



**TELEKOM MALAYSIA BERHAD**  
**13 December 2017**

Life  
Made  
Easier™



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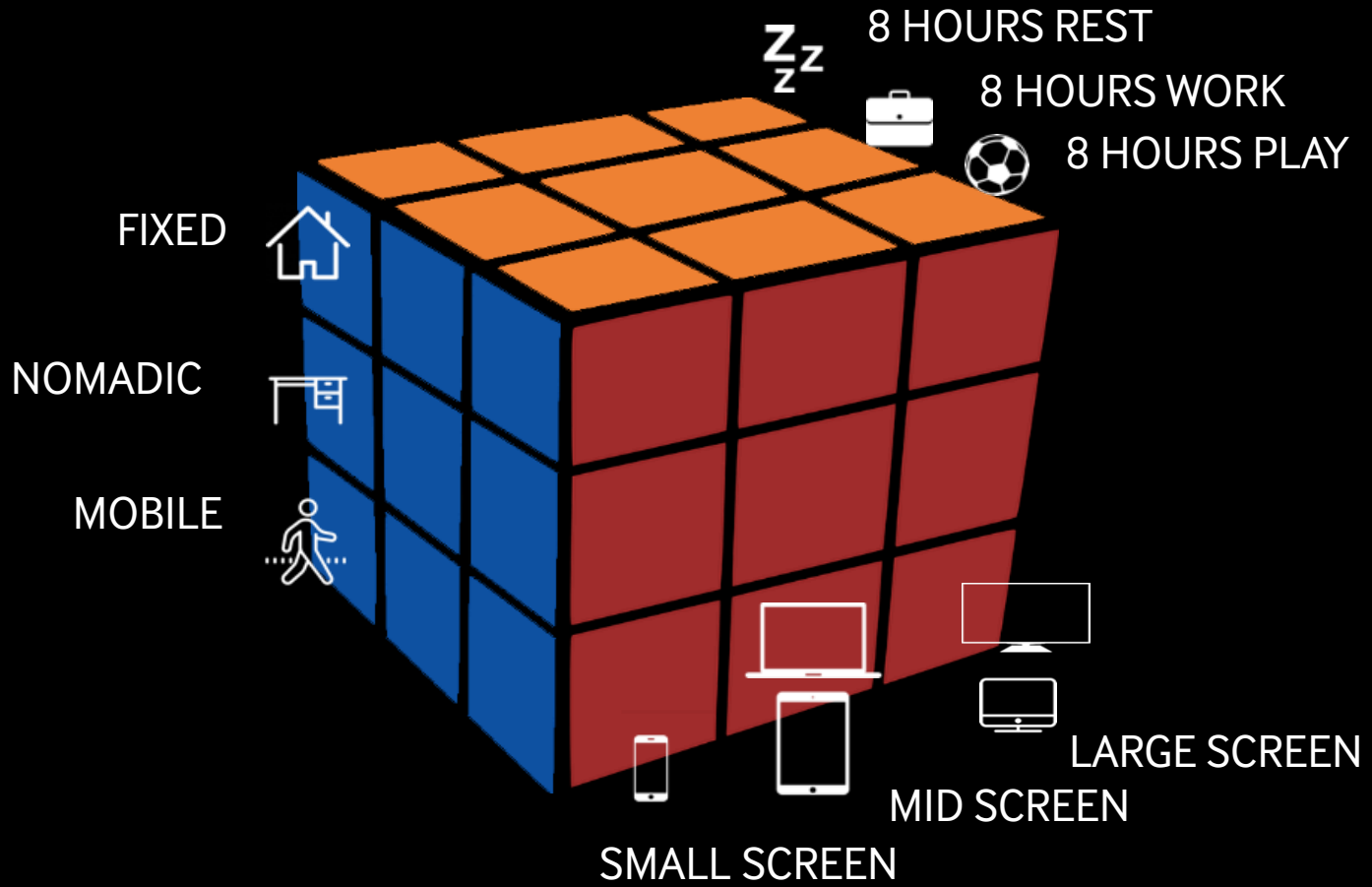
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**TM: The Convergence Champion**

**Company Updates**

**Financial & Operational Highlights**

# Capturing Share of Moments with Convergence



# Our digital transformation supported by Convergence



Fixed

Mobile

WiFi

*Superfast & seamless internet connection, everywhere and anytime*



*Relevant lifestyle and business services on all your devices*

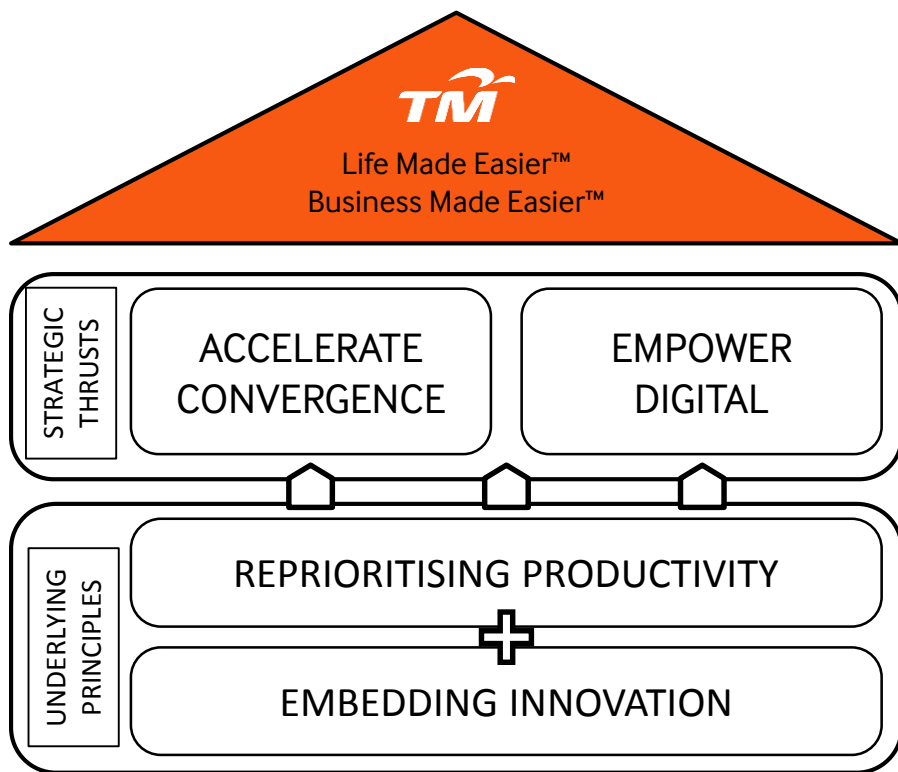


*Delivered to you through an easy and enjoyable experience*



# Setting a new pace of execution through Perfexe 10 in delivering Convergence

**Key Focus Area  
2018 – 2020  
(Remains unchanged)**



**New Execution  
Plan 2018 - 2020**



# TM supporting the business and nation



- ❖ **CONVERGENCE CHAMPION**
- ❖ **2.35mn total broadband customers**
- ❖ **unifi breached 1mn threshold in June 2017**
- ❖ **>2.8mn highspeed broadband ports nationwide**
- ❖ **SKR1M cable system with 4Tbps initial capacity - increasing HSBB capacity between Peninsular Malaysia and Sabah and Sarawak**
- ❖ **Our carrier-neutral IPDC is ready to serve growing demand in data and hosting technologies**
- ❖ **unifi mobile achieved 8.0% penetration of TM Households, with LTE coverage at 86% of population nationwide**
- ❖ **~28,000 Warga Keluarga TM**
- ❖ **Supporting Bumiputera Empowerment Agenda through Vendor Development Programme; 197 vendors, >RM6bn of projects awarded to Bumi vendors**

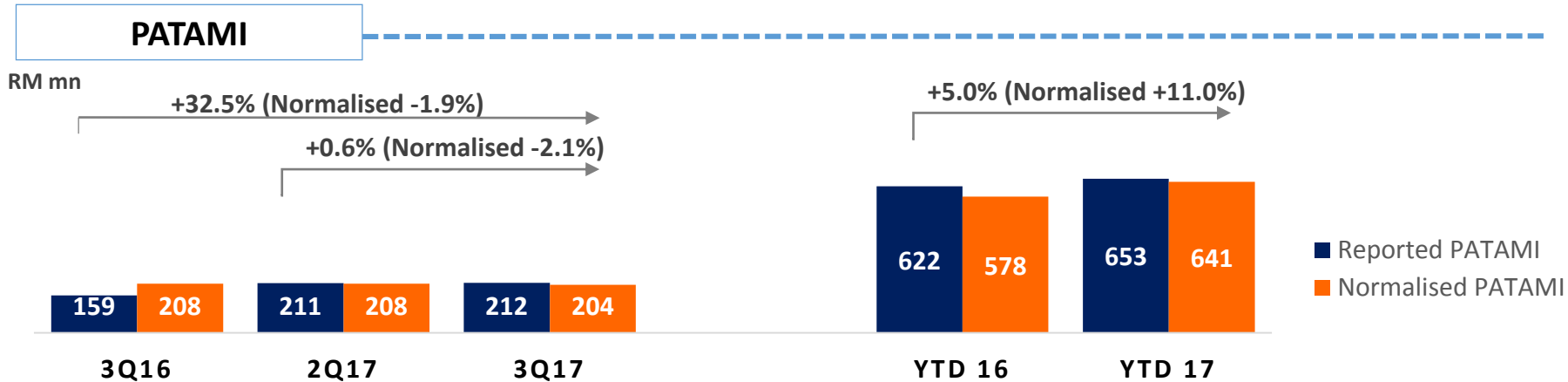
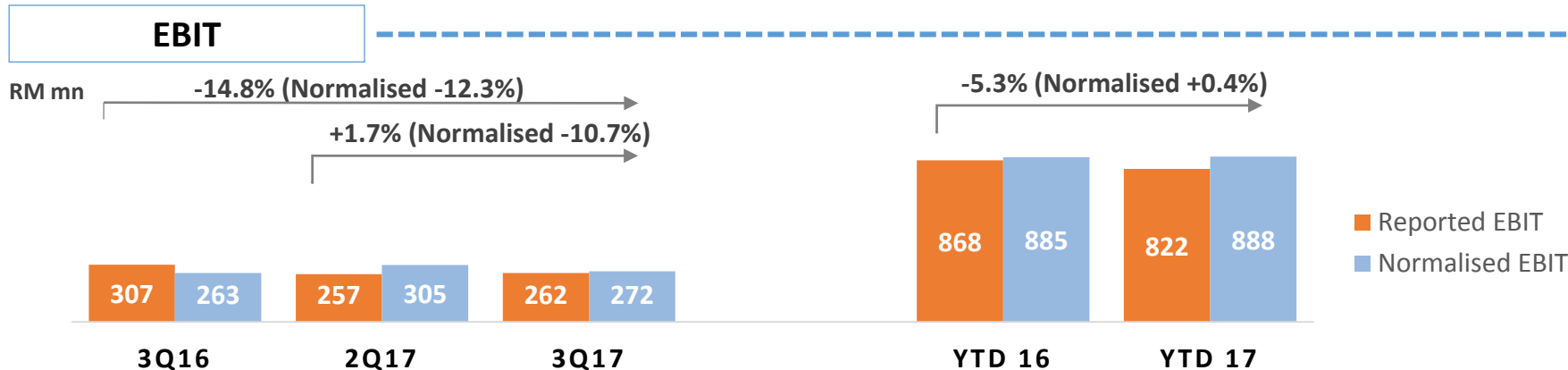


- ❖ **RM8.89bn revenue as at YTD Sep 2017**
- ❖ **RM641.3mn Normalised PATAMI as at YTD Sep 2017**
- ❖ **>382% Total Shareholder Return since demerger\***
- ❖ **Interim dividend of 9.4sen per share for FY2017**

As at 30 Sept 2017

\*TSR as at 11 December 2017

## Key YTD Sep 2017 Highlights



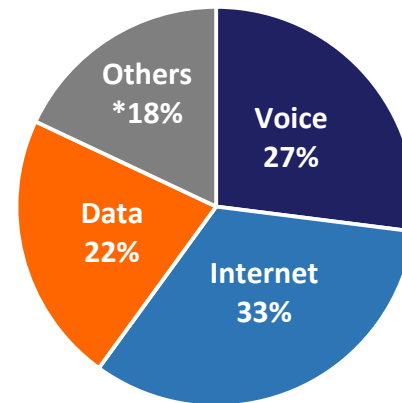


# Group Total Revenue by Product

## Voice

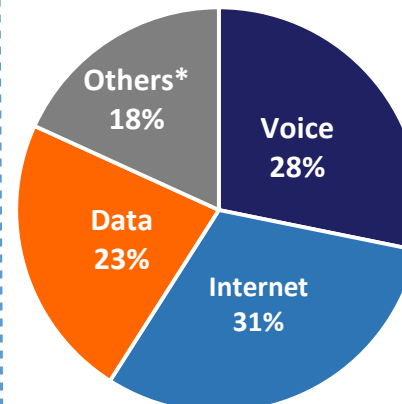
## Data

YTD17



RM8,885mn

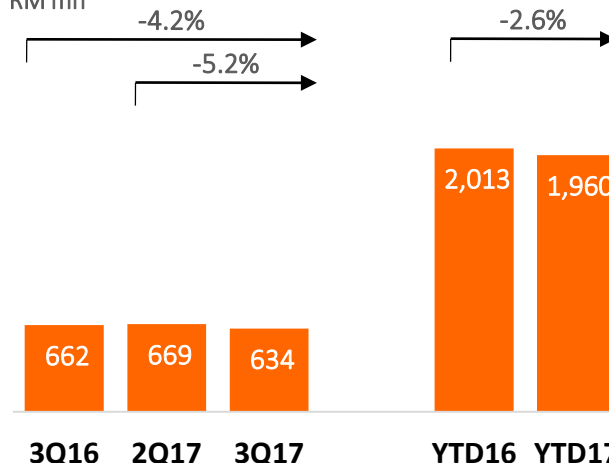
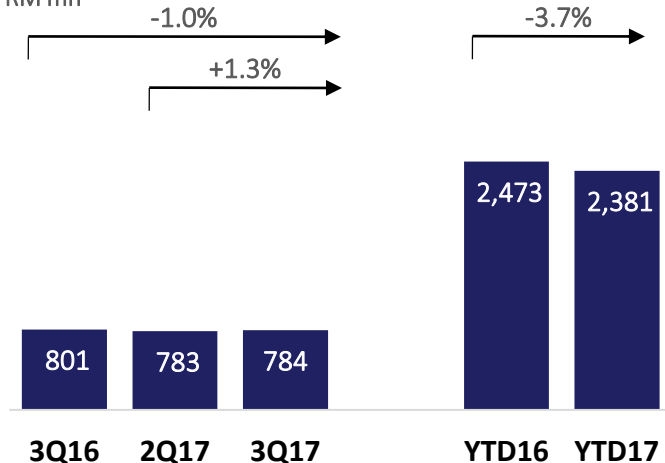
YTD16



RM8,824mn

RM mn

RM mn

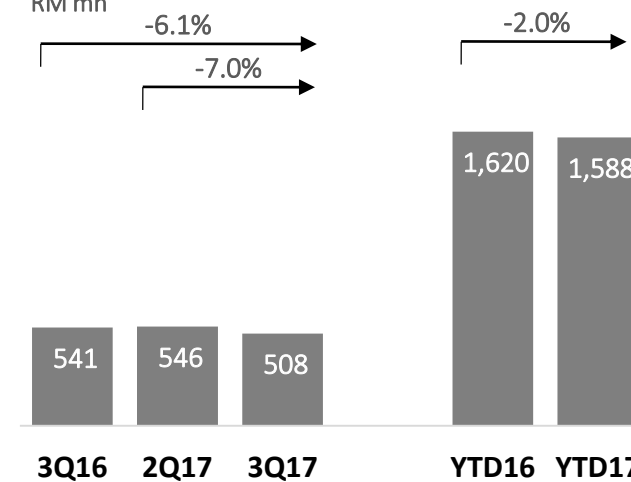
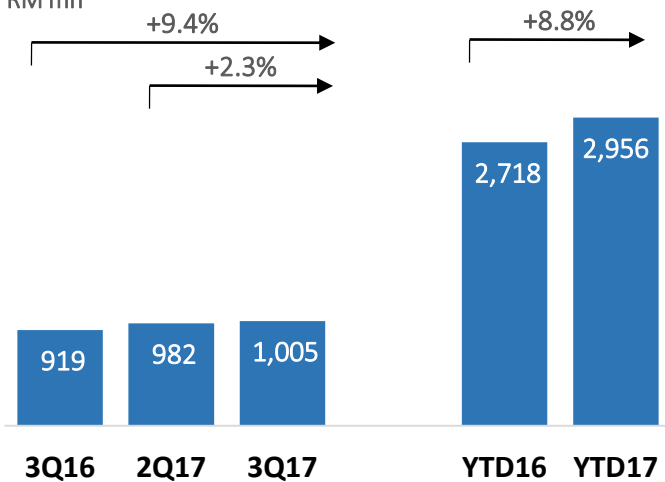


## Internet

## Others\*

RM mn

RM mn

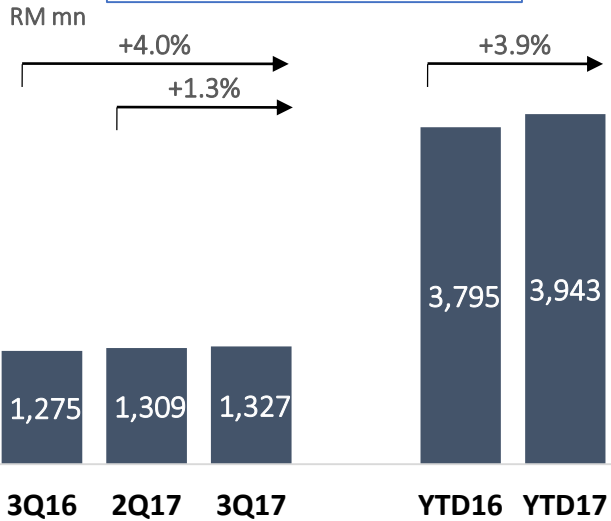


\*Total revenue is after inter-co elimination.

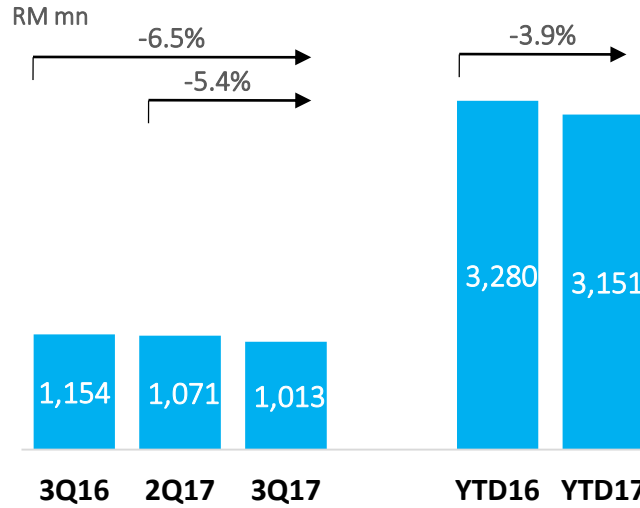
\*Others comprise other telco and non-telco services (i.e. ICT-BPO, MMU tuition fees, customer projects)

# Group Total Revenue by Customer Clusters

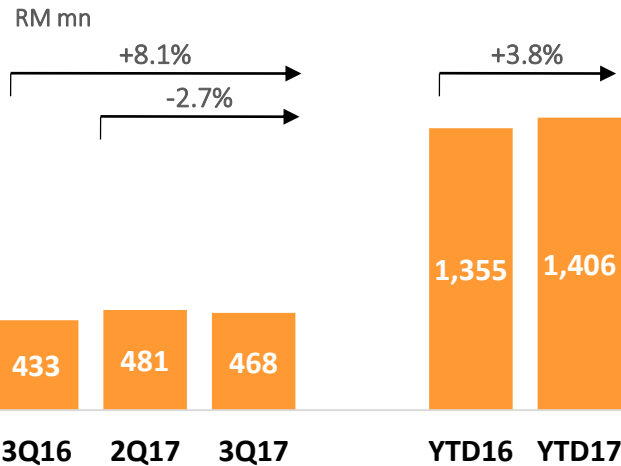
## unifi



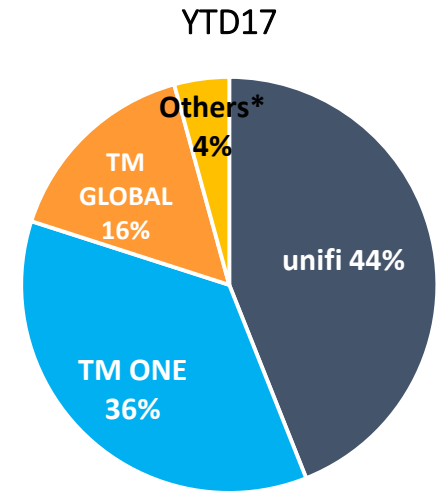
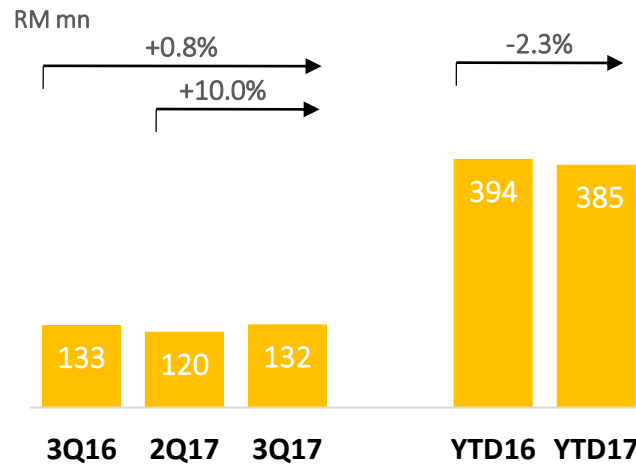
## TM ONE



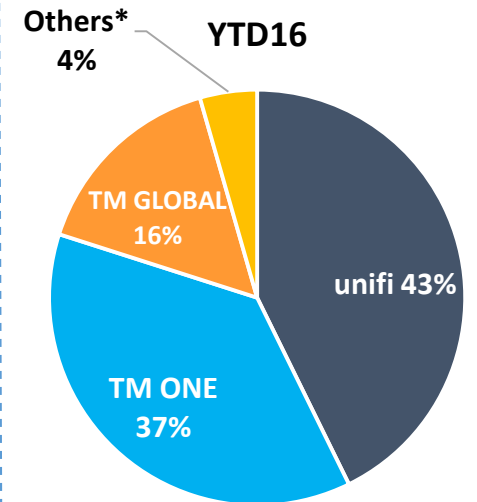
## TM GLOBAL



## Others\*



RM8,885mn



RM8,824mn

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

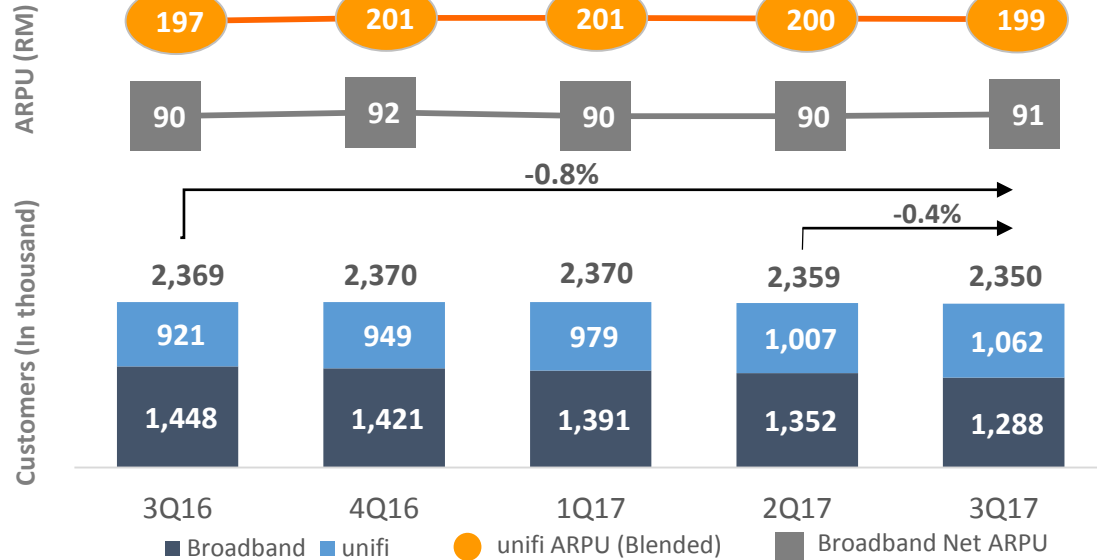
\*Total revenue is after inter-co elimination.

# Physical Highlights

Highest net adds at unifi since 3Q 2012, unifi mobile FY 2017 target achieved

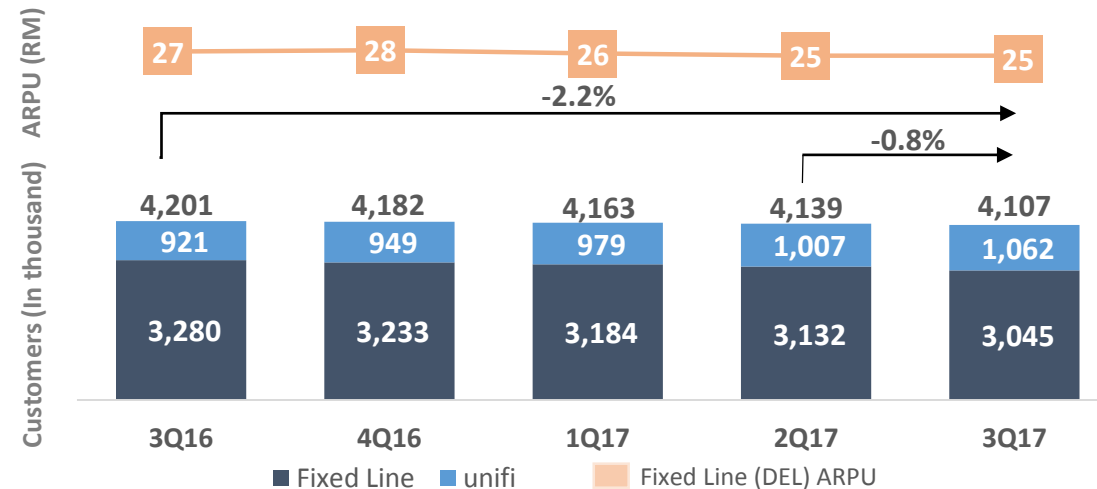


## Broadband



- unifi run rate doubled QoQ
- 94% unifi customers on 10Mbps & above
- unifi mobile penetration 8% of TM Households

## Fixed Line

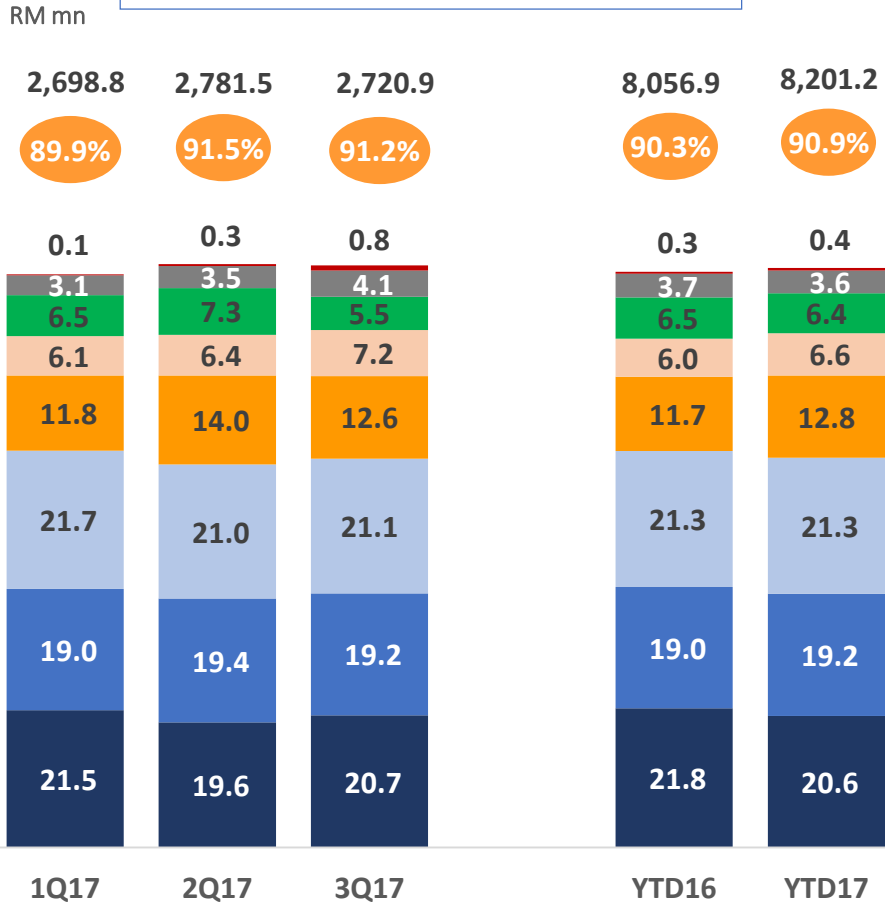


- ARPU at RM25

# YTD Sep 2017 OPEX & CAPEX



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

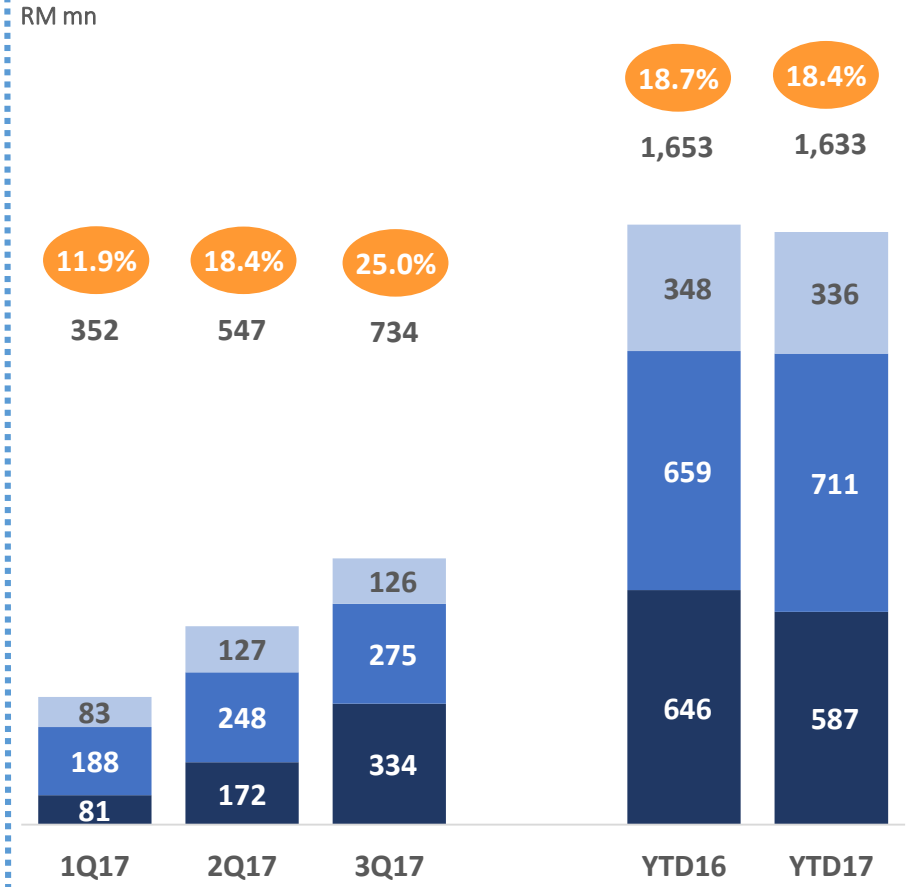


- Depreciation & Amortisation
- Direct Costs
- Manpower
- Other Operating Costs
- Maintenance
- Supplies & Materials
- Marketing Expenses
- Bad Debts

● Total Cost / Revenue (%)

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

## Group Capital Expenditure



- Core Network
- Access
- Support Systems

● CAPEX / Revenue (%)

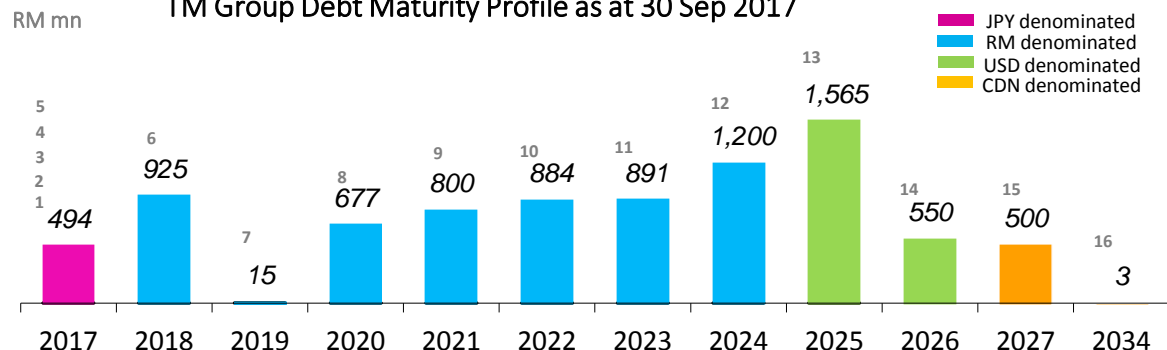
## Group Cash Flow

RM mn	YTD17	YTD16
Cash & cash equivalent at start	2,925.2	3,510.8
Cash flows from operating activities	1,220.3	1,459.1
Cash flows used in investing activities	(1,925.5)	(2,251.8)
Capex	1,633.1	1,653.0
Cash flows used in financing activities	(184.8)	(126.5)
Effect of exchange rate changes	(41.2)	(0.4)
Cash & cash equivalent at end	1,994.0	2,591.2
Free cash-flow (EBITDA – Capex)	1,049.8	1,164.7

# TM Group Debt Profile



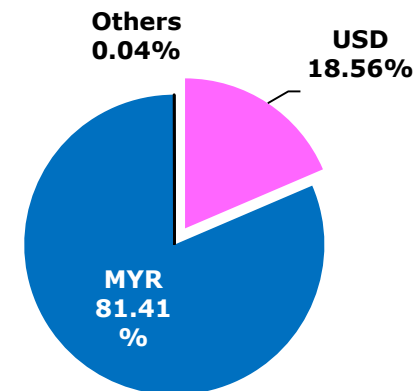
TM Group Debt Maturity Profile as at 30 Sep 2017



**Note:**

2017	<sup>1</sup> Sakura-JPY Loan: 0.91375% <sup>2</sup> Finance Lease: 4.24%	<sup>3</sup> Webe RC: 4.32% <sup>4</sup> Vads Lyfe LT Loan & RC 5.7% <sup>5</sup> Fibrecomm: 4.38%	2023	<sup>11</sup> Tulip2 USD Sukuk: 2.85%, IMTN17: 3.95%, IMTN18: 3.93% & CMTN SH Loan Principle: 4.88%
2018	<sup>6</sup> TM ISIS: 4.87%		2024	<sup>12</sup> IMTN002: 4.82%, IMTN003: 4.738%, IMTN004: 4.55% & IMTN005: 4.55%
2019	<sup>7</sup> Webe Finance Lease: 3.3% & Vads Lyfe LT Loan: 5.6%		2025	<sup>13</sup> IMTN007: 4.88% & Yankee Bond: 7.875%
2020	<sup>8</sup> Sakura 2: 3mL + 0.91% , IMTN001: 4.3% & Vads Lyfe LT Loan: 5.3%		2026	<sup>14</sup> Tulip1 USD Sukuk: 3.7%, Tulip3 USD Sukuk: 3.422% & GTC LT Loan: 5.38%
2021	<sup>9</sup> IMTN2: 4.5%, IMTN4: 4.2% & IMTN6: 4.2%		2027	<sup>15</sup> IMTN008: 4.58%
2022	<sup>10</sup> IMTN8: 4.0%, IMTN14: 3.95%, IMTN006: 4.23% & Finance Lease: 6.23%		2034	<sup>16</sup> CIDA

## Debt Currency Mix



## Key Financial Ratios

	30 Sep 17	31 Dec 16
Return on Invested Capital <sup>1</sup>	5.76%	6.25%
Return on Equity <sup>2</sup>	11.23%	10.03%
Return on Assets <sup>1</sup>	4.76%	4.80%
Current Ratio	1.21	1.15
WACC	6.75%	7.17%

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

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

	30 Sep 17	31 Dec 16
Gross Debt to EBITDA	2.36	2.10
Net Debt/EBITDA	1.67	1.25
Gross Debt/Equity	1.13	1.09
Net Debt/Equity	0.86	0.71
Net Assets/Share (sen)	200.3	204.7

## Group Balance Sheet



RM mn	As at 30 Sep 2017	As at 31 Dec 2016
Shareholders' Funds	7,530.4	7,692.3
Non-Controlling Interests	(21.9)	140.2
Deferred & Long Term Liabilities	11,689.5	11,194.4
Long Term Borrowings	7,986.6	7,662.6
Derivative Financial Instruments	326.0	301.9
Deferred Tax	1,584.5	1,514.8
Deferred Income	1,788.6	1,711.4
Others	3.8	3.7
	<b>19,198.0</b>	<b>19,026.9</b>
<b>Current Assets</b>	<b>6,751.5</b>	<b>6,887.5</b>
Trade Receivables	2,913.7	2,357.1
Other Receivables	1,024.0	801.1
Cash & Bank Balances	1,994.5	2,926.0
Inventories	257.0	207.1
Others	562.3	596.2
<b>Current Liabilities</b>	<b>5,562.4</b>	<b>5,974.7</b>
Trade and Other Payables	3,399.2	4,103.0
Short Term Borrowings	516.7	700.7
Others	1,646.5	1,171.0
<b>Net Current Assets/(Liabilities)</b>	<b>1,189.1</b>	<b>912.8</b>
Property Plant & Equipment	15,949.5	16,010.6
Other Non-Current Assets	2,059.4	2,103.5
	<b>19,198.0</b>	<b>19,026.9</b>

Thank you!

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# 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

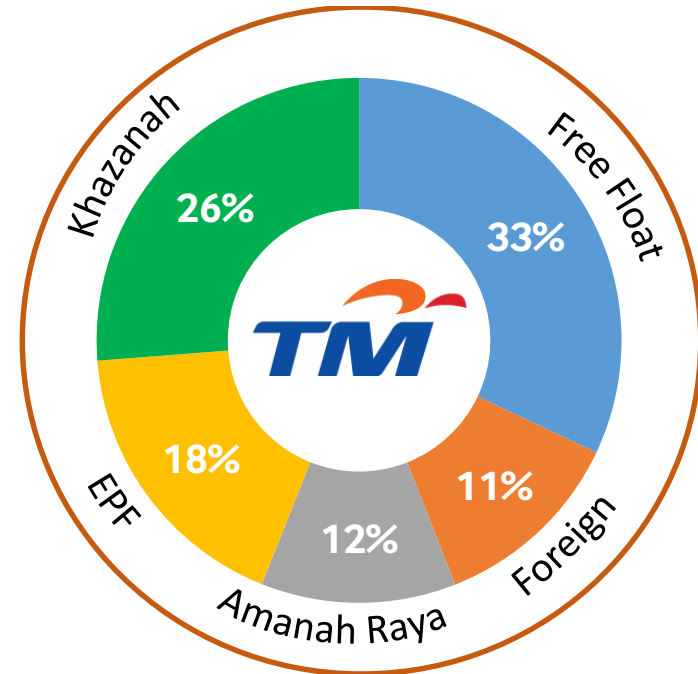
FBMKLCI <sup>1</sup>	88.59%
TM <sup>1</sup>	382.34%
AXIATA <sup>2</sup>	26.04%
MAXIS <sup>3</sup>	83.76%
DIGI <sup>1</sup>	241.89%

Source: Bloomberg

<sup>1</sup> For the period 22 April 2008 – 11 Dec 2017

<sup>2</sup> For the period 25 April 2008 – 11 Dec 2017

<sup>3</sup> For the period 18 November 2009 – 11 Dec 2017



- As at 11 Dec 2017
- Foreign Shareholding as at 30 Nov 2017
- EPF: Employees Provident Fund Board
- Amanah Raya Berhad – for Skim Amanah Saham Bumiputra

# 2017 and Mid-term Headline KPI

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

<sup>1</sup> These KPIs are for TM including Webe.

<sup>2</sup> This KPI excludes Webe for 2017.

<sup>2</sup> 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."

# 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.

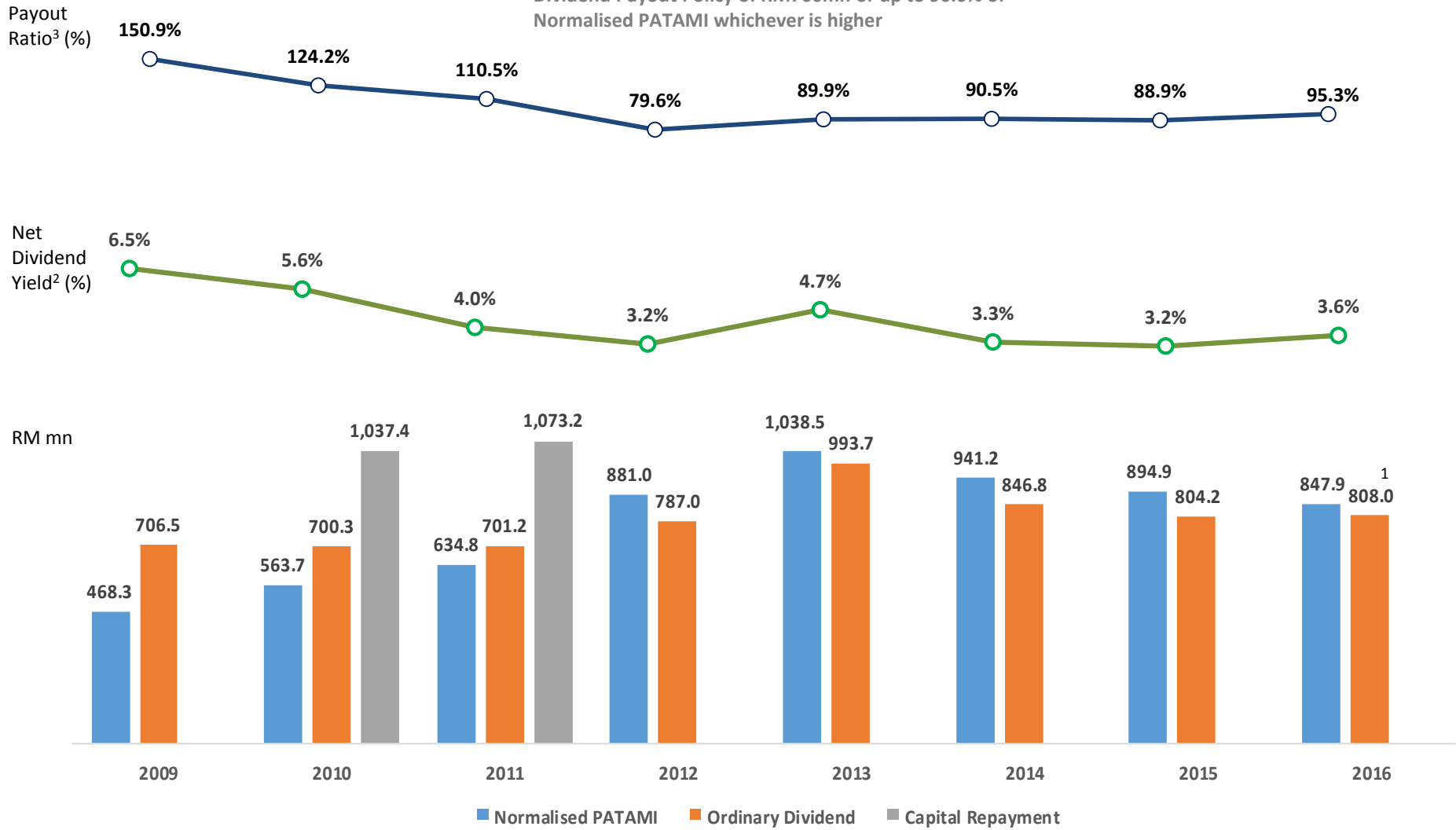
Moving forward, TM is focused on building a strong foundation for its future growth and operational excellence.

# Shareholder Returns (2009-2016)

Interim dividend of 9.4sen per share for FY2017



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

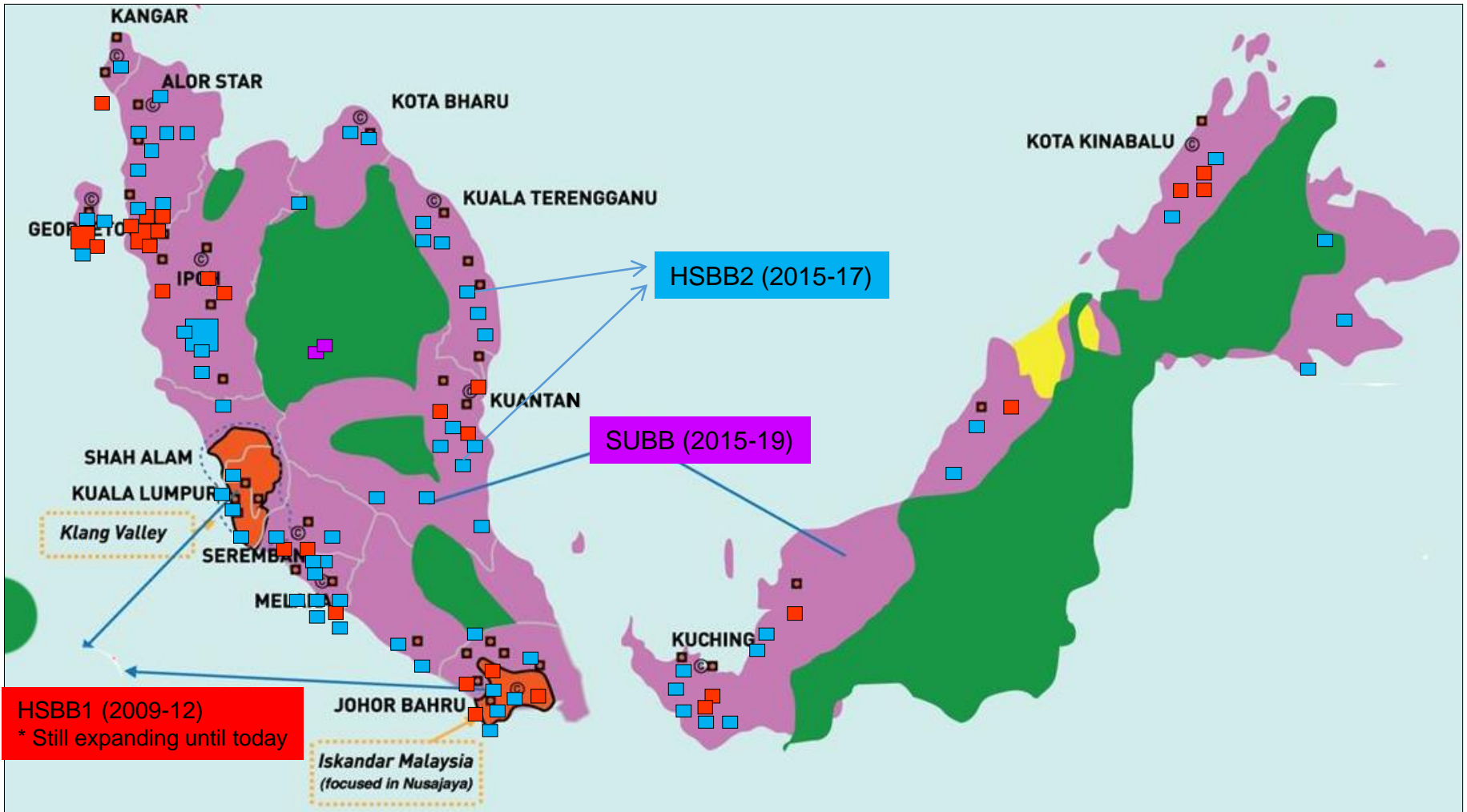


1 2016 1<sup>st</sup> Interim Dividend of 9.3sen per share and 2<sup>nd</sup> Interim Dividend of 12.2sen per share

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

3 Excludes Capital Distributions/Repayment

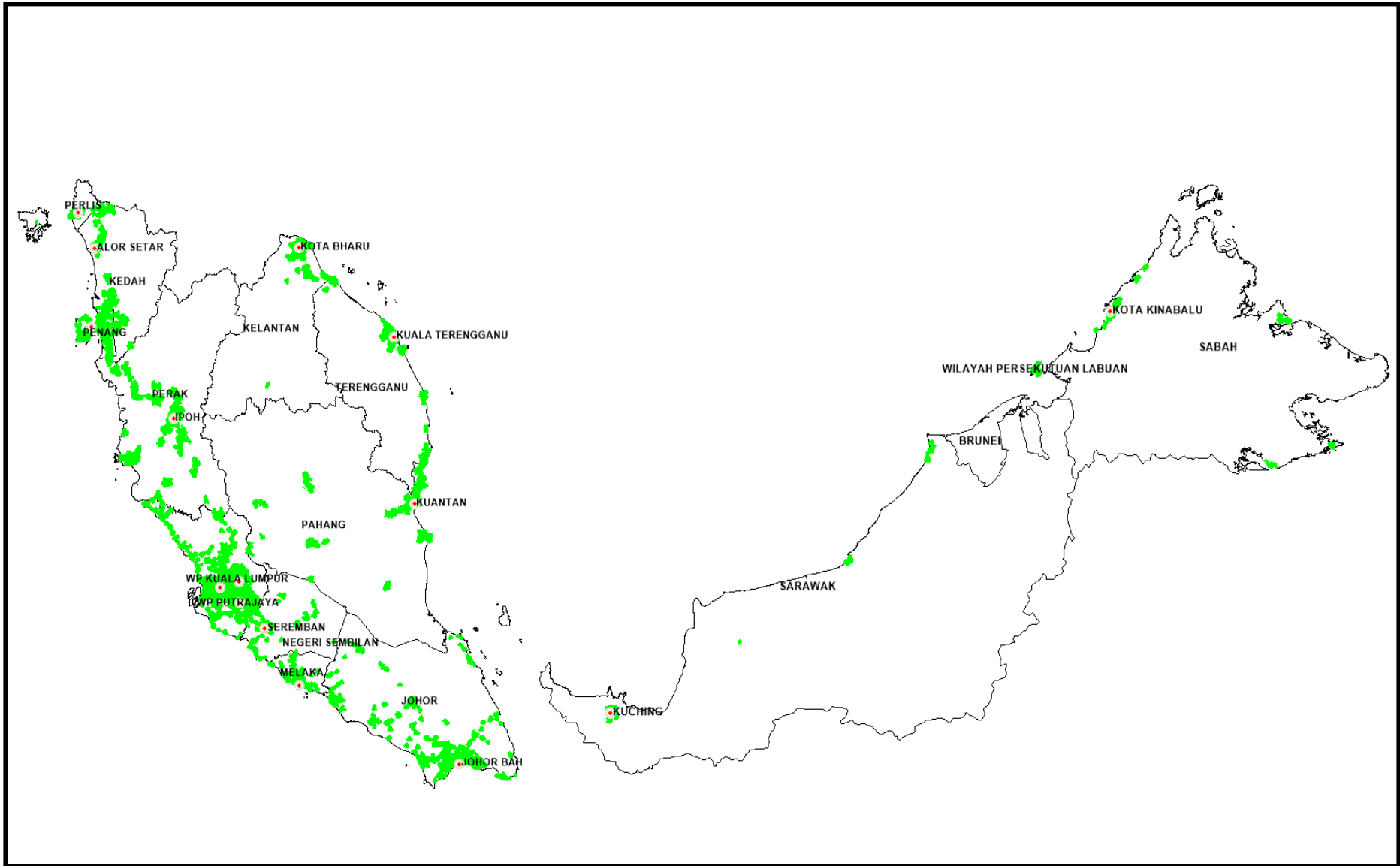
# TM Nationwide Broadband Coverage



HSBB1 (2009-12)  
\* Still expanding until today

- HSBB1 – ~2Mil UniFi ports / 103 exchanges
- HSBB2 – Target 390K UniFi ports / 95 exch
- SUBB – Target 420K ports / 420 exchanges

# unifi mobile LTE Coverage



 unifi mobile LTE sites

# Thank you!

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