



FY 2016 RESULTS

ANALYST BRIEFING

22 February 2017

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Performance Overview

Financial Review

Operating Highlights

Concluding Remarks

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➤ Revenue	RM12.06bn (+2.9%)
➤ Reported EBITDA	RM3.79bn (+2.5%)
➤ Reported EBIT	RM1.15bn (-8.2%)
Normalised EBIT	RM1.19bn (-4.4%)
➤ Reported PATAMI	RM776.0mn (+10.8%)
Normalised PATAMI	RM847.9mn (-6.3%)
➤ Total capex/revenue 27.5%	
➤ Traction on higher UniFi packages	
➤ webe launched; performance on track	
➤ Customer Satisfaction Measure of >72	
➤ 2 nd interim dividend of 12.2sen per share or RM458.5mn	

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Group Results FY 2016



RM mn	Reported							
	4Q16	3Q16	% Change QoQ	4Q15	% Change YoY	FY2016	FY2015	% Change YTD vs YTD
Revenue	3,237.0	2,923.1	+10.7%	3,184.4	+1.7%	12,060.9	11,721.6	+2.9%
Other Operating Income	29.3	28.1	+4.3%	32.7	-10.4%	130.4	123.7	+5.4%
EBITDA	970.9	940.8	+3.2%	879.7	+10.4%	3,788.6	3,694.4	+2.5%
Depn & Amort.	685.0	633.7	+8.1%	620.5	+10.4%	2,634.6	2,437.3	+8.1%
EBIT	285.9	307.1	-6.9%	259.2	+10.3%	1,154.0	1,257.1	-8.2%
Other Gains / (Loss)	0.9	(3.1)	+>100.0%	(24.7)	+>100.0%	47.2	(26.6)	+>100.0%
Net Finance Cost*	62.7	57.3	+9.4%	41.0	+52.9%	225.4	159.0	+41.8%
FX Gain /(Loss)	(120.5)	(36.0)	->100.0%	24.6	->100.0%	(86.7)	(184.4)	+53.0%
Profit Before Tax (PBT)	110.6	218.8	-49.5%	224.6	-50.8%	918.5	911.8	+0.7%
PATAMI	154.3	159.8	-3.4%	192.5	-19.8%	776.0	700.3	+10.8%
Normalised PATAMI	269.9	207.5	+30.1%	262.2	+2.9%	847.9	904.6	-6.3%

Note:

Unless stated otherwise all figures shall be inclusive of Webe

*Excludes FX (Gain)/Loss

Normalised EBIT

Lower EBIT due to accelerated depreciation

RM mn	4Q16	3Q16	4Q15	FY 2016	FY 2015
Reported EBIT	285.9	307.1	259.2	1,154.0	1,257.1
Non Operational					
Unrealised FX (Gain)/Loss on International trade settlement	(62.1)	2.8	12.8	(45.5)	(95.4)
Loss on Sale of Assets	0.2	0.2	0.2	0.6	0.6
MESRA programme	76.3	-	77.4	76.3	77.4
Normalised EBIT	300.3	310.1	349.6	1,185.4	1,239.7
Normalised EBIT Margin	9.2%	10.5%	10.9%	9.7%	10.6%
Reported EBIT Margin	8.8%	10.4%	8.1%	9.5%	10.6%

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)

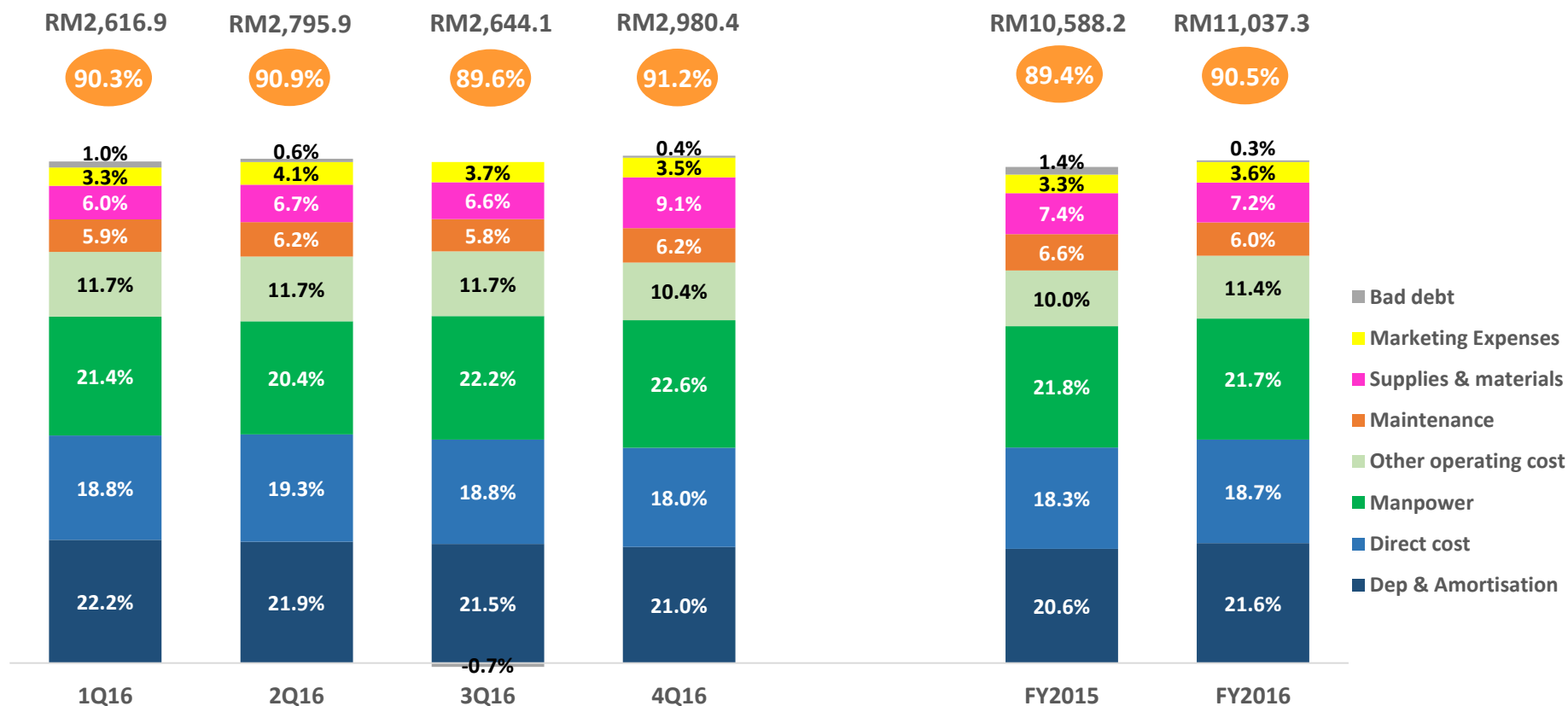
RM mn	4Q16	3Q16	4Q15	FY 2016	FY 2015
Reported PATAMI	154.3	159.8	192.5	776.0	700.3
Non Operational					
Unrealised FX (Gain)/Loss on International trade Settlement (net of tax)	(53.6)	1.4	8.0	(39.2)	(75.9)
Other (Gain)/Losses*	(0.7)	3.3	24.9	(46.6)	27.2
Unwinding of discount on put option over shares of a subsidiary	7.0	7.0	2.5	28.6	9.7
Unrealised FX (Gain)/Loss on Long Term loans	120.5	36.0	(24.5)	86.7	184.5
MESRA programme	58.0	-	58.8	58.0	58.8
Tax Incentives	(15.6)	-	-	(15.6)	-
Normalised PATAMI	269.9	207.5	262.2	847.9	904.6

* 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

Cost % of Revenue¹

Impact of accelerated rollout at Webe to boost network coverage

RM mn



Total Cost / Revenue (%)

¹ Revenue = Operating Revenue + Other Operating Income

Note: The classification of cost is as per financial reporting

(Please refer to Appendix for breakdown)

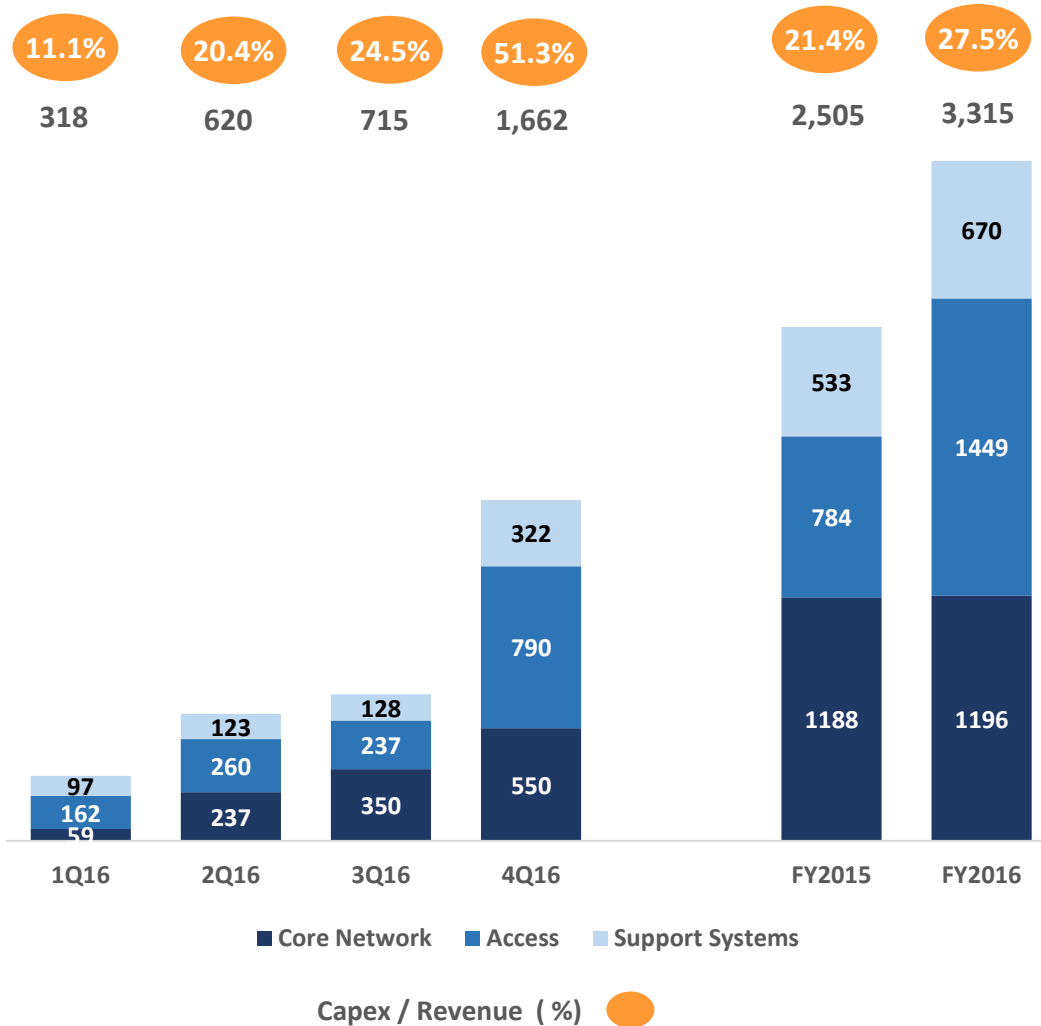
Note : Unless stated otherwise all figures shall be inclusive of Webe

Group Capital Expenditure

Higher Capex in line with the development of broadband and LTE network



RM mn



- Capex/Revenue ratio at 27.5%
- 36% Core Network
44% Access
20% Support Systems

Group Cash Flow



RM mn	FY 2016	FY 2015
Cash & cash equivalent at start	3,510.8	2,975.0
Cashflows from operating activities	2,848.6	2,942.0
Cashflows used-in investing activities	(3,259.5)	(2,549.9)
Capex	3,314.5	2,505.5
Cashflows from financing activities	(206.8)	142.5
Effect of exchange rate changes	32.1	1.2
Cash & cash equivalent at end	2,925.2	3,510.8
Free cash-flow (EBITDA – Capex)	474.1	1,188.9

Key Financial Ratios

	31 Dec 16	31 Dec 15
Return on Invested Capital ¹	6.25%	6.69%
Return on Equity ²	10.03%	11.66%
Return on Assets ¹	4.80%	5.90%
Current Ratio ³	1.15	1.25
WACC	7.17%	7.36%

	31 Dec 16	31 Dec 15
Gross Debt to EBITDA	2.10	1.90
Net Debt/EBITDA	1.25	1.02
Gross Debt/Equity	1.09	0.97
Net Debt/Equity	0.71	0.52
Net Assets/Share (sen)	204.7	207.0

¹ Based on Normalised EBIT

² Based on Normalised PATAMI

Note : Unless stated otherwise all figures shall be inclusive of Webe



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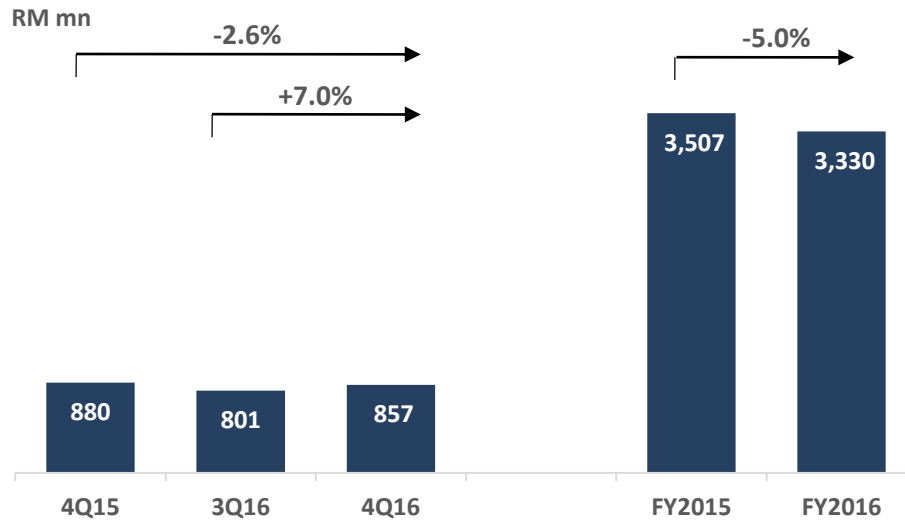


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Group Total Revenue by Product

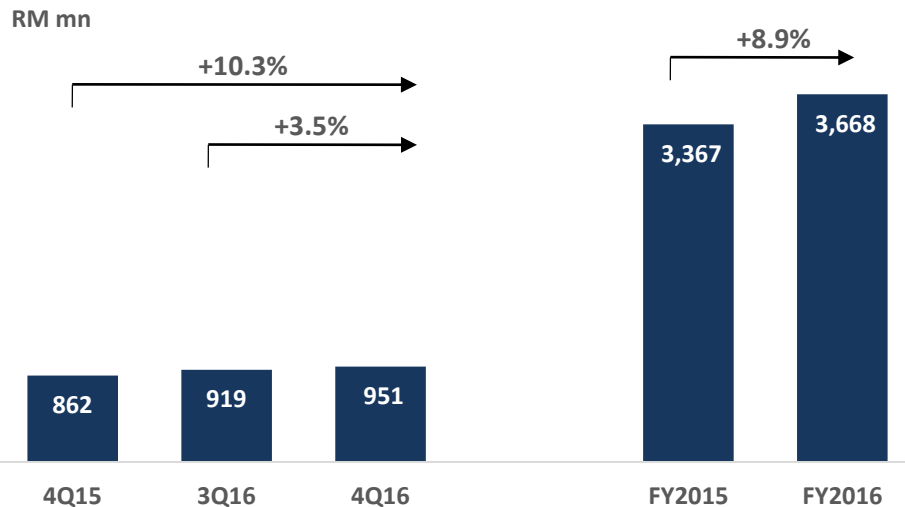
Voice



YTD

- 28% of Group Revenue.
- Lower by 5.0%, due to lower bilateral revenue at Global & Wholesale.
- Lower revenue at Mass Market & Managed Accounts due to lower usage and lower DEL customers.

Internet



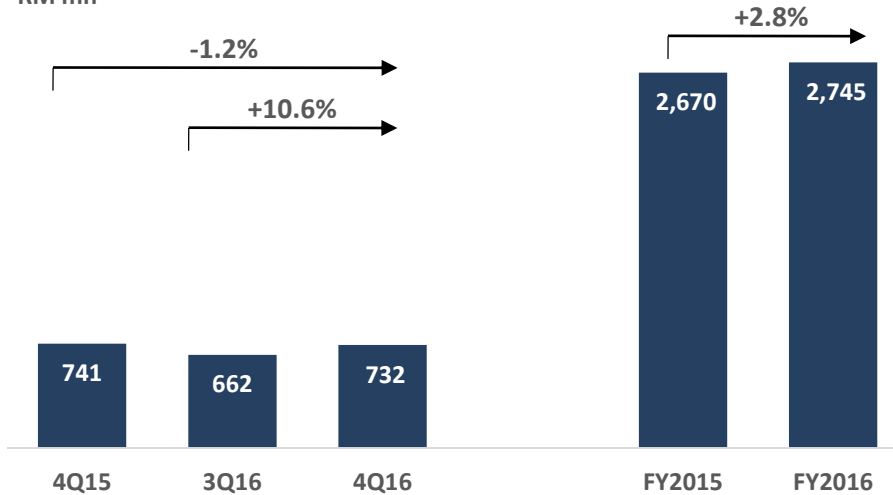
YTD

- 30% of Group Revenue.
- 8.9% higher, mainly from upselling activities, higher Unifi take up and higher buys of Premium Channels
- Higher contribution from TM Direct at Managed Accounts.

Group Total Revenue by Product

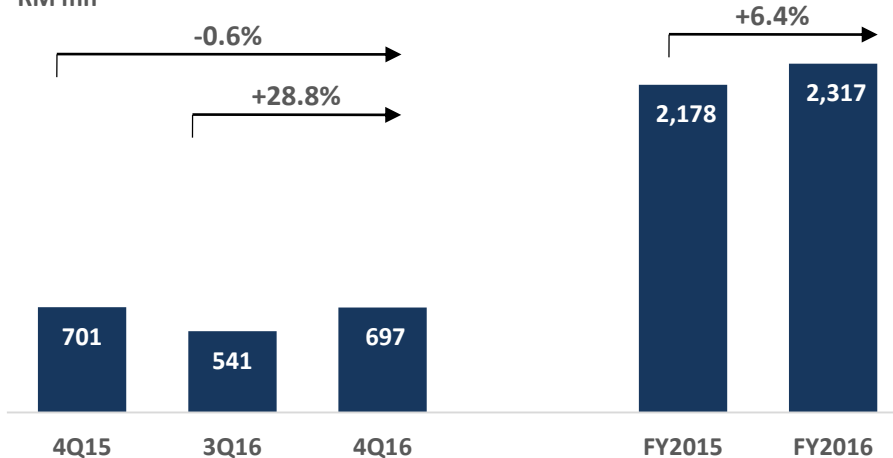
Data

RM mn



Others*

RM mn



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

YTD

- 23% of Group Revenue.
- 2.8% higher, mainly due to Wholesale Ethernet, IRU and International Leased revenue at Global Wholesale.

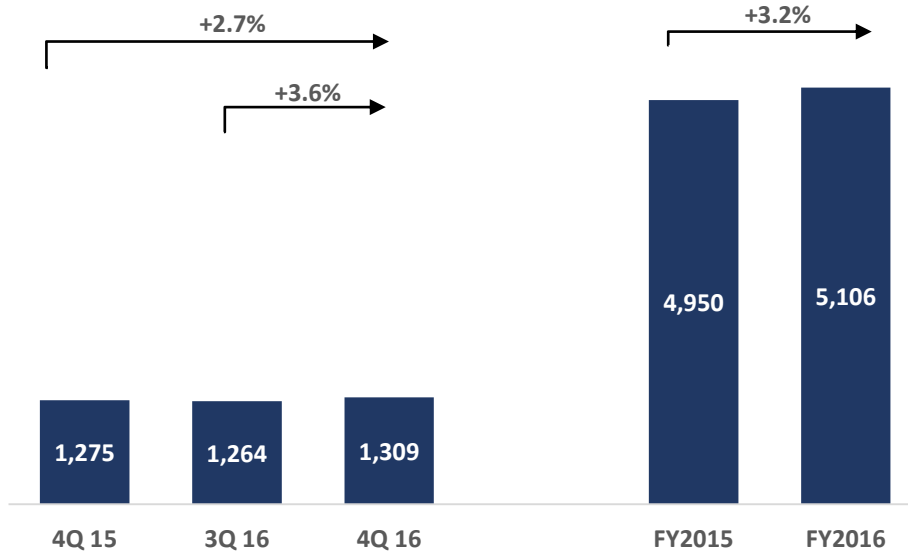
YTD

- 19% of Group Revenue.
- 6.4% higher, mainly due to higher USP amortization and customer projects at Managed Accounts.
- Higher non-telco revenue, mainly due to revenue recognition on share of GDV of property development.

Group Total Revenue by Customer Clusters

Mass Market

RM mn

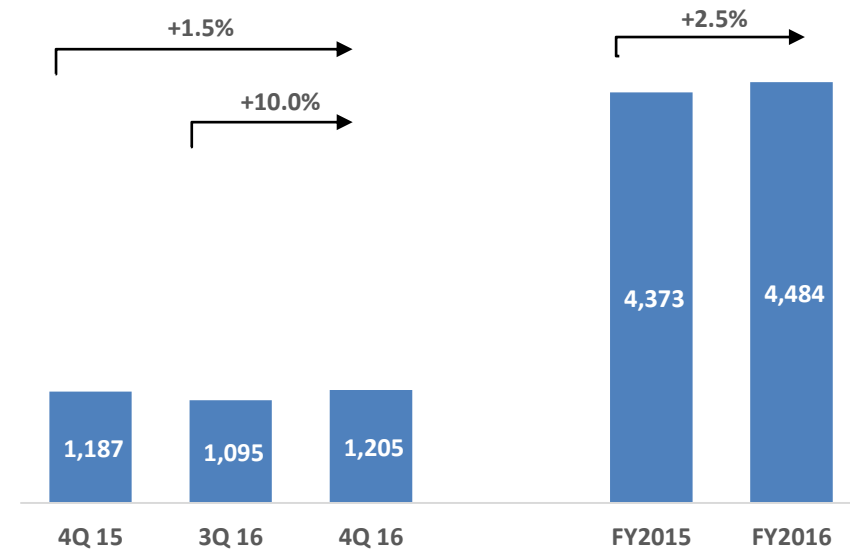


YTD

- Higher by 3.2%, driven by Internet revenue at Consumer in line with higher customer base and Premium Channels buys

Managed Accounts

RM mn



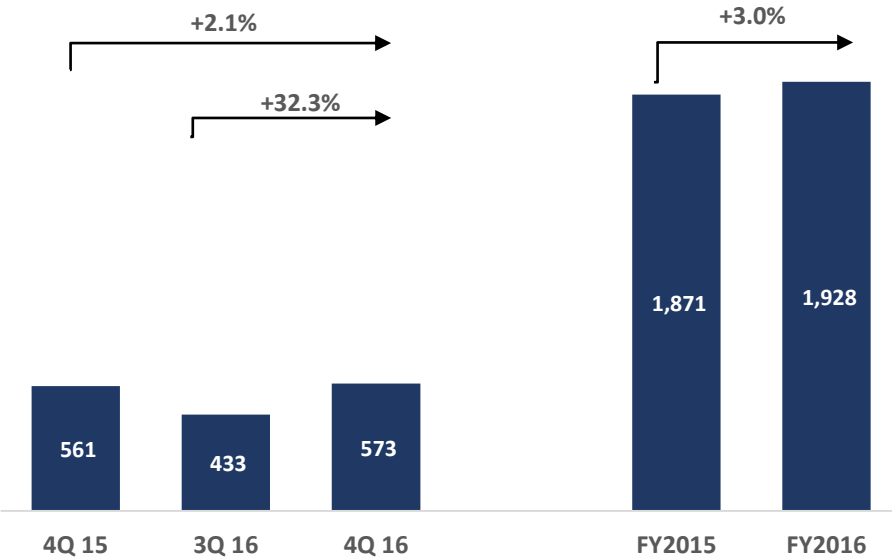
YTD

- 2.5% higher, mainly due to higher contribution from USP and customer projects at TM Government and ICT-BPO revenue at VADS

Group Total Revenue by Customer Clusters

Global & Wholesale

RM mn

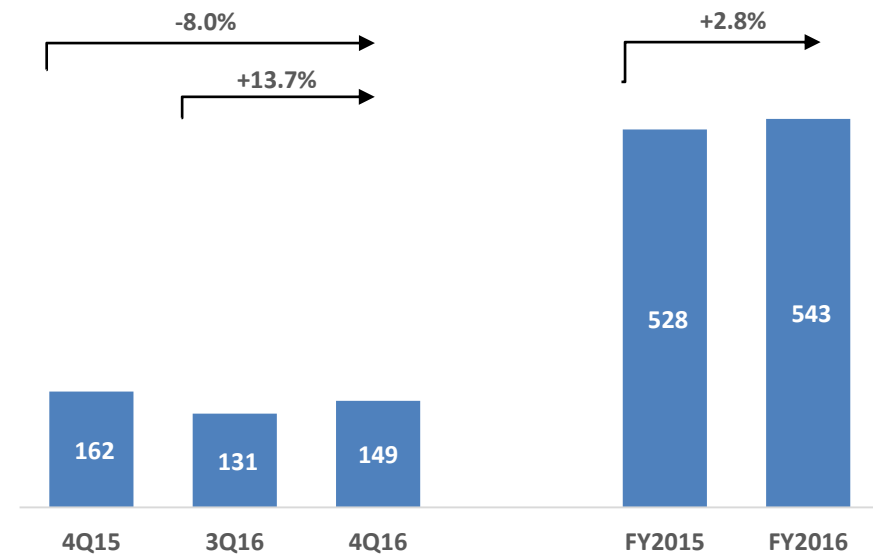


YTD

- 3.0% higher, mainly due to IRU, International Leased and Wholesale Ethernet revenue

Others*

RM mn



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

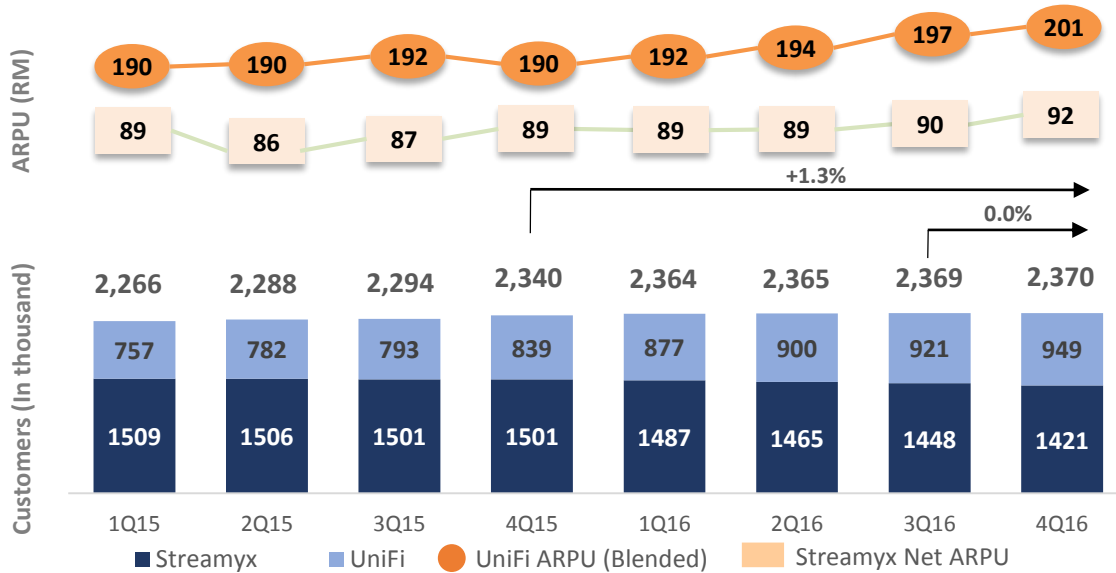
YTD

- 2.8% higher, mainly from revenue recognition on share of GDV of property development and UTBSB

Physical Highlights

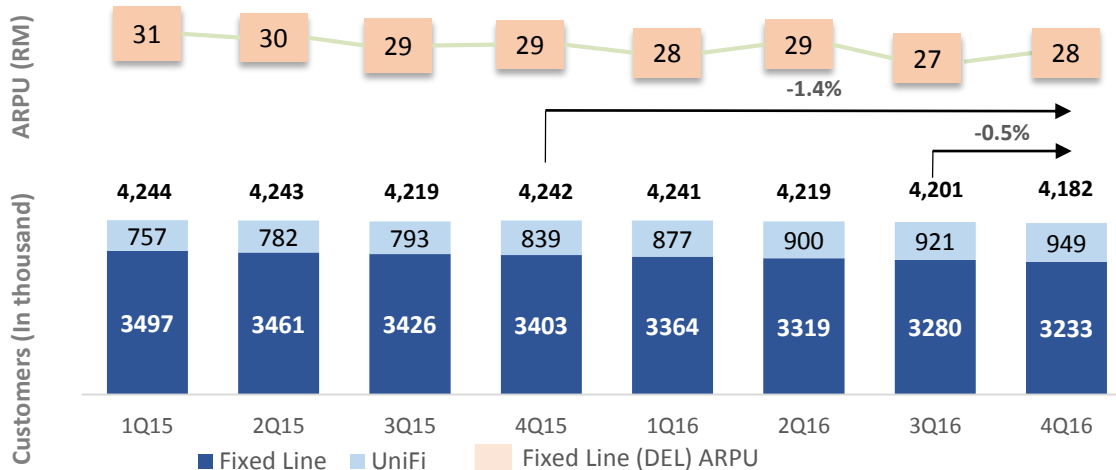
Stronger UniFi net adds and ARPU

Broadband



- UniFi customer base expanded to over 949,000 customers
- ARPU growth due to upselling and higher buys of Premium Channels

Fixed Line



- ARPU maintained at RM28



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Key Takeaways

Financial Performance

- Sustained revenue growth at 2.9% at RM12.06bn
- Normalised EBIT lower by 4.4% at RM1.19bn

Customer-centricity

- TR*M Index score of >72 points, higher than Global telco average of 68

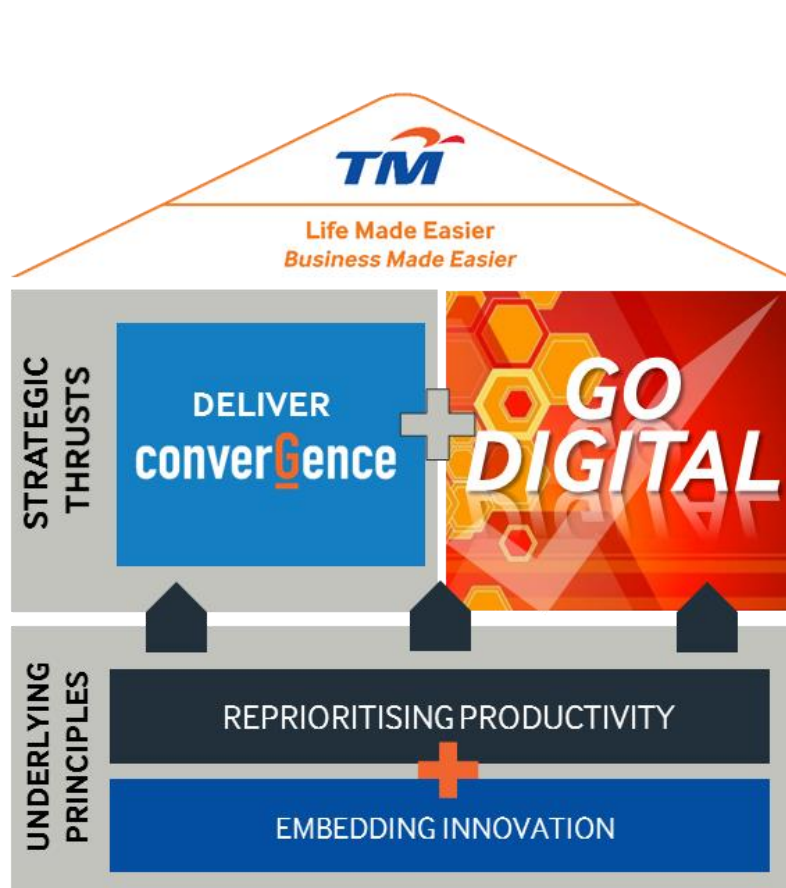
Convergence Champion

- Continued growth in UniFi customer base
- Upselling and content traction: higher Broadband ARPU
- Webe launched; well on track

Shareholder Value

- 12.2sen per share or RM458.5mn 2nd interim dividend
- Total payout for FY 2016 amounting to RM808mn

Delivering Convergence and Going Digital for Smarter Living, Smarter Businesses, Smarter Cities, Smarter Communities and a Smarter Nation



2017 Headline KPI

	2017	Mid Term
Revenue Growth ¹	3.5 – 4%	3.5% - 4%
EBIT Growth ¹	Maintain 2016 RM level	3.5 – 4%
Customer Satisfaction Measure ²	73*	73

¹ These KPIs are for TM including Webe.

² This KPI excludes Webe for 2017.

² 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 TRI*M 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."

A large, faint, light blue graphic in the background, resembling a stylized arrow or a musical note, pointing upwards and to the right.

Appendices

Normalised EBITDA

Higher EBITDA in line with higher total revenue

RM mn	4Q16	3Q16	4Q15	FY 2016	FY 2015
Reported EBITDA	970.9	940.8	879.7	3,788.6	3,694.4
Non Operational					
Unrealised FX (Gain)/Loss on International trade Settlement	(62.1)	2.8	12.8	(45.5)	(95.4)
Loss on Sale of Assets	0.2	0.2	0.2	0.6	0.6
MESRA programme	76.3	-	77.4	76.3	77.4
Normalised EBITDA	985.3	943.8	970.1	3,820.0	3,677.0
Normalised EBITDA Margin	30.2%	32.0%	30.2%	31.3%	31.0%
Reported EBITDA Margin	29.7%	31.9%	27.3%	31.1%	31.2%

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)

RM mn	4Q16	3Q16	4Q15	FY 2016	FY 2015
Reported PBT	110.6	218.8	224.6	918.5	911.8
Non Operational					
Unrealised FX (Gain)/Loss on International trade settlement	(62.1)	2.8	12.8	(45.5)	(95.4)
Other (Gain)/Losses*	(0.7)	3.3	24.9	(46.6)	27.2
Unwinding of discount on put option over shares of a subsidiary	7.0	7.0	2.5	28.6	9.7
Unrealised FX (Gain)/Loss on Long Term loans	120.5	36.0	(24.5)	86.7	184.5
MESRA programme	76.3	-	77.4	76.3	77.4
Normalised PBT	251.6	267.9	317.7	1,018.0	1,115.2

* 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 % of Revenue

	4Q16	3Q16	4Q15	FY 2016	FY 2015	Comments (FY2016 vs. FY2015)
Total Revenue (RM mil)	3,266.3	2,951.2	3,217.1	12,191.3	11,845.3	
Direct Costs %	18.0	18.8	19.1	18.7	18.3	Increase in Outsourcing Contact Centre and domestic outpayment.
RM mil.	589.5	554.6	615.1	2,282.9	2,162.6	
Manpower %	22.6	22.2	21.8	21.7	21.8	Increase in staff salaries and benefits.
RM mil.	737.2	656.0	700.7	2,641.0	2,587.5	
Supplies & Materials %	9.1	6.6	9.4	7.2	7.4	Higher S&M component in customer projects and equipment cost.
RM mil.	298.3	195.4	301.1	876.2	875.1	
Bad & Doubtful Debts %	0.4	(0.7)	0.0	0.3	1.4	Reduction in bad debt expense net of bad debt recovered due to effective credit control measures.
RM mil.	11.9	(20.3)	1.2	40.7	165.6	
Marketing Expenses %	3.5	3.7	4.1	3.6	3.3	Increase in A&P and commission due to higher b/band packages.
RM mil.	115.6	108.1	133.1	444.4	394.5	
Maintenance Cost %	6.2	5.8	6.6	6.0	6.6	Lower maintenance component in customer projects.
RM mil.	203.1	171.7	213.5	735.3	778.1	
Other Operating Costs %	10.4	11.7	11.6	11.4	10.0	Higher forex impact on international trade settlement and higher license fee.
RM mil.	339.8	344.9	372.7	1,382.2	1,187.5	
Depreciation & Amortisation %	21.0	21.5	19.3	21.6	20.6	Accelerated depreciation and additional depreciation on new LTE sites at Webe.
RM mil.	685.0	633.7	620.5	2,634.6	2,437.3	
Total Cost (RM mil)	2,980.4	2,644.1	2,957.9	11,037.3	10,588.2	
Total Cost % of Revenue	91.2	89.6	91.9	90.5	89.4	

Total Revenue = Operating Revenue + Other Operating Income

Note : Unless stated otherwise all figures shall be inclusive of Webe

Group Balance Sheet

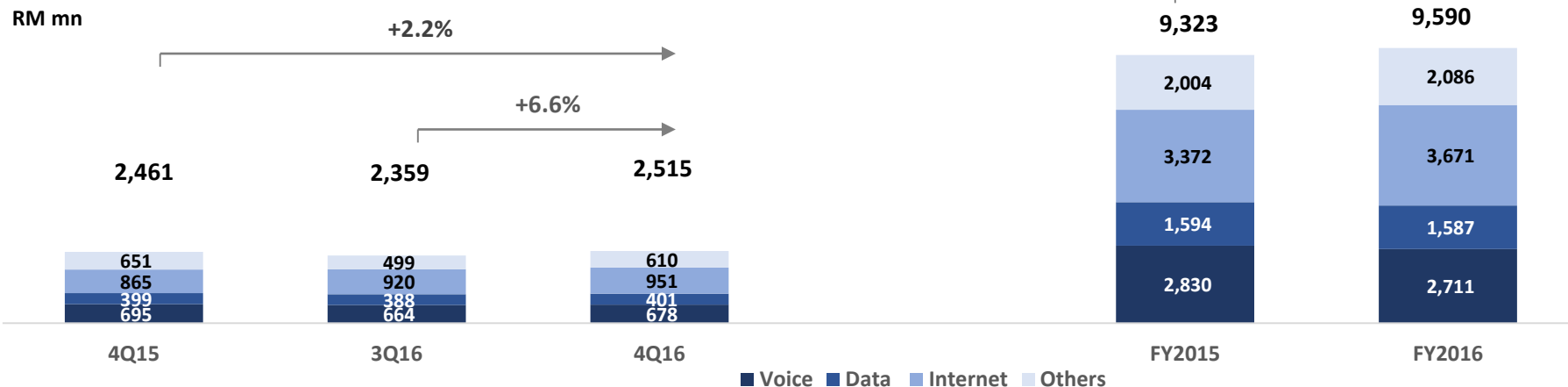


RM million	As at 31 Dec 2016	As at 31 Dec 2015
Shareholders' Funds	7,692.3	7,780.6
Non-Controlling Interests	140.2	258.1
Deferred & Long Term Liabilities	11,194.4	10,551.8
Long Term Borrowings	7,662.6	7,175.4
Derivative financial instruments	301.9	321.9
Deferred tax liabilities	1,514.8	1,367.6
Deferred income	1,711.4	1,661.7
Trade and other payables	3.7	25.2
	19,026.9	18,590.5
Current Assets	6,887.5	7,297.5
Trade Receivables	2,357.1	2,353.1
Other Receivables	801.1	594.0
Cash & Bank Balances	2,926.0	3,511.6
Others	803.3	838.8
Current Liabilities	5,974.7	5,822.6
Trade and Other Payables	4,103.0	4,367.0
Short Term Borrowings	700.7	408.3
Others	1,171.0	1,047.3
Net Current Assets/(Liabilities)	912.8	1,474.9
Property Plant & Equipment	16,010.6	15,186.9
Other Non-Current Assets	2,103.5	1,928.7
	19,026.9	18,590.5

Revenue by Product by Customer Clusters



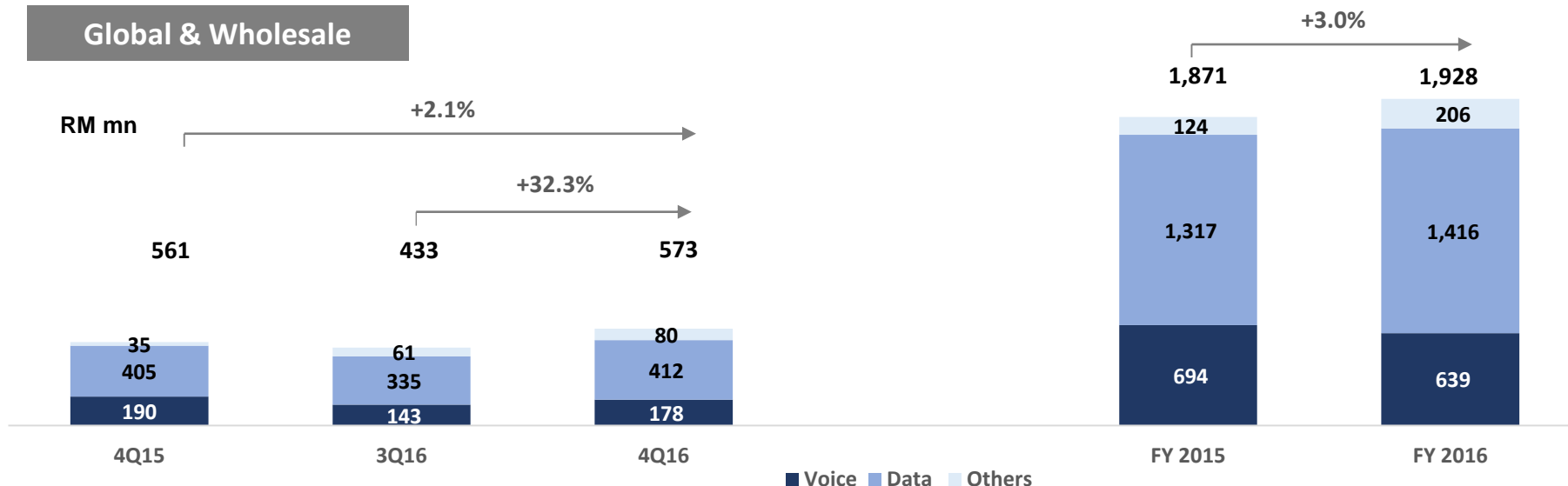
Mass Market & Managed Accounts



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)

Global & Wholesale



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



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