



**TELEKOM MALAYSIA BERHAD**  
**CITI Malaysia C-Suite Investor**  
**Corporate Day 2018**

26<sup>th</sup> July 2018

Life  
Made  
Easier™



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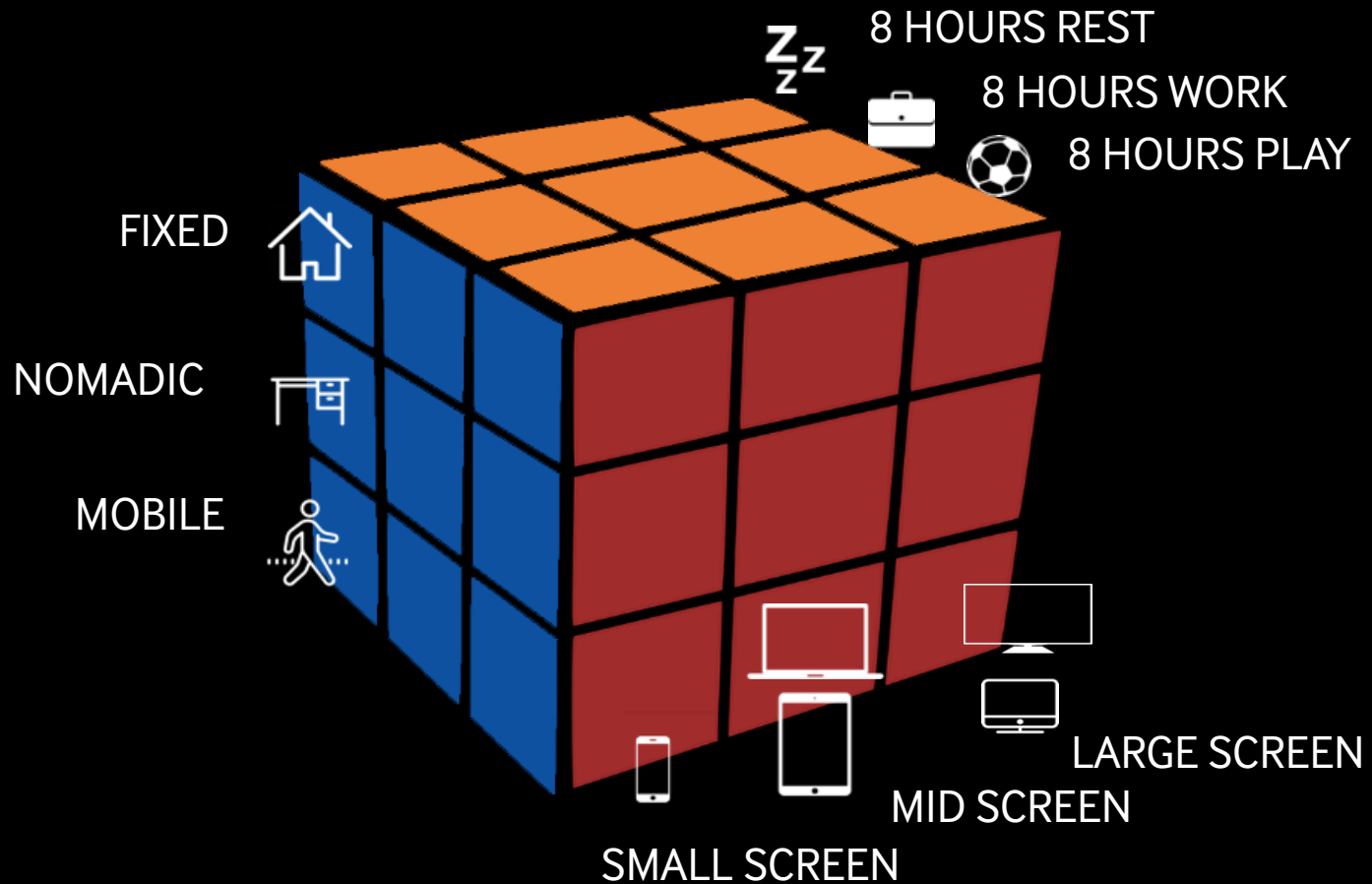
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**Share of Moments with Convergence**

**Company Updates**

**Financial & Operational Highlights**

# Capturing Share of Moments with Convergence

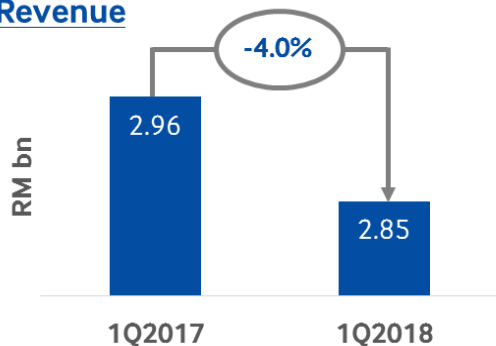


# Given evolving market dynamics and operational environment, our financial performance as of 1Q2018 remains challenging

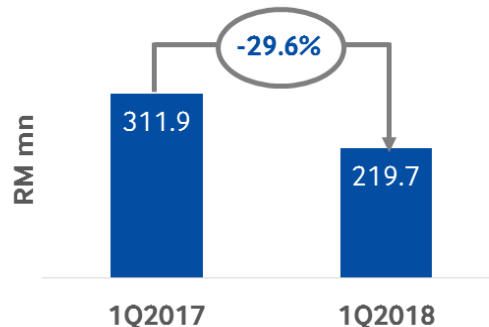
## 1Q2018 Recap

Challenges across all **customer clusters** affected 1Q2018 revenue

### Revenue



### Normalised EBIT



## Initiatives undertaken

### Latest Offerings 2017 - 2018

unifi Home	unifi TV
unifi Mobile	unifi Wifi

Twin Core Data Centre	Vertical Solutions
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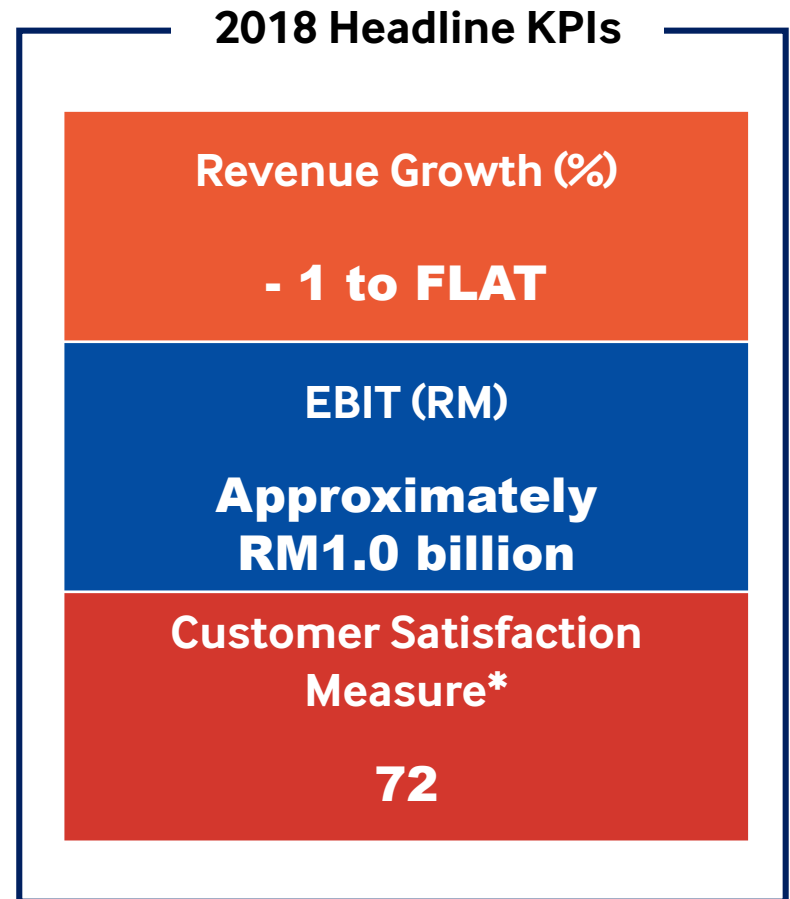
NGBH™	Hub Ecosystem
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- Increasing % of **convergence households**
- Implementation of initiatives and studies relating to **increasing productivity**, ie workforce and sweating assets
- **Continued investment** for long-term growth – cost and CAPEX in line with expansion plans

# We anticipate the headwinds to persist this year, changing the landscape. Thus, we are revising our 2018 Headline KPIs

## Challenges

1.  **POTENTIAL BROADBAND PRICE REVISION**
2.  **INTENSIFYING COMPETITION**
3.  **REGULATORY CHANGES**
4.  **INCREASING COSTS**



**Revised Capex Guidance 2018: 20-22% of Revenue**

\*Global average 2017: 68

# How we intend to adapt: our 4th wave of Performance Improvement Programme (PIP 2018)

## PERFORMANCE IMPROVEMENT PROGRAMME 2018

1



**REVENUE  
UPLIFT**

2



**SUSTAINED  
PROFITABILITY**

3



**IMPROVED  
CASH FLOW**

4



**INCREASED  
PRODUCTIVITY**

### PIP 2018 GOVERNANCE

*A dedicated PMO team has been established to closely track & monitor the execution*



**Affordable entry-level (unifi basic plan™) for households with income level of  $\leq$  RM 4,500 per month. Pre-registration starts 15 July 2018 at [unifi.com.my](http://unifi.com.my) and available from 15 Aug 2018**

**Current Offering**

**unifi**  
**30Mbps**  
**RM 179/ month**

- *Broadband*
- *Content*
- *Phone*



**unifi basic plan™**  
**30Mbps**

Here's an affordable plan that brings you speed to your home with great value usage volume.

***Broadband-only plan***

**RM 79/ month**

- Price shown is inclusive of 0% GST
- Add-ons: usage volume top-up (free monthly 60GB)

**56% lower  
than current  
30Mbps  
price**

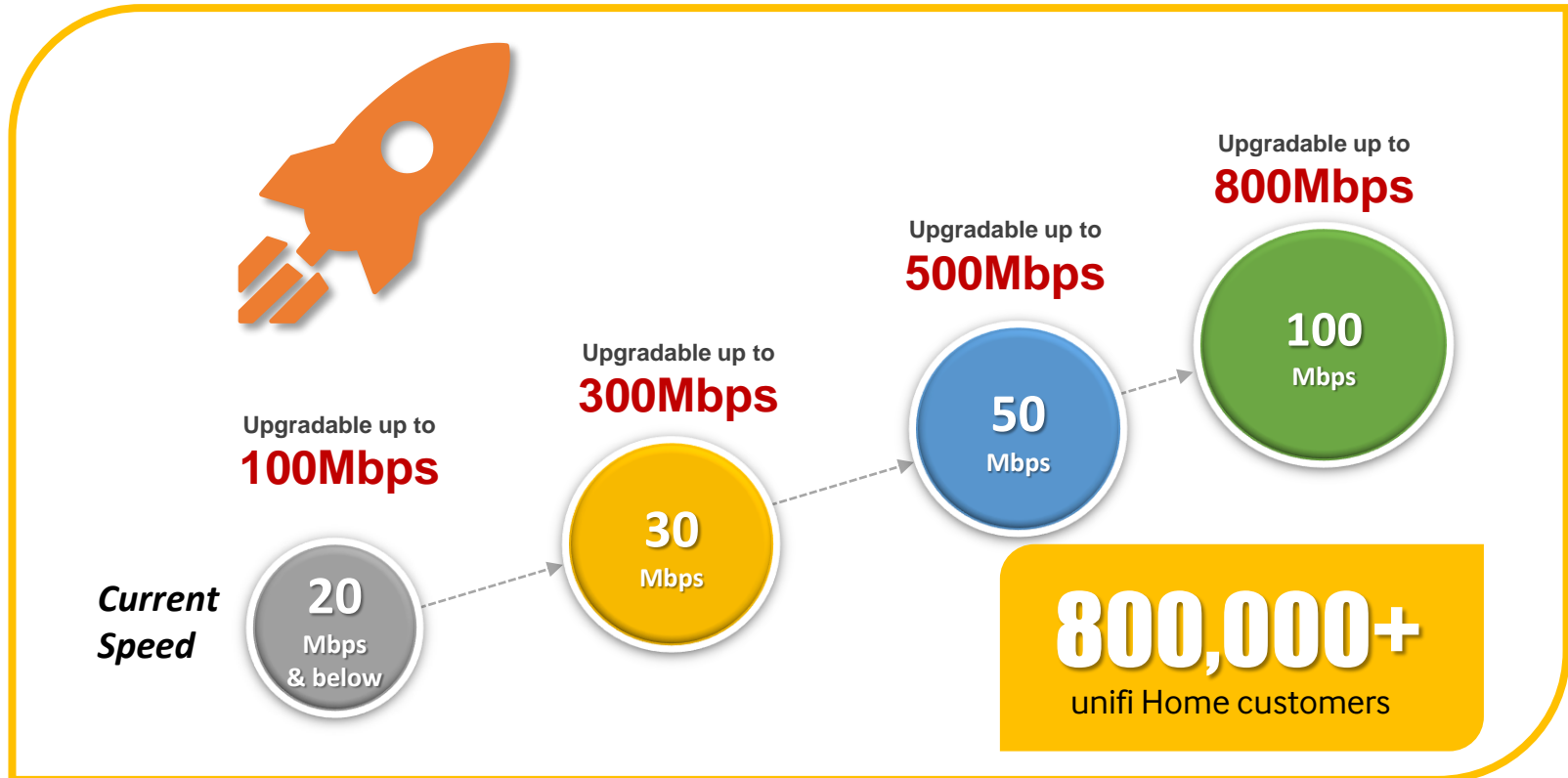


# unifi Wireless Broadband™ is an alternative broadband service available at an affordable RM 79/ month for customers not wishing for a fixed broadband service or not residing in a high speed broadband area



- **Simple & hassle free**
  - ✓ No contract
  - ✓ No wires, no hacking, no technician, no installation
  - ✓ Just plug-and-play
- **Best Value**
  - ✓ Enjoy 3 months fee waiver for loyal customers
  - ✓ Connect up to 64 devices at one time
  - ✓ Fast LTE speed
- **Flexible**
  - ✓ Top-up anytime
  - ✓ Go anywhere, anytime

**unifi 'turbo' shall deliver greater value to unifi home customers. Existing unifi customers shall start enjoying the 'turbo' upgrade in phases from 15 August 2018 onwards**



Not yet a unifi customer? Sign-up to **current unifi plans** until 31 December 2018. 'Turbo' upgrade shall be delivered in phases starting 2019

**unifi lite plan™**  
**10Mbps**

- *Broadband*
- *Content*
- *Phone*

RM  
**129/ month**

•Price shown is inclusive of 0% GST  
•Comes with PlayTV

**unifi advance plan™**  
**30Mbps**

- *Broadband*
- *Content*
- *Phone*

RM  
~~179/ month~~  
**139/ month**

•Inclusive Voice STD20  
•Price shown is inclusive of 0% GST  
•Price shown is with either Aneka Plus OR Ruby Plus OR Varnam Plus pack



**unifi pro plan™**  
**100Mbps**

- *Broadband*
- *Content*
- *Phone*

RM  
**329/ month**

•Inclusive Voice STD20  
•Price shown is inclusive of 0% GST  
•Price shown is with Ultimate pack

# Special upgrade for existing Streamyx (pre-unifi) customers

## Eligibility check and installation booking at [unifi.com.my](http://unifi.com.my) from 15 July 2018

**340,000+**  
Streamyx (pre-unifi)  
customers  
in unifi areas



  
is here for you 😊

**350,000+**  
Streamyx (pre-unifi)  
customers  
not in unifi areas







**2x** speed upgrade  
is coming to you 😊

**unifi mobile postpaid is back, bringing the unlimited home experience, on-the-go. Exclusive for home unifi and Streamyx (pre-unifi) customers from 15 July 2018**



All in one price: ~~RM139/Month~~ **RM99/Month**



-  **Unlimited high speed (LTE) data just like home**
-  **Stay connected across your devices with 10GB LTE Hotspot Data**
-  **Inclusive of unlimited calls and SMS**
-  **No contract.**

All your favourite movies, shows, and music without boundaries – on a mobile internet experience just like unifi at home

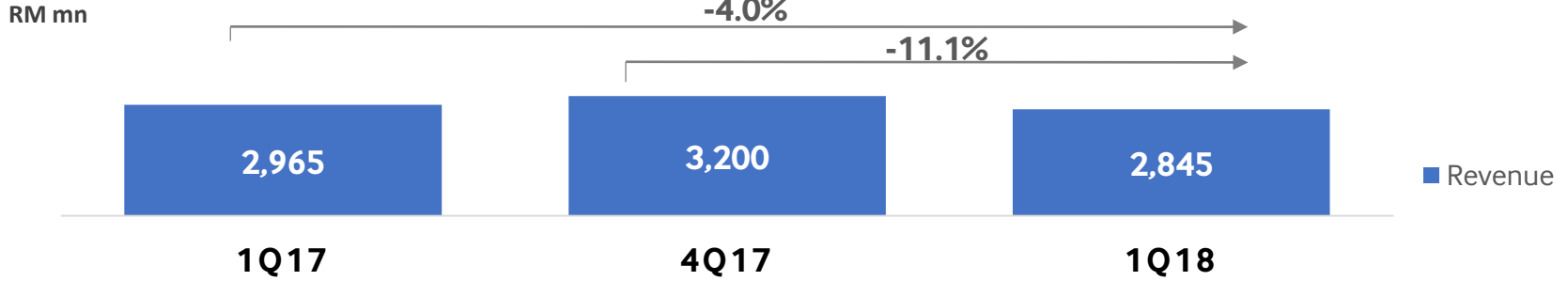


# Key 1Q 2018 Highlights

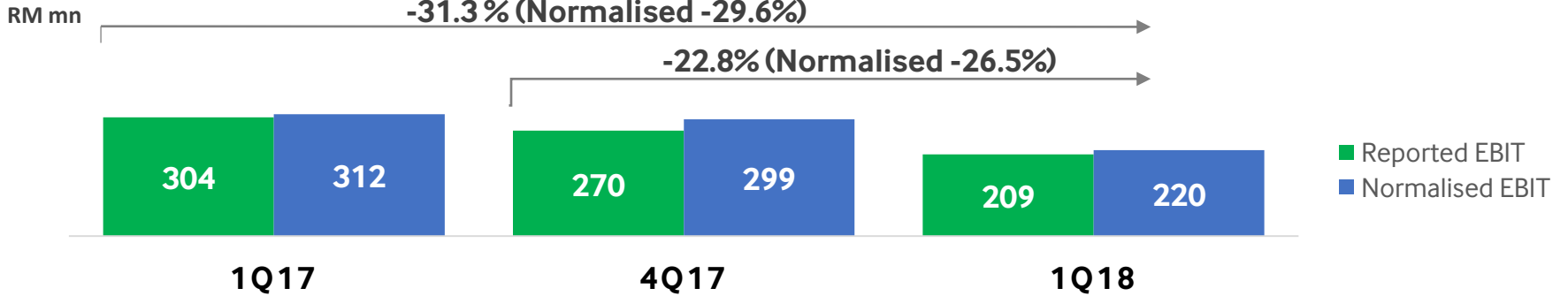
Without MFRS 15



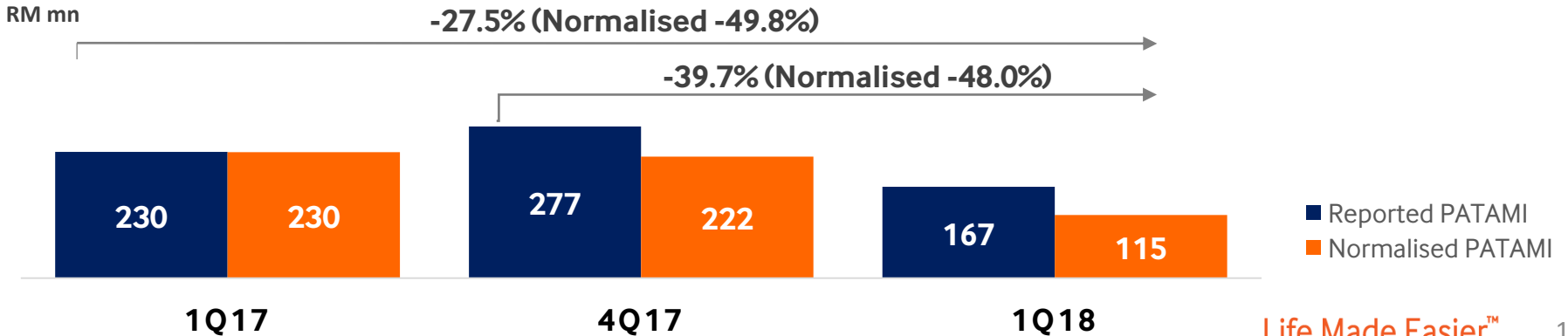
## Revenue



## EBIT



## PATAMI



# Group Total Revenue by Product

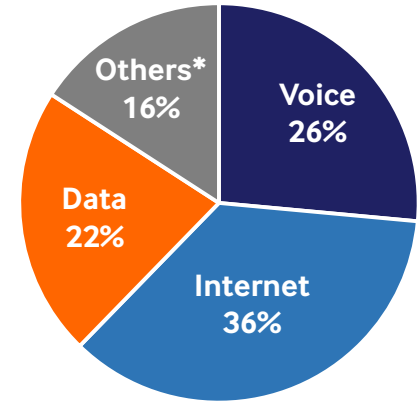
Without MFRS 15



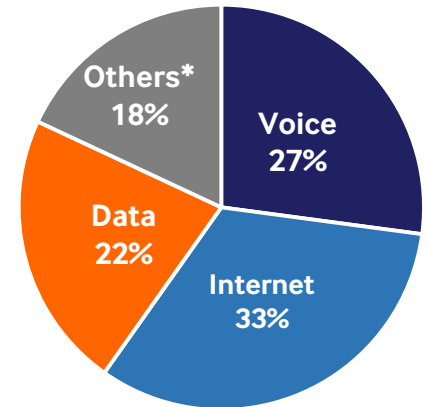
## Voice

## Internet

1Q18

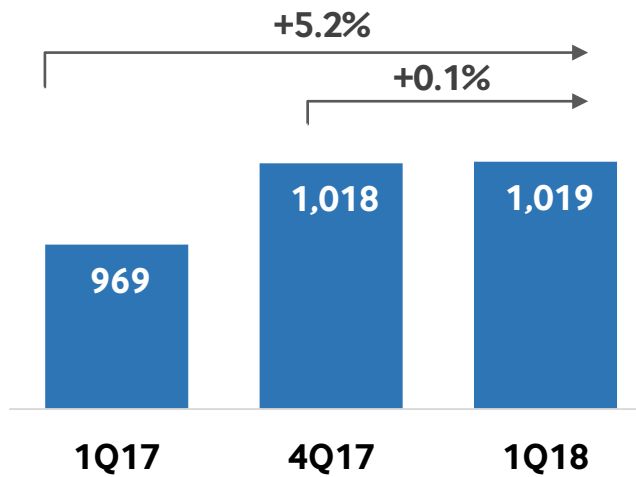
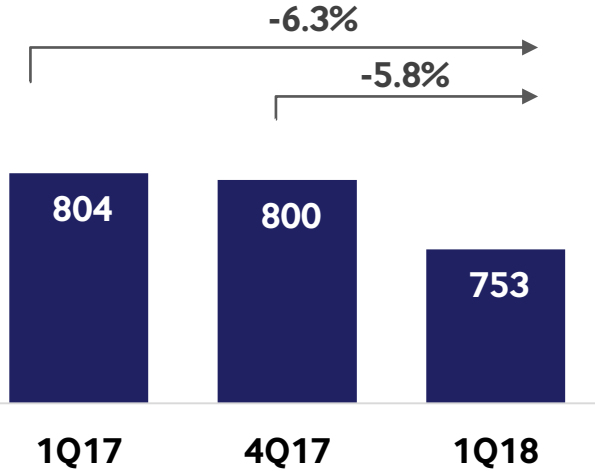


1Q17



RM mn

RM mn

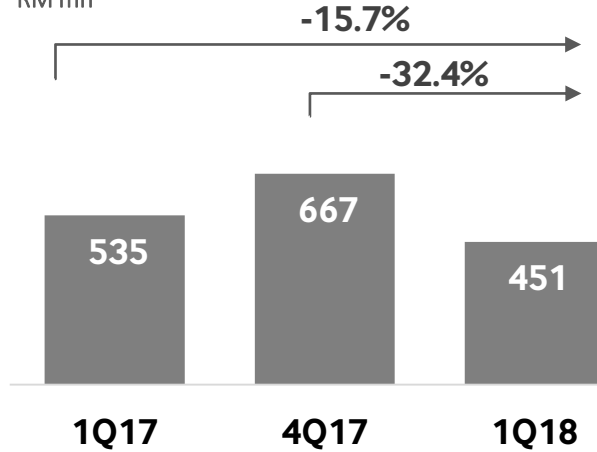
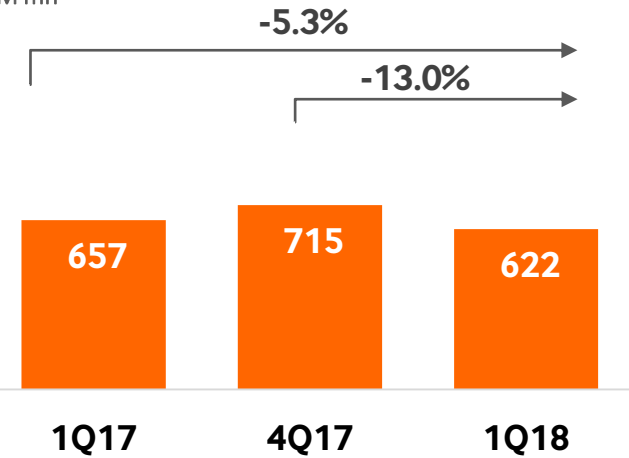


## Data

## Others\*

RM mn

RM mn



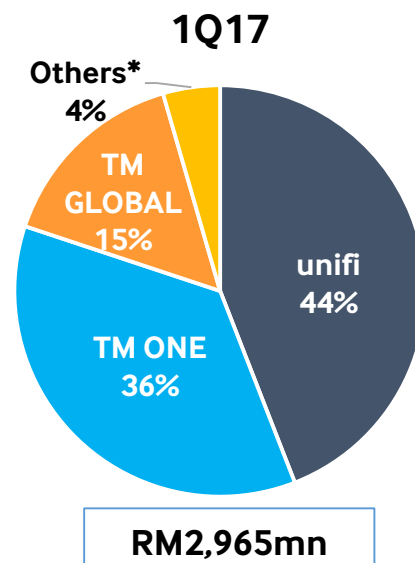
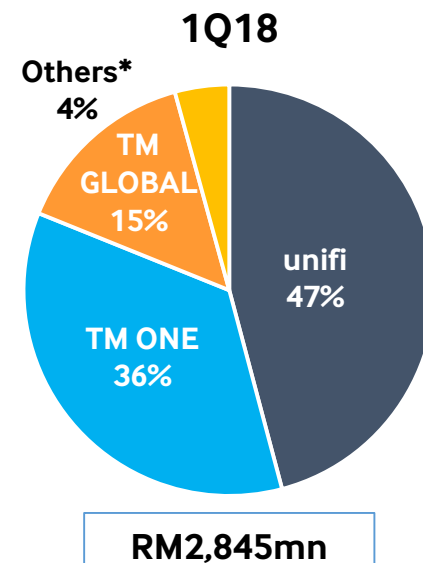
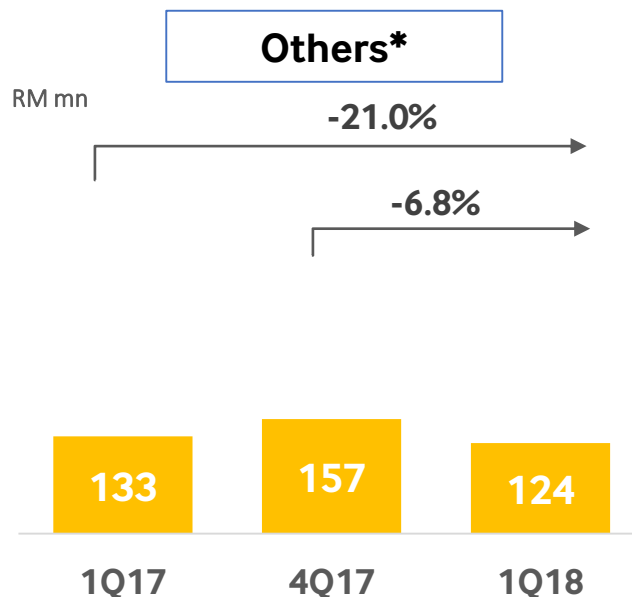
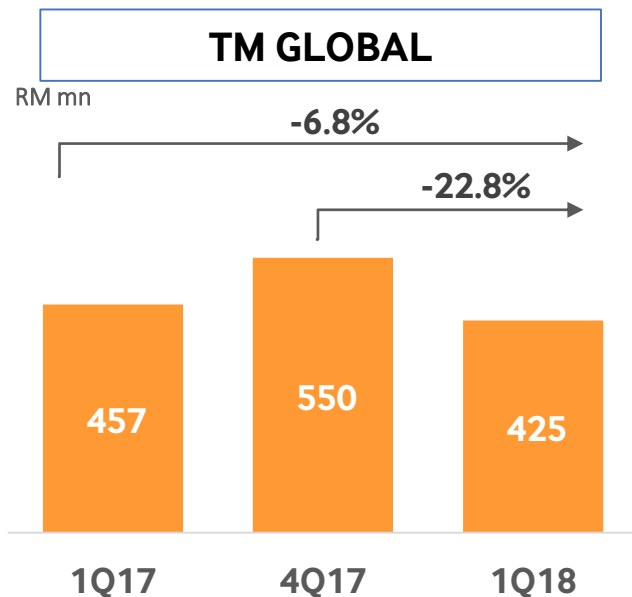
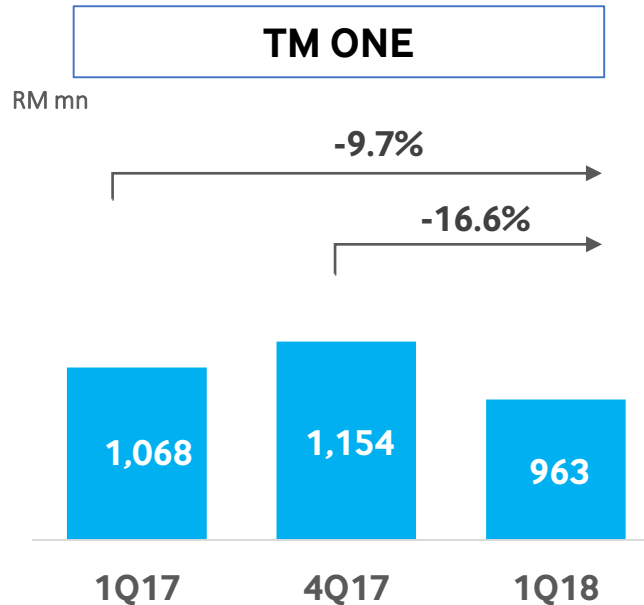
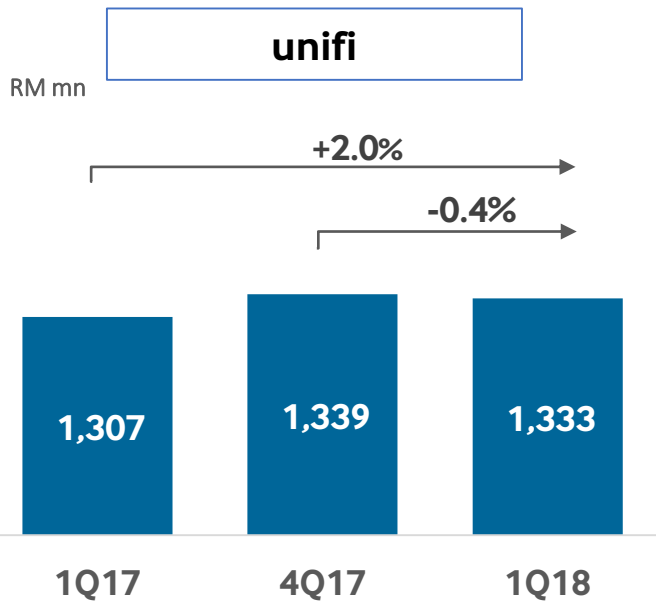
\*Others comprise other telco and non-telco services (i.e ICT-BPO, MMU tuition fees, customer projects)

\*Total revenue is after inter-co elimination.



# Group Total Revenue by Customer Clusters

Without MFRS 15

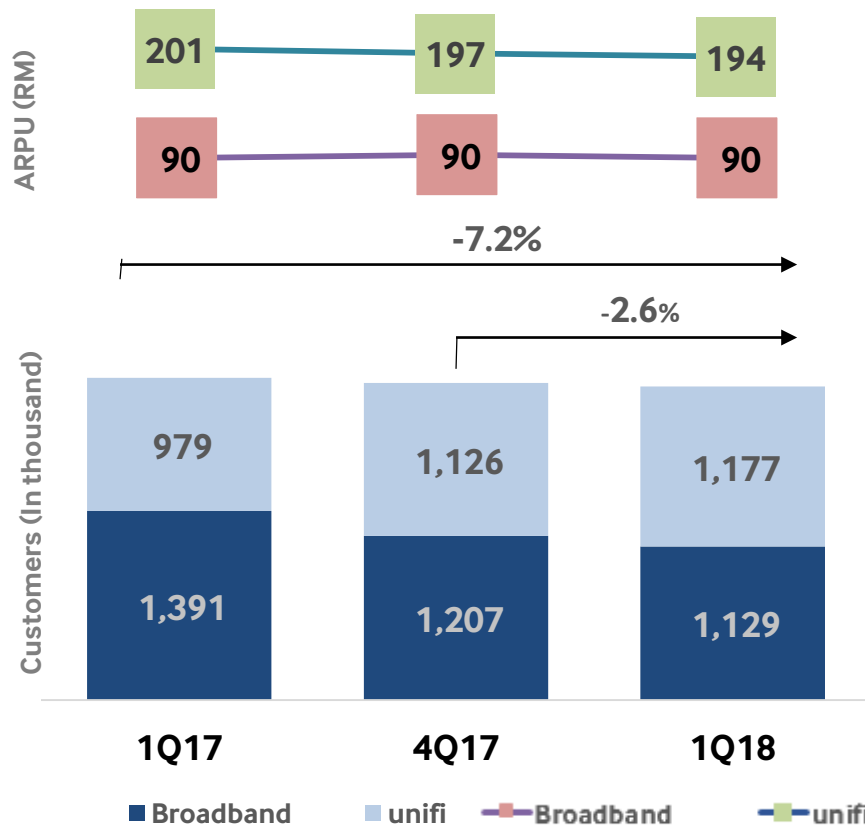


\*Total revenue is after inter-co elimination.

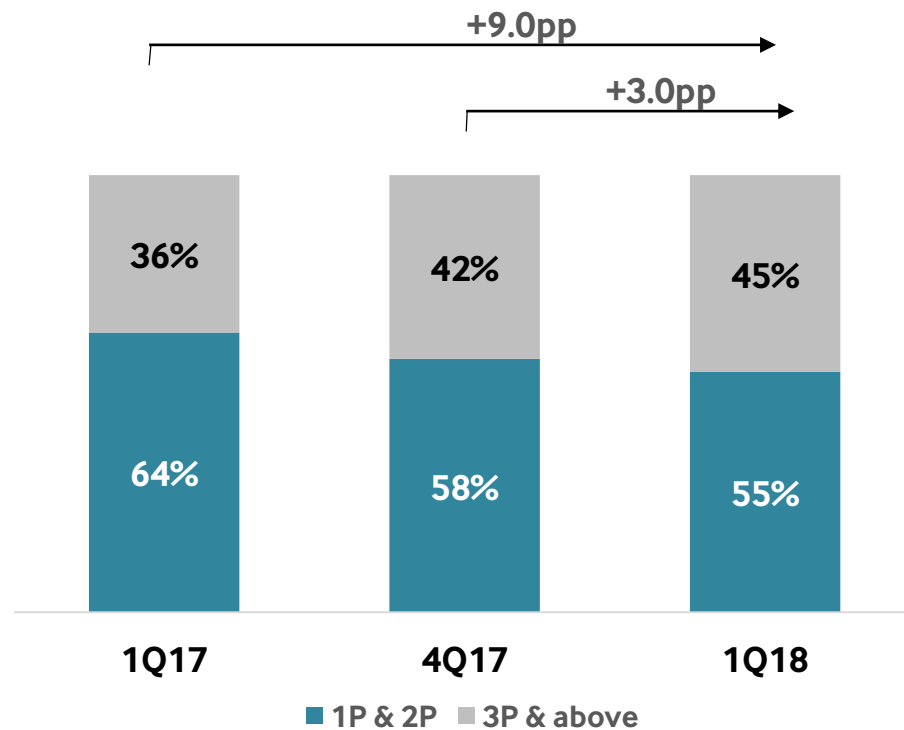
\*Others include revenue from Property Development, TM R&D, TMIM, UTSS & MKL

## Convergence Updates

### Total Broadband Performance



### Convergence HH Penetration



- **Steady growth in number of unifi customers**
- **More customers moving up the value chain with convergence**
- **#Bebas take up of over 1.3mn SIMs**
- **Increasing convergence / TM households now at 45%**

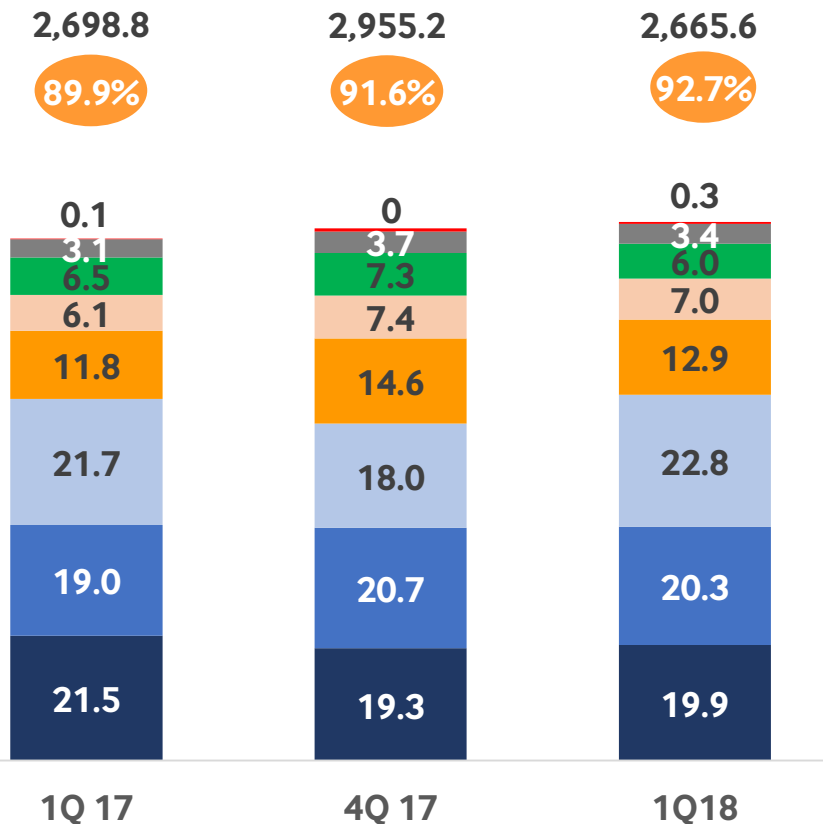
# 1Q 2018 OPEX & CAPEX

Without MFRS 15



## Cost % of Revenue<sup>1</sup>

RM mn

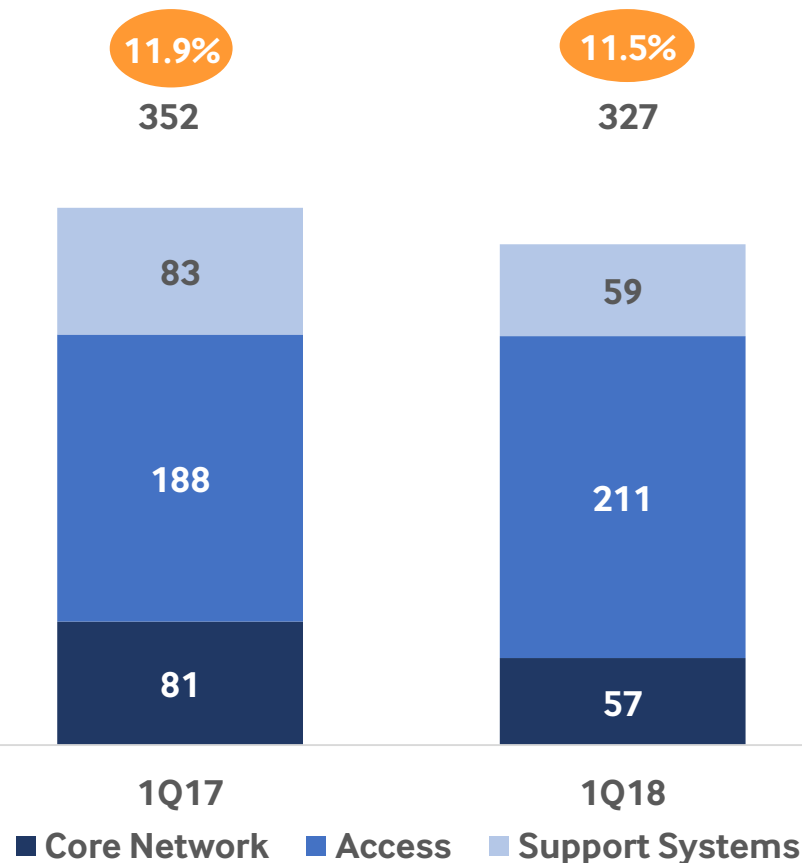


- Dep & Amortisation
- Direct cost
- Manpower
- Other operating cost
- Maintenance
- Supplies & materials
- Marketing Expenses
- Bad debt

● Total Cost / Revenue (%)

## Group Capital Expenditure

RM mn



● CAPEX / Revenue (%)

<sup>1</sup> Revenue = Operating Revenue + Other Operating Income

## Group Cash Flow

With MFRS 15

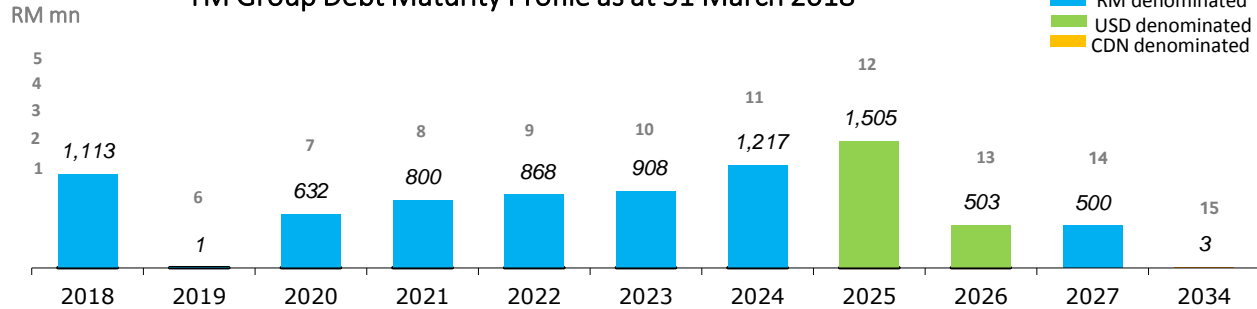


RM mn	1Q18	1Q17
Cash & cash equivalent at start	1,719.0	2,925.2
Cash flows from operating activities	239.1	391.7
Cash flows used in investing activities	(502.9)	(673.0)
Capex	327.4	351.5
Cash flows used in financing activities	(3.1)	(599.6)
Effect of exchange rate changes	11.2	(12.2)
Cash & cash equivalent at end	1,463.3	2,032.1
Free cash-flow (EBITDA – Capex)	439.3	598.1

# TM Group Debt Profile



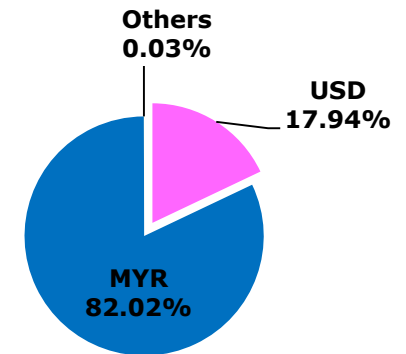
## TM Group Debt Maturity Profile as at 31 March 2018



### Note:

2018	<sup>1</sup> TM ISIS: 4.87% <sup>2</sup> DLCM: 4.24%	<sup>3</sup> Webe RC: 4.32% <sup>4</sup> Vads Lyfe LT Loan & RC 5.3% <sup>5</sup> Fibrecomm: 4.25%	2023	<sup>10</sup> Tulip2 USD Sukuk: 2.85%, IMTN17: 3.95%, IMTN18: 3.93%, CMTN SH Loan Principle: 4.88%, HSBB2 4.36% & SUBB 4.36%
2019	<sup>6</sup> Webe Finance Lease: 2.89% & Vads Lyfe LT Loan: 5.3%		2024	<sup>11</sup> IMTN002: 4.82%, IMTN003: 4.738%, IMTN004: 4.55% & IMTN005: 4.55%, HSBB2 4.39% & SUBB 4.39%
2020	<sup>7</sup> Sakura 2: 3mL + 0.91%, IMTN001: 4.3% & Vads Lyfe LT Loan: 5.3%		2025	<sup>12</sup> IMTN007: 4.88%, Yankee Bond: 7.875%, HSBB2 4.39% & SUBB 4.39%
2021	<sup>8</sup> IMTN2: 4.5%, IMTN4: 4.2% & IMTN6: 4.2%		2026	<sup>13</sup> Tulip1 USD Sukuk: 3.7%, Tulip3 USD Sukuk: 3.422% & GTC LT Loan: 5.3%
2022	<sup>9</sup> IMTN8: 4.0%, IMTN14: 3.95%, IMTN006: 4.23%, Finance Lease: 6.23%, HSBB2 4.33% & SUBB 4.33%		2027	<sup>14</sup> IMTN008: 4.58%
			2034	<sup>15</sup> CIDA

## Debt Currency Mix



## Key Financial Ratios

	31 Mar 18	31 Dec 17
Return on Invested Capital <sup>1</sup>	<b>3.84%</b>	5.80%
Return on Equity <sup>2</sup>	<b>5.47%</b>	11.11%
Return on Assets <sup>1</sup>	<b>3.36%</b>	4.77%
Current Ratio	<b>0.96</b>	0.98
WACC	<b>6.57%</b>	6.61%

<sup>1</sup> Based on Normalised EBIT

<sup>2</sup> Based on Normalised PATAMI

	31 Mar 18	31 Dec 17
Gross Debt to EBITDA	<b>2.64</b>	2.31
Net Debt/EBITDA	<b>2.12</b>	1.66
Gross Debt/Equity	<b>1.06</b>	1.04
Net Debt/Equity	<b>0.87</b>	0.82
Net Assets/Share (sen)	<b>201.3</b>	208.7

# Group Balance Sheet

With MFRS 15



RM mn	As at 31 March 2018	As at 31 Dec 2017
<b>Shareholders' Funds</b>	<b>7,562.9</b>	<b>7,843.5</b>
<b>Non-Controlling Interests</b>	<b>(127.1)</b>	<b>(76.7)</b>
<b>Deferred &amp; Long Term Liabilities</b>	<b>10,682.8</b>	<b>10,712.2</b>
Long Term Borrowings	6,928.5	7,031.2
Derivative Financial Instruments	295.5	287.7
Deferred Tax	1,620.6	1,591.3
Deferred Income	1,832.2	1,796.5
Others	6.0	5.5
	<b>18,118.6</b>	<b>18,479.0</b>
<b>Current Assets</b>	<b>6,003.2</b>	<b>6,133.1</b>
Trade Receivables	2,505.7	2,540.0
Other Receivables	1,162.8	1,170.2
Cash & Bank Balances	1,462.6	1,719.8
Inventories	257.6	258.5
Contract assets	98.0	-
Others	516.5	444.6
<b>Current Liabilities</b>	<b>6,284.1</b>	<b>6,282.8</b>
Trade and Other Payables	3,408.1	3,934.2
Short Term Borrowings	1,121.2	1,119.0
Contract liabilities	55.3	-
Others	1,699.5	1,229.6
<b>Net Current Assets/(Liabilities)</b>	<b>(280.9)</b>	<b>(149.7)</b>
<b>Non-Current Assets</b>	<b>18,399.5</b>	<b>18,628.7</b>
Property Plant & Equipment	16,368.3	16,540.7
Other Non-Current Assets	2,031.2	2,088.0
	<b>18,118.6</b>	<b>18,479.0</b>

# APPENDIX

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# About TM

## Credit Rating

Moody's	• A3
S&P	• A-
RAM	• AAA

## Capital Structure

- Authorised Capital: RM3,528,003,015.00
- Issued and Paid-up Capital: RM2,630,554,376.00
- Date of Incorporation: 12 October 1984
- Date of Listing: 7 November 1990

## Total Return To Shareholders

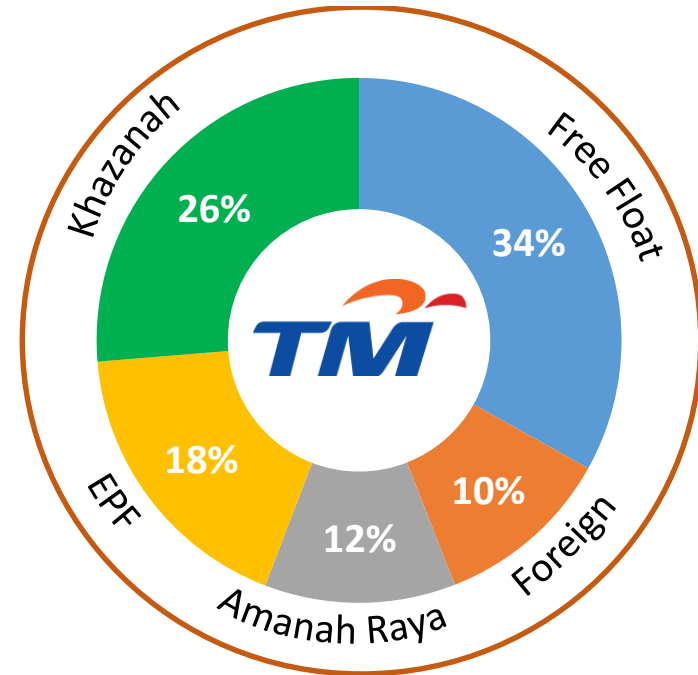
FBMKLCI <sup>1</sup>	95.09%
TM <sup>1</sup>	208.01%
AXIATA <sup>2</sup>	6.36%
MAXIS <sup>3</sup>	76.85%
DIGI <sup>1</sup>	234.39%

Source: Bloomberg

<sup>1</sup> For the period 22 April 2008 – 25 Jul 2018

<sup>2</sup> For the period 25 April 2008 – 25 Jul 2018

<sup>3</sup> For the period 18 November 2009 – 25 Jul 2018



- As at 25 Jul 2018
- Foreign Shareholding as at 30 June 2018
- EPF: Employees Provident Fund Board
- Amanah Raya Berhad – for Skim Amanah Saham Bumiputra

# Reiteration of Dividend Policy



Telekom Malaysia Berhad ("the Company" or "TM") issues a statement to reiterate its stand on the Company's dividend policy. The Company's dividend policy as announced at the time of the demerger between TM and TM International Berhad (TMI) remains valid. The policy states as follows:

“In determining the dividend payout ratio in respect of any financial year after the Proposed Demerger, our Company intends to adopt a progressive dividend policy which enables us to provide stable and sustainable dividends to our shareholders while maintaining an efficient capital structure and ensuring sufficiency of funding for future growth.

Upon completion of the Proposed Demerger, our Company intends to distribute yearly dividends of RM700 million or up to 90% of our normalised PATAMI, whichever is higher.

Dividends will be paid only if approved by our Board out of funds available for such distribution. The actual amount and timing of dividend payments will depend upon our level of cash and retained earnings, results of operations, business prospects, monetization of non-core assets, projected levels of capital expenditure and other investment plans, current and expected obligations and such other matters as our Board may deem relevant.”

This policy remains unchanged for 2009 and beyond. The Company is currently able to meet this dividend policy, because:

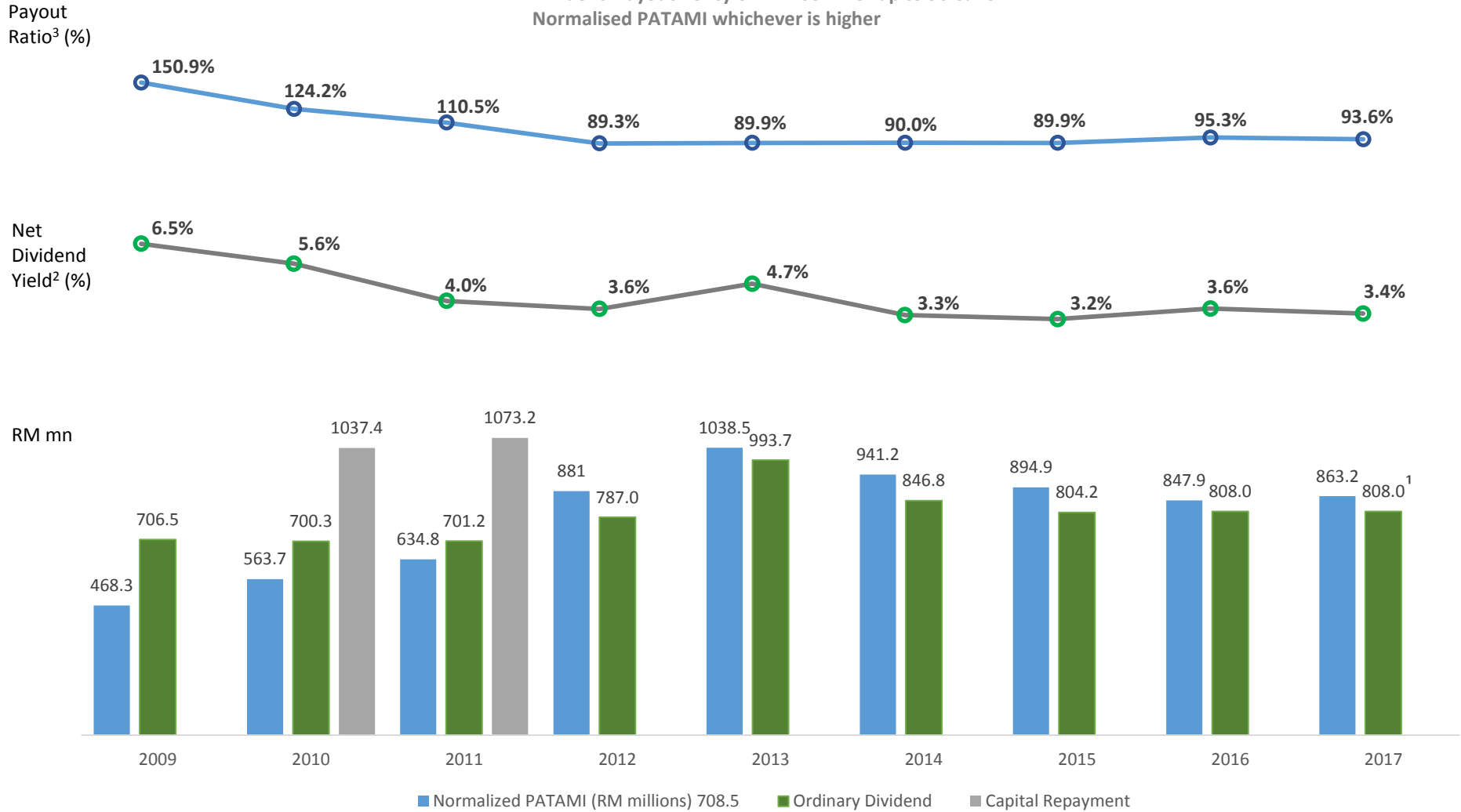
- The Company has sufficient consolidated cash and bank balances of RM1.144 billion as at 30 September 2008, and it is confident that TMI is able to meet its obligation due to TM of RM4.025 billion by April 2009.
- In the event of a downturn in performance due to unforeseen circumstances, the Company wishes to state that its recurring cash generation ability is sufficient to meet its current dividend policy.
- TM's retained earnings is also sufficient to support this current dividend policy in the event of unforeseen shortfalls in normalised PATAMI.

Given the unprecedented volatility in global markets, the Company will continue to examine the likely impact on its business, cashflow generation, capital structure and methods in which excess cash beyond the dividend policy and prudent level of cash required for operations, can be efficiently distributed to our shareholders.

Moving forward, TM is focused on building a strong foundation for its future growth and operational excellence.

# Shareholder Returns (2009-2017)

Dividend Payout Policy of RM700mn or up to 90.0% of Normalised PATAMI whichever is higher

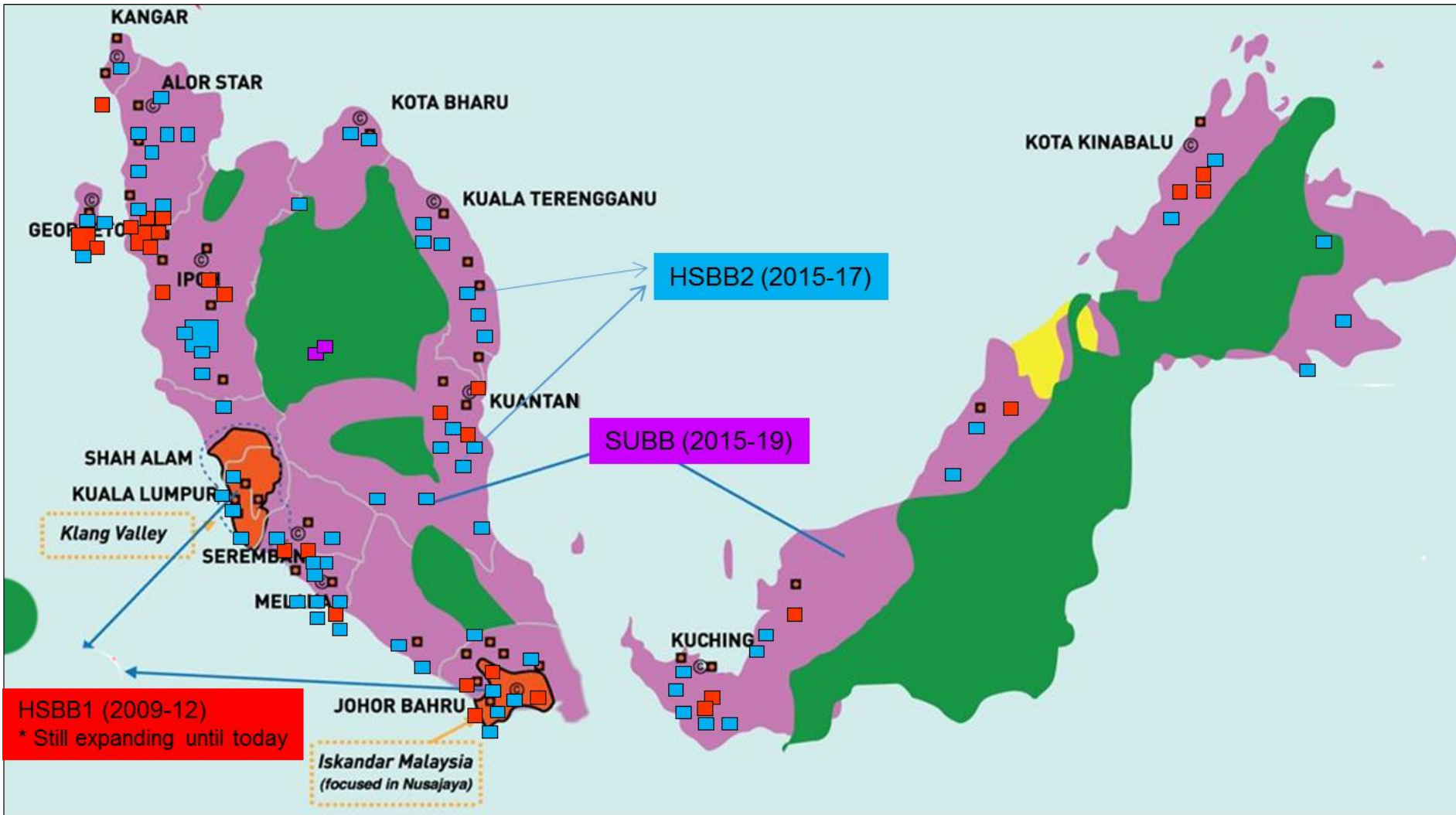


1 2017 1<sup>st</sup> Interim Dividend of 9.4sen per share and 2<sup>nd</sup> Interim Dividend of 12.1sen per share

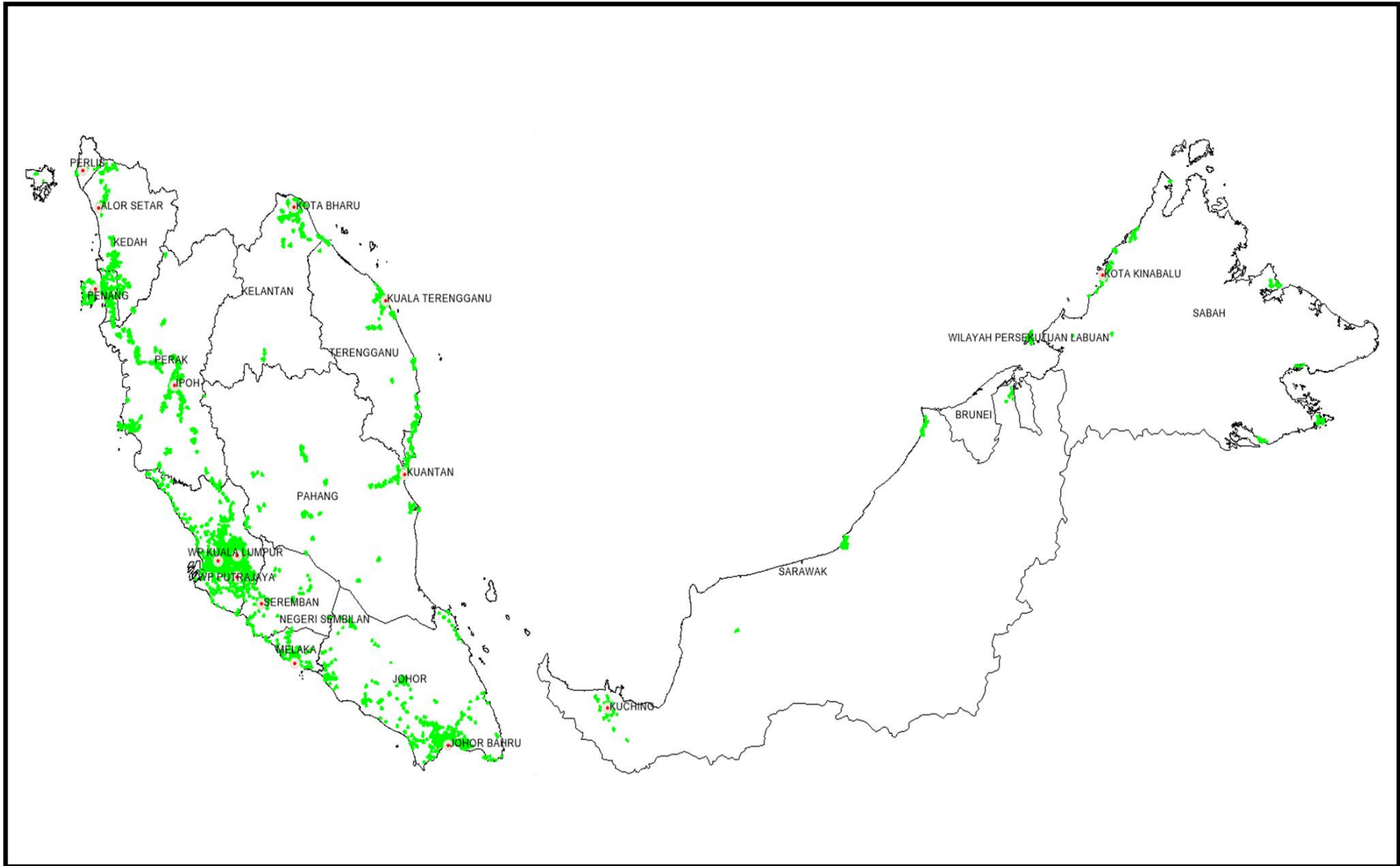
2 Net Dividend Yield based on closing share price at year end

3 Excludes Capital Distributions/Repayment

# TM Nationwide Broadband Coverage



# unifi mobile LTE Coverage



 unifi mobile LTE sites

# Thank you!

Corporate Finance & Investor Relations  
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