	FY17	FY16
Cash & cash equivalent at start	2,925.2	3,510.8
Cash flows from operating activities	2,417.6	2,848.6
Cash flows used in investing activities	(2,783.2)	(3,259.5)
Capex	2,755.8	3,314.5
Cash flows used in financing activities	(802.8)	(206.8)
Effect of exchange rate changes	(37.8)	32.1
Cash & cash equivalent at end	1,719.0	2,925.2
Free cash-flow (EBITDA – Capex)	820.6	474.1

Key Financial Ratios

	31 Dec 17	31 Dec 16		31 Dec 17	31 Dec 16
Return on Invested Capital ¹	5.80%	6.25%	Gross Debt to EBITDA	2.31	2.10
Return on Equity ²	11.11%	10.03%	Net Debt/EBITDA	1.66	1.25
Return on Assets ¹	4.77%	4.80%	Gross Debt/Equity	1.04	1.09
Current Ratio ³	0.98	1.15	Net Debt/Equity	0.82	0.71
WACC	6.61%	7.17%	Net Assets/Share (sen)	208.7	204.7

¹ Based on Normalised EBIT

² Based on Normalised PATAMI

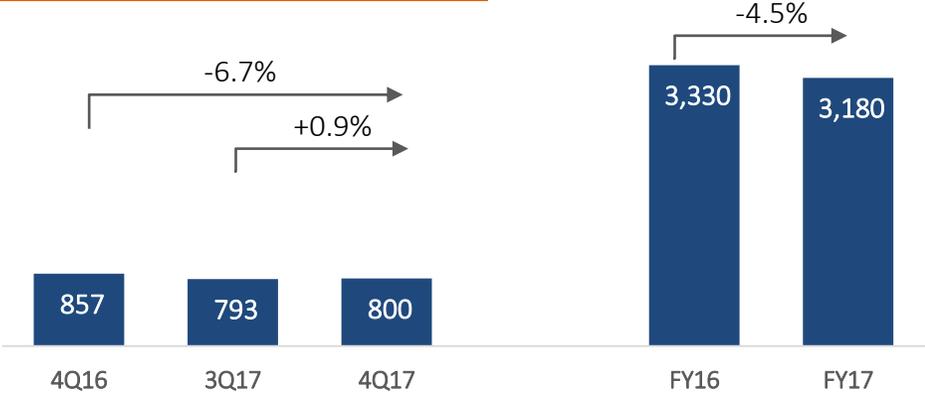
³ Lower Current Ratio was mainly due to reclassification of Long Term Borrowing to Short Term Borrowing

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Group Total Revenue by Product

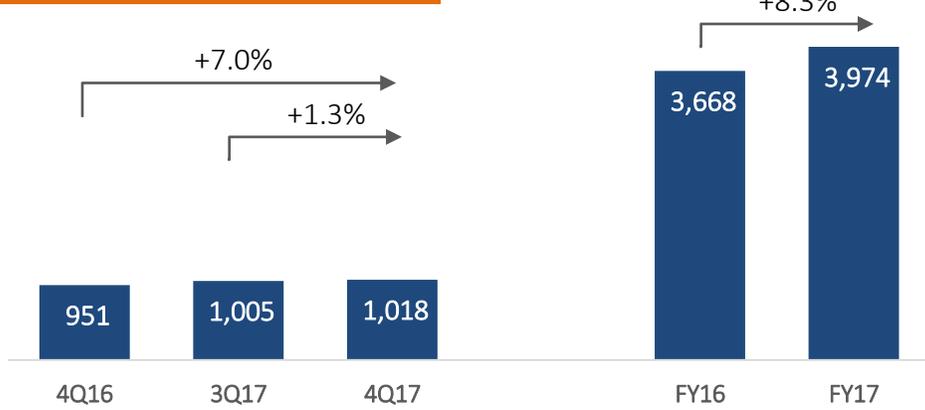
Internet growth from unifi mobile and unifi TV

Voice



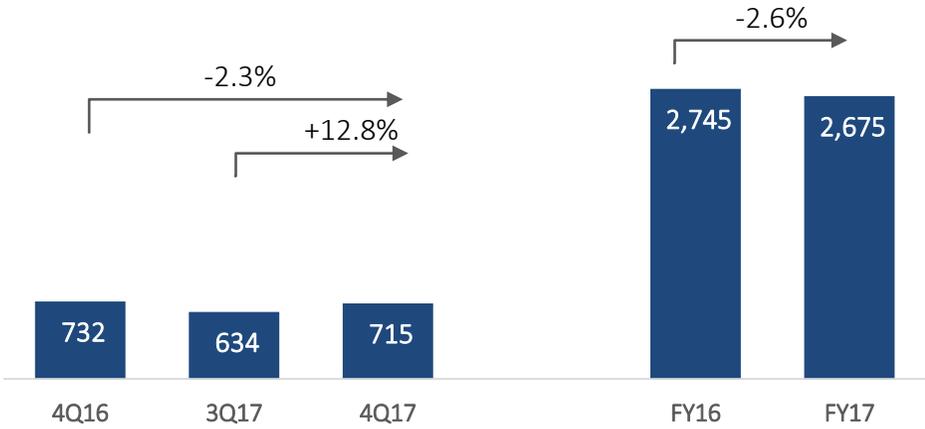
YTD: Lower traffic minutes and lower customer base mainly at TM ONE and unifi

Internet



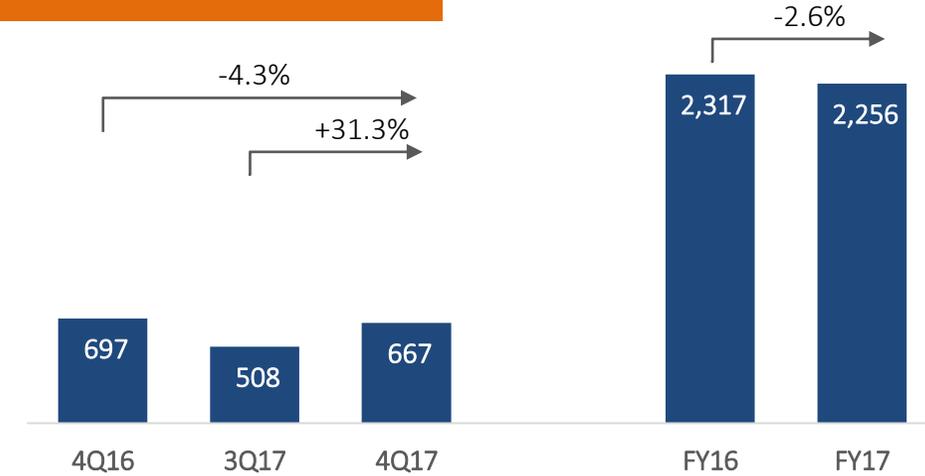
YTD: Higher unifi mobile customer base coupled with higher unifi TV Premium Channel buys

Data



YTD: Lower data revenue at TM ONE and lower one-off IRU at TM GLOBAL

Others*



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

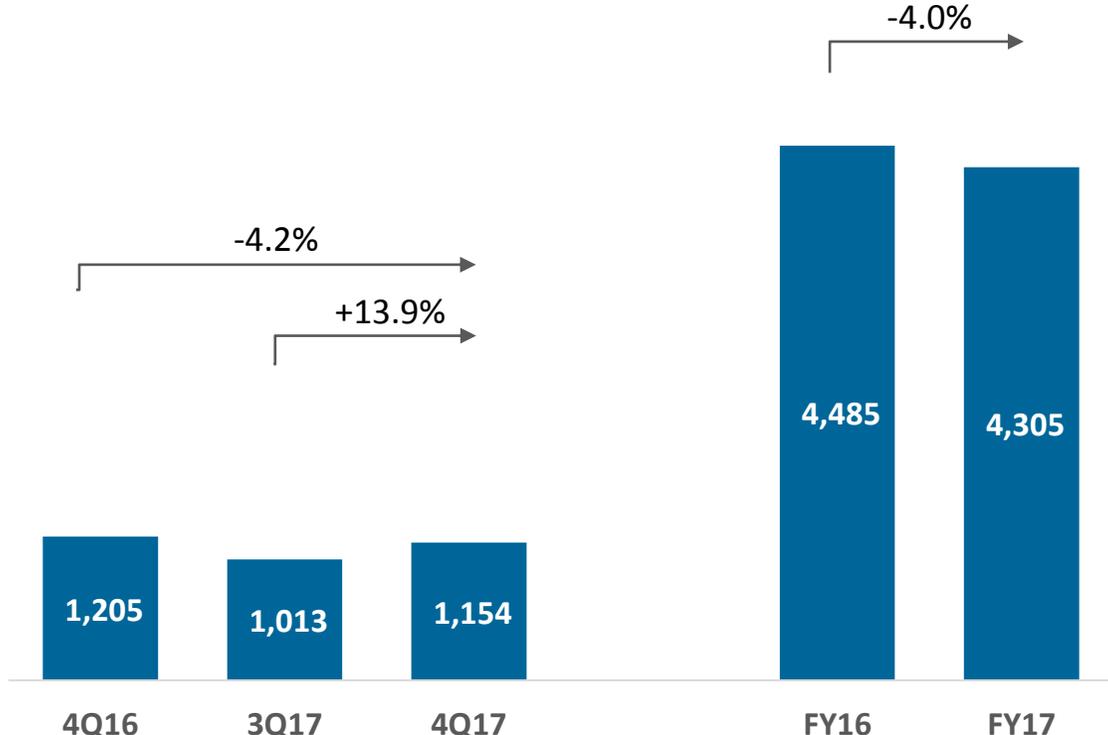
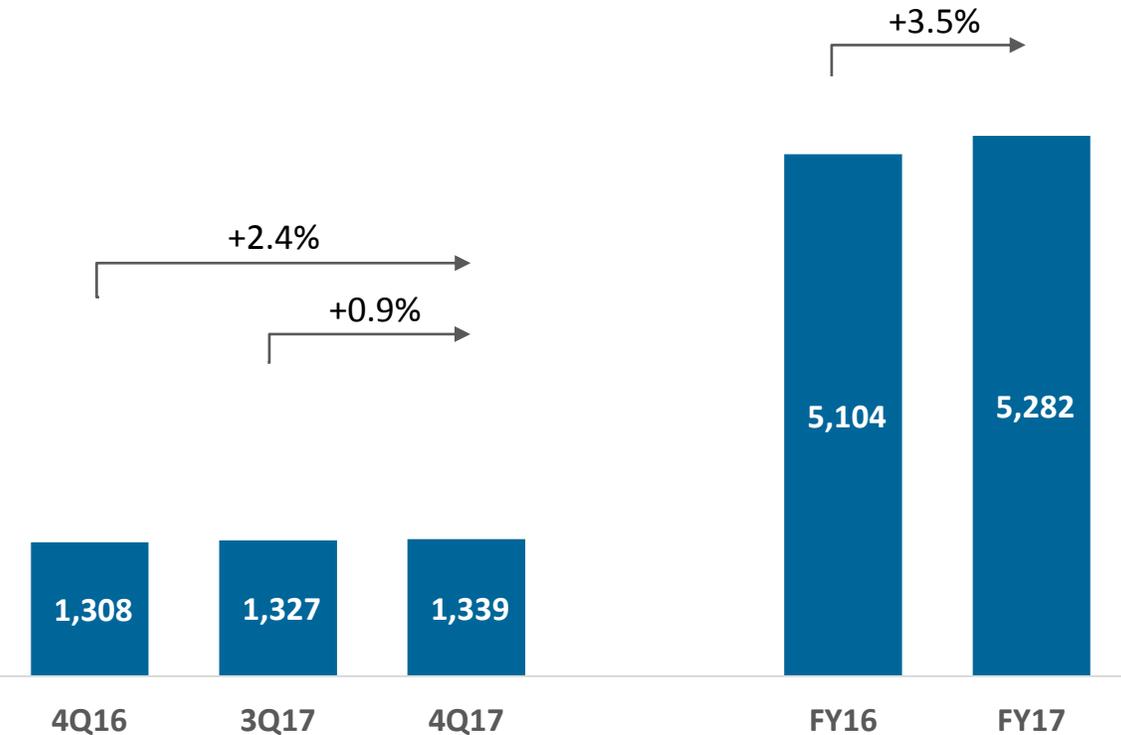
YTD: Lower customer projects at TM ONE & lower tuition fees at UTSB

Group Total Revenue by Customer Clusters

Healthy growth at unifi cluster; FY2017 was challenging at TM ONE, with recovery seen sequentially

unifi

TM ONE



YTD

- Higher cumulative customer base in unifi mobile as well as unifi TV

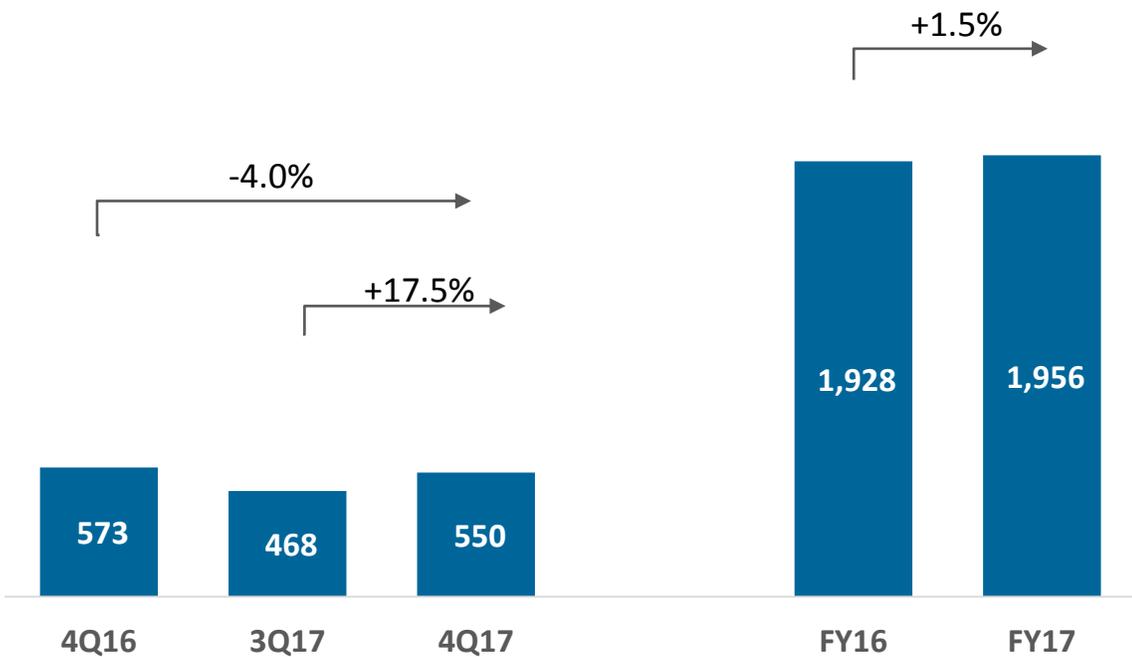
YTD

- Lower contribution across all sectors. However revenue increased in the fourth quarter

Note: Total revenue is after inter-co eliminations

Group Total Revenue by Customer Clusters

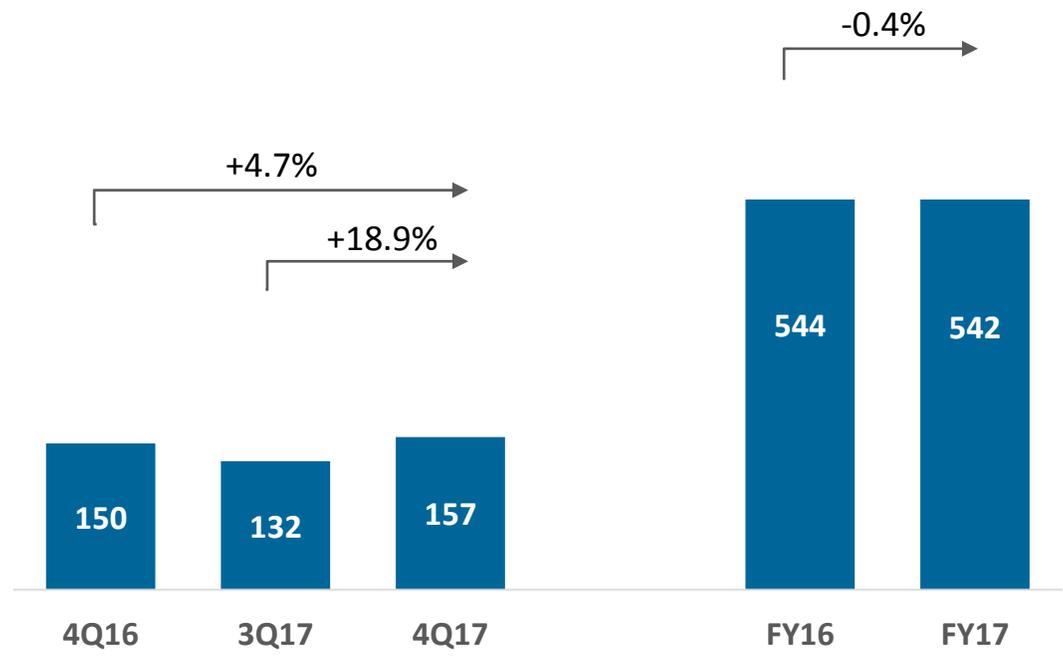
TM GLOBAL



YTD

- Higher Domestic Ethernet

Others*



*Others include revenue from Property Development, TM R&D, UTSB & MKL

YTD

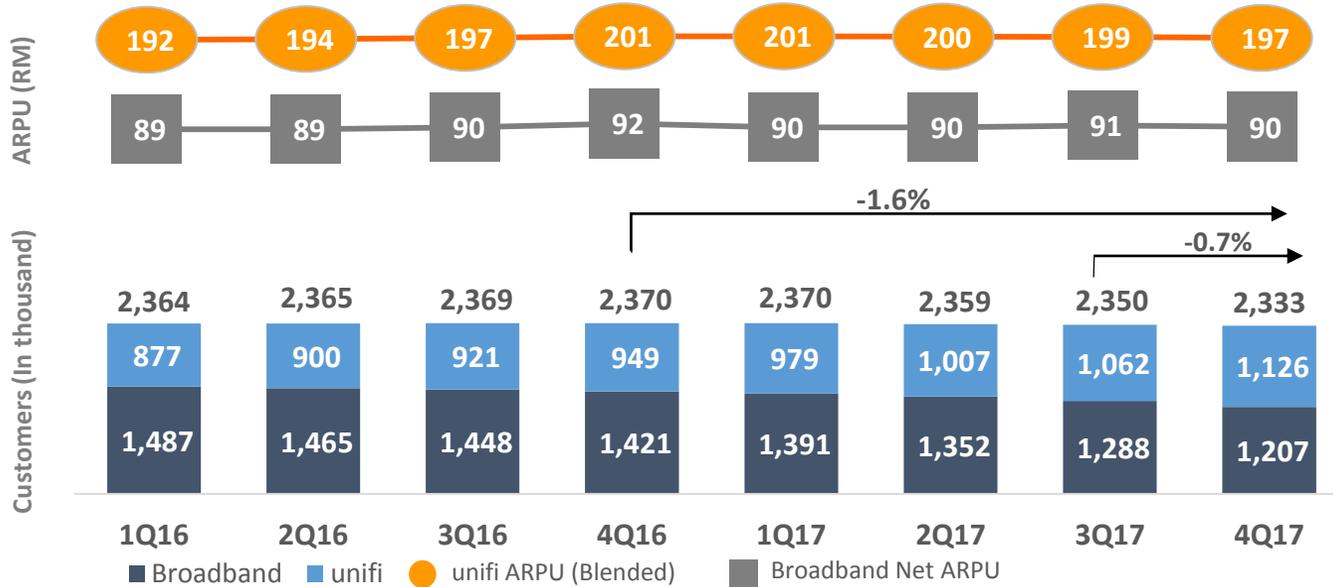
- Higher share of GDV on property which reduced the impact of lower tuition fees at UTSB

Physical Highlights

Strong TM Household penetration of unifi mobile and unifi home net adds



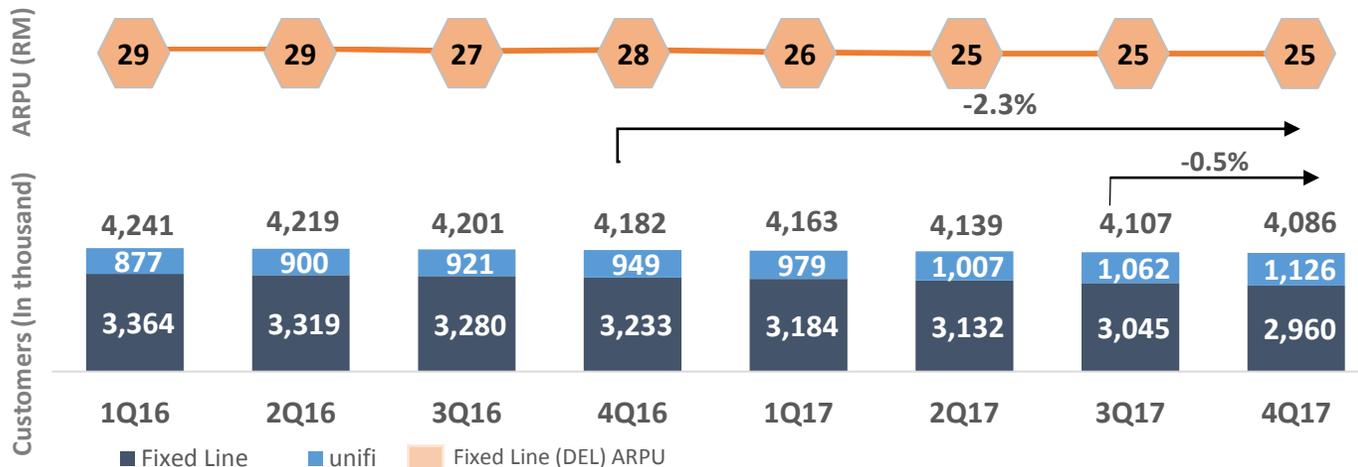
Total Broadband Performance



- 98% unifi customers on 10Mbps & above
- unifi mobile penetration at 9.8%

Note: unifi previously known as "UniFi", while Broadband previously known as "Streamyx".

Fixed Line



- ARPU at RM25

Convergence Updates

unifi mobile



Life Made Easier™ | TM Group

mobile apps



playTV



unifi edu pack



unifi ebiz pack

unifi mobile launch snippets



Paid Apps
Free Apps

- 1** mobile@unifi
Productivity

OPEN
- 2** WhatsApp Messenger
Simple. Reliable. Secure.

OPEN
- 3** Instagram
Photo & Video

UPDATE
- 4** YouTube: Watch, Listen, Stream
Videos, Music and Live S...

OPEN
- 5** Facebook
Social Networking

UPDATE
- 6** iflix

No 1 app

in PlayStore & AppStore



Went viral

in social media & market

- 350k installs in 2 weeks, trending higher than world's popular apps

- Queues at TMpoint
- Consistently high interest and search trend during launch week

unifi mobile launch snippets

Media Malaysia added 6 new photos. 1 hr · 🌐

Aku dah beratur ambil simkad Unifi tadi, tak sangka ramai jugak yang nak ambil 😊
... Continue Reading



Like Comment Share

ABOUT DISCUSSION EVENTS FILES ALBU

miss fou 1 hr
Got my unifi mobile sim and first thing to do is.... speed test!
Satisfy with the speed...
Now a bit regret didn't apply for webe..
Location @batu lintang area



Presenting unifi mobile sim card to mb johor and datuk bandar jb.



You, Hilda Juliana and 112 others 9 Comments

Like Comment

Yunkai Chow
Wa tarak kasi ka?

unifi mobile launch snippets



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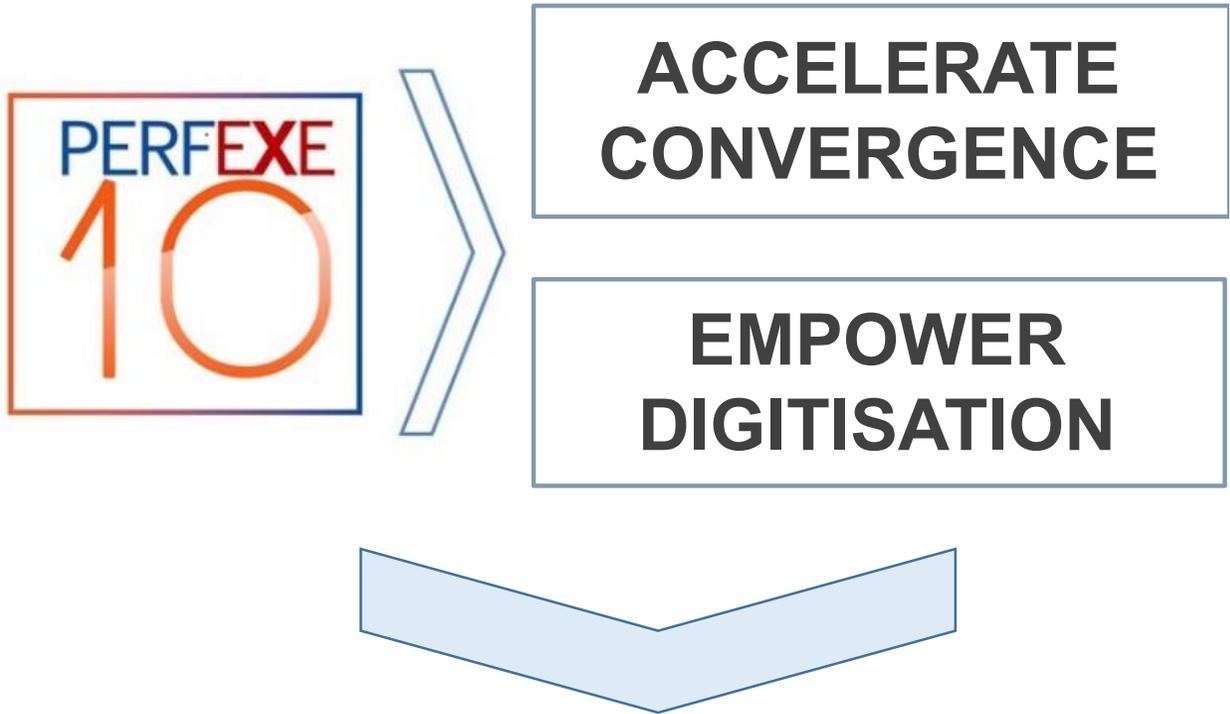
Key Takeaways

- Resilience despite a challenging environment, with healthy revenue and profitability
- Strong customer traction in home and mobile space
- Sustained Customer Satisfaction – surpassed our TRiM index target
- Group achieved NPS Score of 9
- Dividend Commitment met: 21.5 sen per share; RM808.0mn

2018 and Mid-Term Headline KPI

	2018	Mid Term
Revenue Growth	3.5-4%	3.5-4%
EBIT Growth	Maintain 2017 EBIT RM	3.5-4%
Customer Satisfaction Measure ¹	74	75

¹ Using TRiM index measuring end to end customer experience at all touch points. TRiM (Measuring, Managing and Monitoring) is a standardized indicator system. It analyzes, measures and portrays stakeholder relationships on the basis of standardized indicators. The TRiM Index is an indicator of the status quo of a particular relationship. The index is made up of four points of view on the stakeholder relationship, e.g. for customer loyalty: overall rating, recommendation, repeat purchasing of product/services, and a company's competitive advantage. The information is based on surveys/interviews on a sample customer base."



Anchor principles:

ASPIRATION
Focus on targets, driven by aspirations. KPI and KHI

ACCELERATION
Speed of executing our initiatives

EXECUTION
Execute in a differentiated manner vs. BAU

Appendices

Normalised EBIT

RM mn	4Q17	3Q17	4Q16	FY17	FY16
Reported EBIT	270.3	261.5	285.9	1,092.7	1,154.0
Non Operational					
Unrealised FX Loss/(Gain) on International Trade Settlement	28.3	10.4	(62.1)	93.8	(45.5)
Loss on Sale of Assets	0.5	-	0.2	0.9	0.6
MESRA Program	-	-	76.3	-	76.3
Normalised EBIT	299.1	271.9	300.3	1,187.4	1,185.4
Normalised EBIT Margin	9.3%	9.1%	9.2%	9.7%	9.7%
Reported EBIT Margin	8.4%	8.8%	8.8%	8.9%	9.5%

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)

Normalised EBITDA

RM mn	4Q17	3Q17	4Q16	FY17	FY16
Reported EBITDA	893.5	878.7	970.9	3,576.4	3,788.6
Non Operational					
Unrealised FX Loss/(Gain) on International Trade Settlement	28.3	10.4	(62.1)	93.8	(45.5)
Loss on Sale of Assets	0.5	-	0.2	0.9	0.6
MESRA Program	-	-	76.3	-	76.3
Normalised EBITDA	922.3	889.1	985.3	3,671.1	3,820.0
Normalised EBITDA Margin	28.6%	29.8%	30.2%	30.0%	31.3%
Reported EBITDA Margin	27.7%	29.5%	29.7%	29.2%	31.1%

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)

Normalised PATAMI

RM mn	4Q17	3Q17	4Q16	FY17	FY16
Reported PATAMI	277.0	211.8	154.3	929.7	776.0
Non Operational					
Unrealised FX Loss/(Gain) on International Trade Settlement (net of tax)	25.2	8.7	(53.6)	83.5	(39.2)
Other (Gain)/Losses ¹	(13.5)	1.9	(0.7)	(7.6)	(46.6)
Unwinding of discount on put option over shares of a subsidiary	8.1	8.0	7.0	32.1	28.6
Unrealised FX (Gain)/Loss on Long Term loans	(74.8)	(27.0)	120.5	(174.5)	86.7
MESRA Program	-	-	58.0	-	58.0
Tax Incentives	-	-	(15.6)	-	(15.6)
Normalised PATAMI	222.0	203.4	269.9	863.2	847.9

¹ Comprise of fair value (FV) changes of FVTPL (FV through P&L) investment, gain/loss on disposal for AFS (available for sale) investments, (gain)/loss Sale of Assets and option over shares of a subsidiary

Normalised PBT



RM mn	4Q17	3Q17	4Q16	FY17	FY16
Reported PBT	307.6	235.5	110.6	1,048.0	918.5
Non Operational					
Unrealised FX Loss/(Gain) on International Trade Settlement	28.3	10.4	(62.1)	93.8	(45.5)
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Unrealised FX (Gain)/Loss on Long Term Loans	(74.8)	(27.0)	120.5	(174.5)	86.7
MESRA Program	-	-	76.3	-	76.3
Normalised PBT	255.7	228.8	251.6	991.8	1,018.0

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

Cost % Revenue

	4Q17	3Q17	4Q16	FY16	FY17	Comments (FY17 vs. FY16)
Total Revenue* (RM mn)	3,225.5	2,982.4	3,266.3	12,191.3	12,249.1	
Direct Costs %	20.7	19.2	18.0	18.7	19.6	Higher network costs in line with higher cumulative customer base in unifi mobile
RM mn	668.7	571.4	589.5	2,282.9	2,400.5	
Manpower %	18.0	21.0	22.6	21.7	20.4	Absence of Skim Mesra offered in 2017
RM mn	579.2	627.5	737.2	2,641.0	2,497.4	
Supplies & Materials %	7.3	5.5	9.1	7.2	6.7	Reduction in customer equipment cost & lower cost of materials for customer projects at TM ONE
RM mn	236.3	163.1	298.3	876.2	815.4	
Bad & Doubtful Debts %	0.6	0.8	0.4	0.3	0.5	Increase in impairment loss at TM ONE & TM GLOBAL
RM mn	18.1	24.9	11.9	40.7	57.6	
Marketing Expenses %	3.7	4.1	3.5	3.6	3.6	Lower commission offset by higher A&P and customer loyalty charges
RM mn	119.0	123.0	115.6	444.4	440.4	
Maintenance Cost %	7.4	7.2	6.2	6.0	6.8	Higher maintenance cost mainly at TM ONE
RM mn	238.0	216.1	203.1	735.3	832.9	
Other Operating Costs %	14.7	12.7	10.4	11.3	13.3	Higher FOREX losses on trade settlement, higher rental at unifi and higher international service charge
RM mn	472.7	377.8	339.8	1,382.2	1,628.5	
Depreciation & Amortisation %	19.3	20.7	21.0	21.6	20.3	Lower depreciation mainly at unifi due to lower Wimax sites' write-off and depreciation
RM mn	623.2	617.2	685.0	2,634.6	2,483.7	
Total Cost (RM mn)	2,955.2	2,721.0	2,980.4	11,037.3	11,156.4	
Total (%)	91.6	91.2	91.2	90.5	91.1	

*Total Revenue = Operating Revenue + Other Operating Income

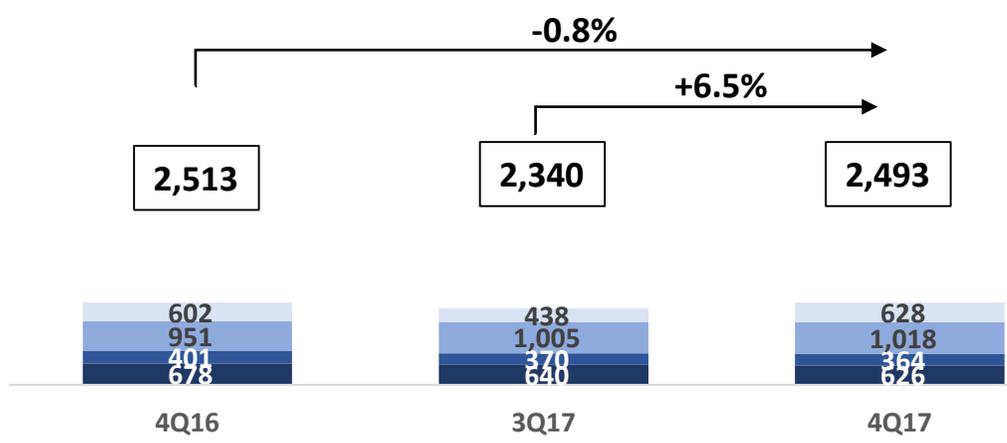
Group Balance Sheet



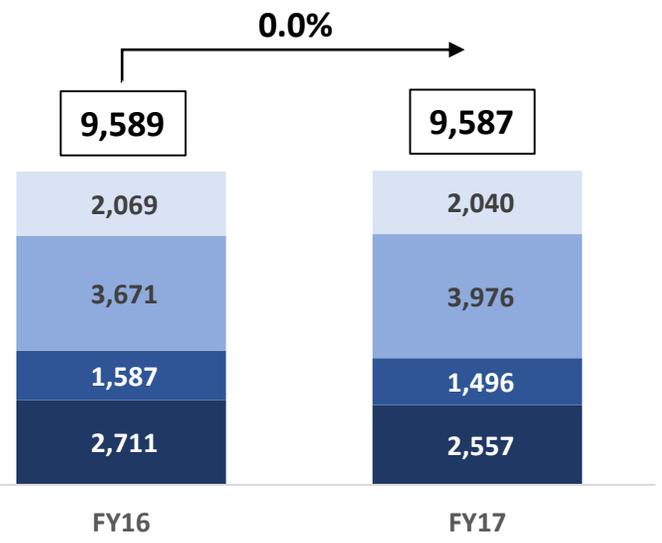
RM mn	As at 31 Dec 2017	As at 31 Dec 2016
Shareholders' Funds	7,843.5	7,692.3
Non-Controlling Interests	(76.7)	140.2
Deferred & Long Term Liabilities	10,712.2	11,194.4
Long Term Borrowings	7,031.2	7,662.6
Derivative Financial Instruments	287.7	301.9
Deferred Tax	1,591.3	1,514.8
Deferred Income	1,796.5	1,711.4
Others	5.5	3.7
	18,479.0	19,026.9
Current Assets	6,133.1	6,887.5
Trade Receivables	1,853.2	2,357.1
Other Receivables	1,857.0	801.1
Cash & Bank Balances	1,719.8	2,926.0
Inventories	258.5	207.1
Others	444.6	596.2
Current Liabilities	6,282.8	5,974.7
Trade and Other Payables	3,934.2	4,103.0
Short Term Borrowings	1,119.0	700.7
Others	1,229.6	1,171.0
Net Current Assets/(Liabilities)	(149.7)	912.8
Property Plant & Equipment	16,540.7	16,010.6
Other Non-Current Assets	2,088.0	2,103.5
	18,479.0	19,026.9

Revenue by Product by Customer Clusters

unifi and TM ONE

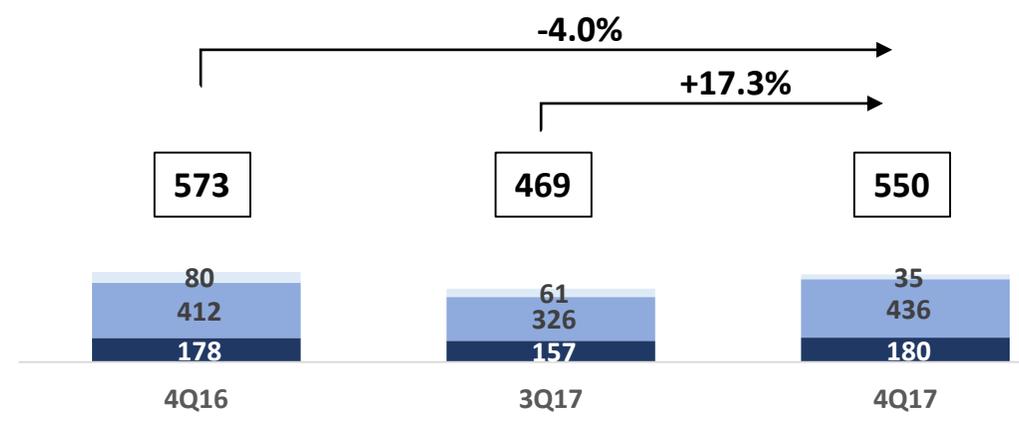


Note: Total revenue is after inter-co elimination. Revenue by product is before inter-co elimination

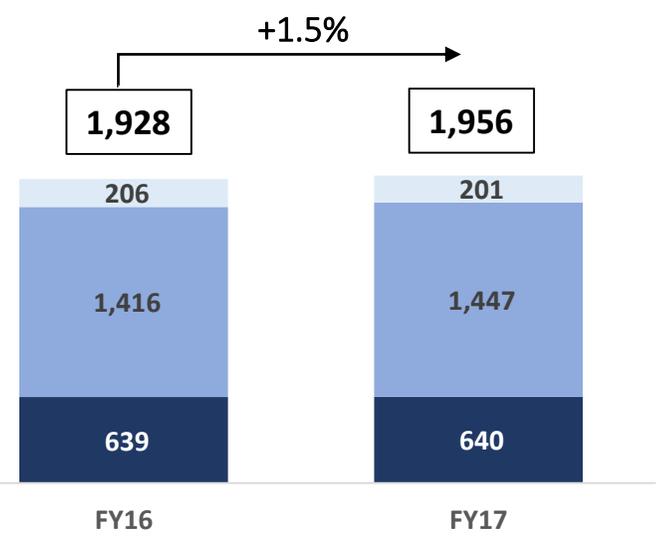


*Others comprise other telco and non-telco services (i.e: ICT-BPO, MMU tuition fees, customer projects)

TM GLOBAL



Note: Total revenue is after inter-co elimination. Revenue by product is before inter-co elimination



Thank you!

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