



# TELEKOM MALAYSIA BERHAD

December 2018

Life  
Made  
Easier™



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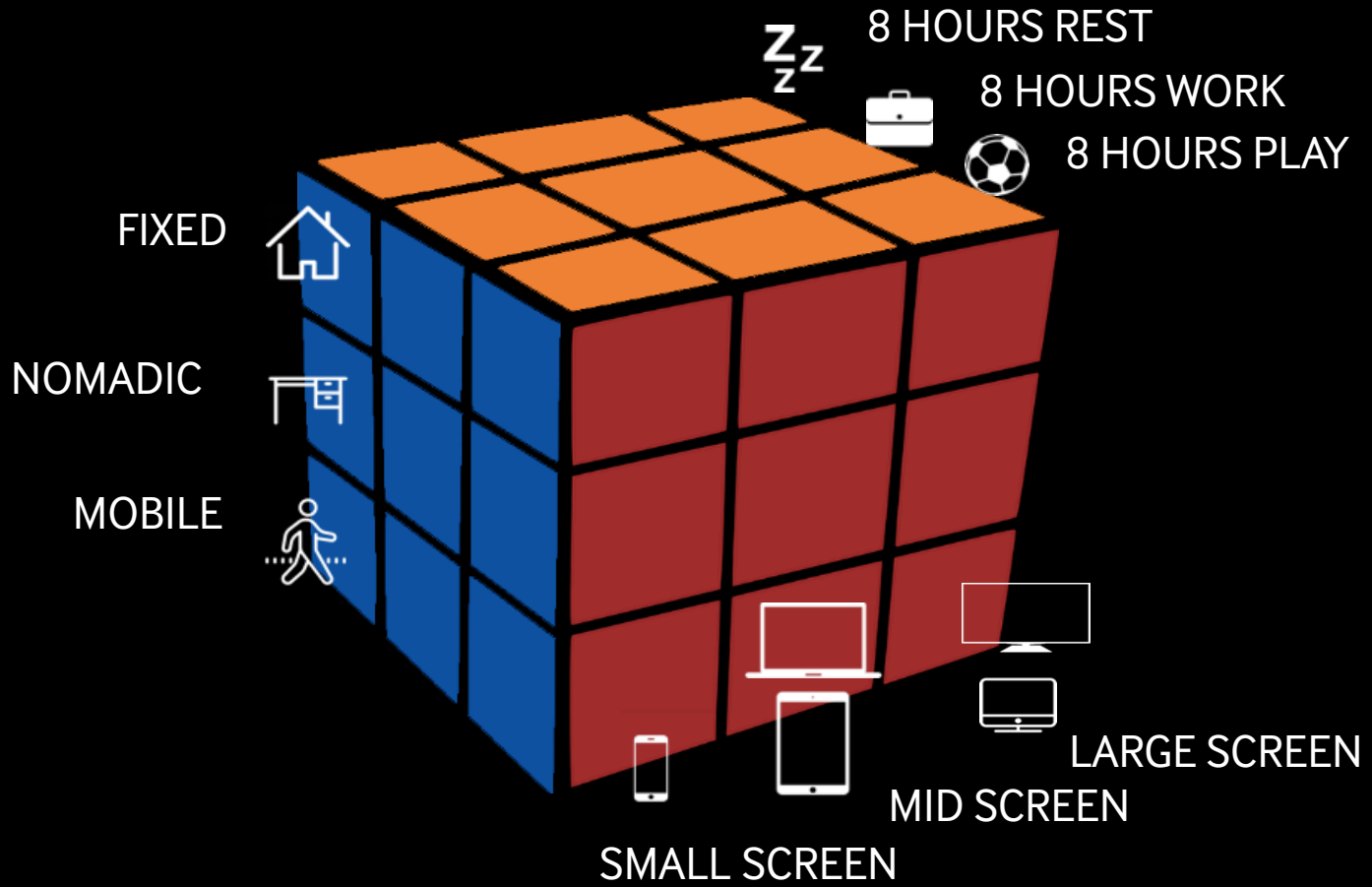
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**Share of Moments with Convergence**

**Company Updates**

**Financial & Operational Highlights**

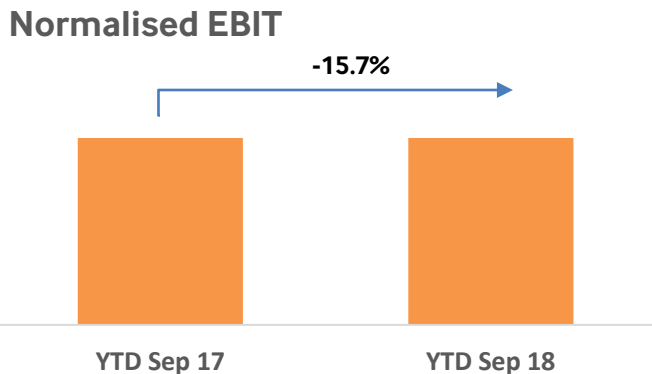
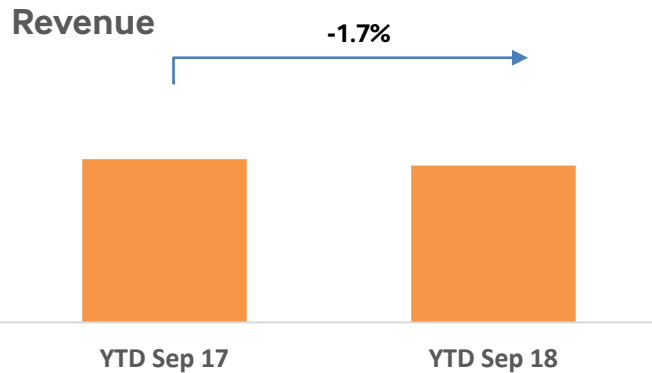
# Capturing Share of Moments with Convergence



# 3Q 2018 update: Challenges in operating environment intensify, taken prudent measure by recognising impairment on network assets

## YTD Sep 2018 Recap

Improved operational results sequentially from PIP 2018



## Initiatives undertaken

### Latest Offerings 2017 - 2018

unifi Home	unifi TV
unifi Mobile	unifi Wifi

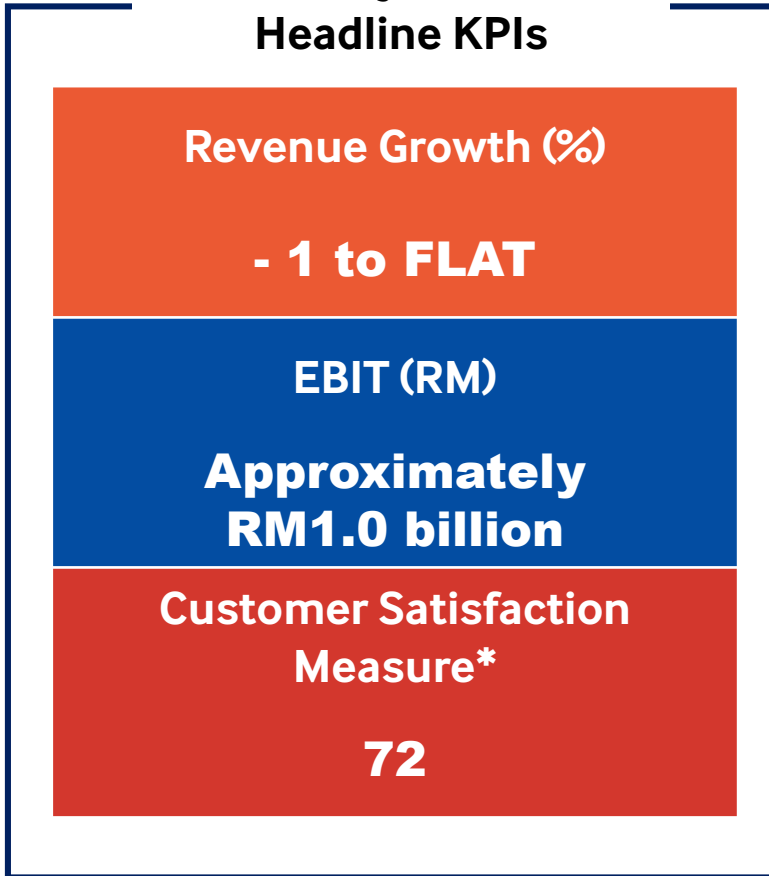
Twin Core Data Centre	Vertical Solutions
-----------------------	--------------------

NGBH™	Hub Ecosystem
-------	---------------

- 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

# Revised KPI due to headwinds expected to persist this year

3 July 2018  
Headline KPIs



## Continued Headwinds

- 

**REGULATORY PRESSURES**
- 

**INTENSIFYING COMPETITION**
- 

**MACRO CHALLENGES**

Revised Capex  
Guidance 2018: **19-20% 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 is now made available to ALL households

## Current Offering

unifi  
**30Mbps**  
RM 179/ month

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



Made available for  
**B40** on 15 July

## 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 excludes of 6% SST
- Add-ons: usage volume top-up (free monthly 60GB)

**Now  
available  
for ALL**

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

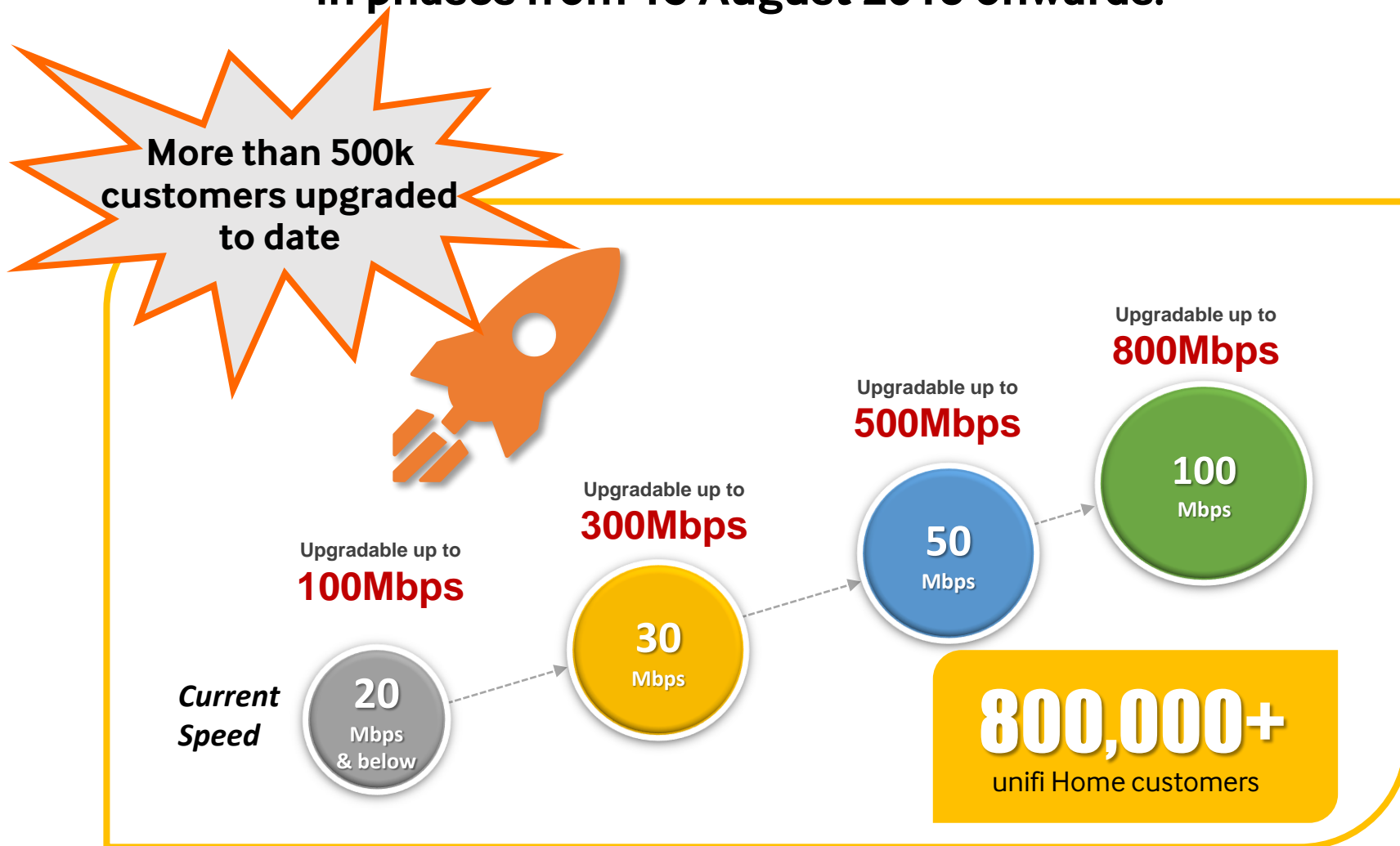


# unifi Wireless Broadband™ is an alternative broadband service available at an affordable RM 79/ month for customers not wishing for a fixed broadband service or not residing in a high speed broadband area



- **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.



# 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



More than 150k  
customers  
upgraded to date

  
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**



**enjoy the best and most reliable experience with unifi Mobile Postpaid**



**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**

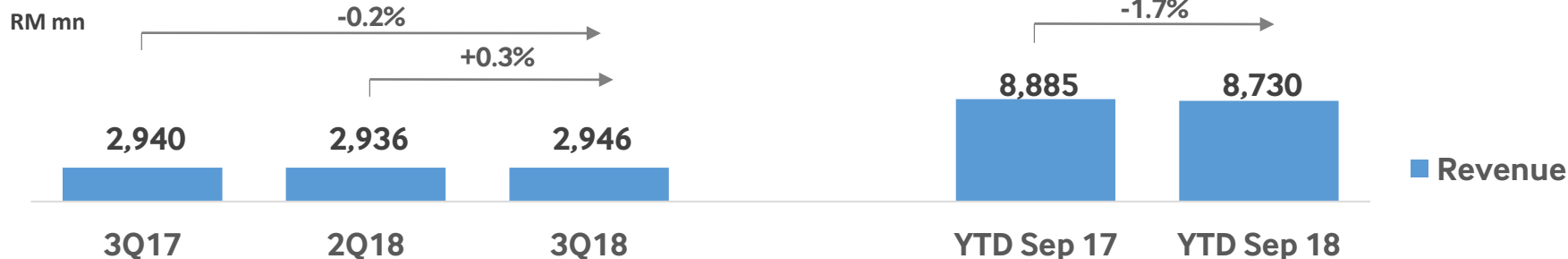


**All in one price: ~~RM139/Month~~ RM99/Month**

**Special deal**

## Key YTD Sep 2018 Highlights

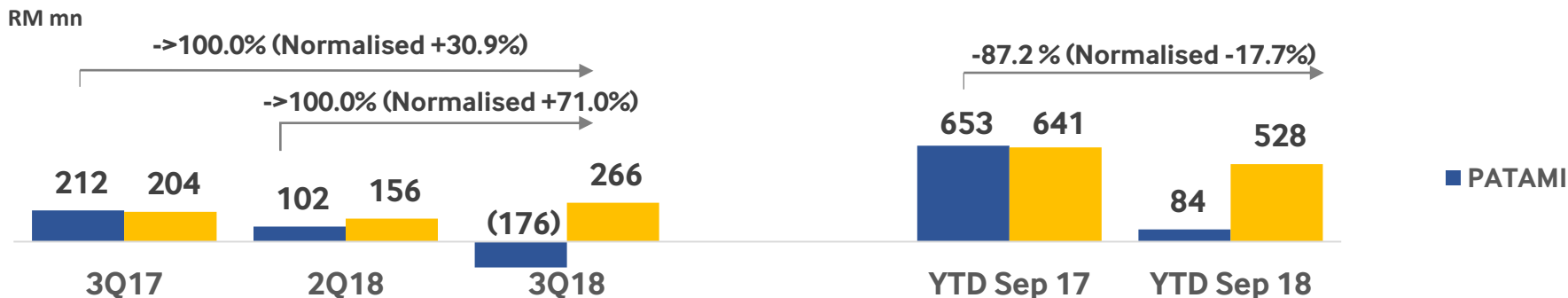
### Revenue



### EBIT



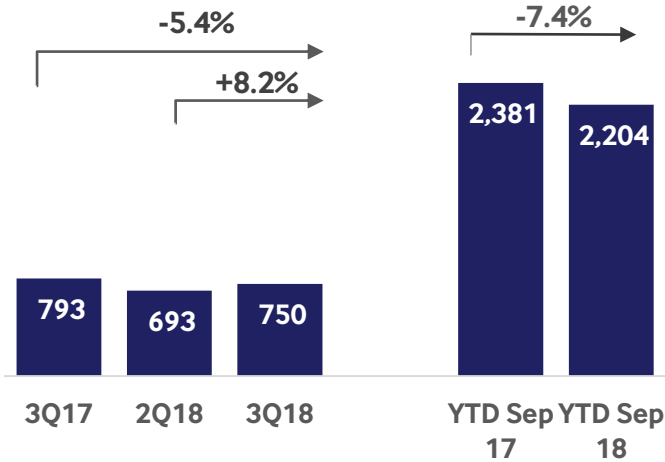
### PATAMI



# Group Total Revenue by Product

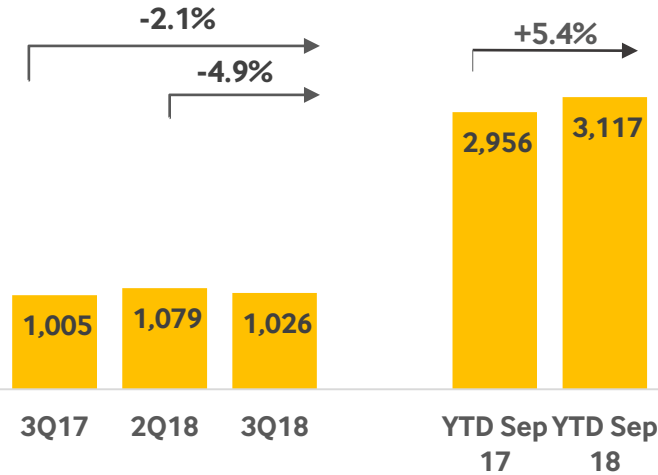
## Voice

RM mn

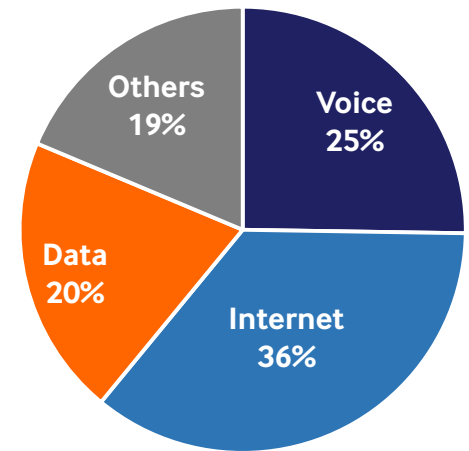


## Internet

RM mn



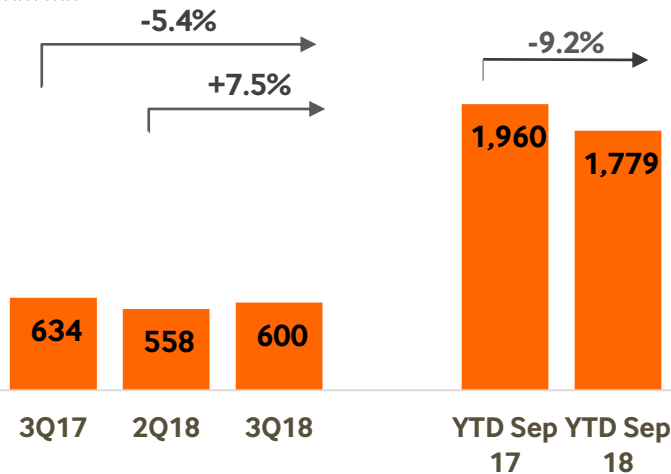
YTD Sep 18



RM8,730mn

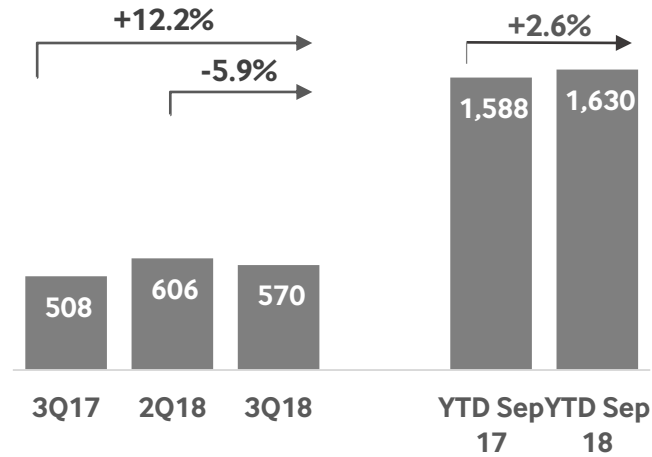
## Data

RM mn

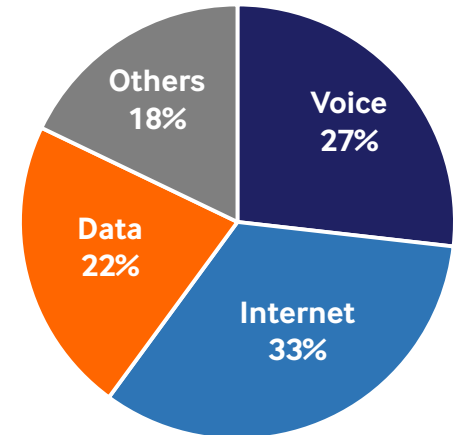


## Others\*

RM mn



YTD Sep 17

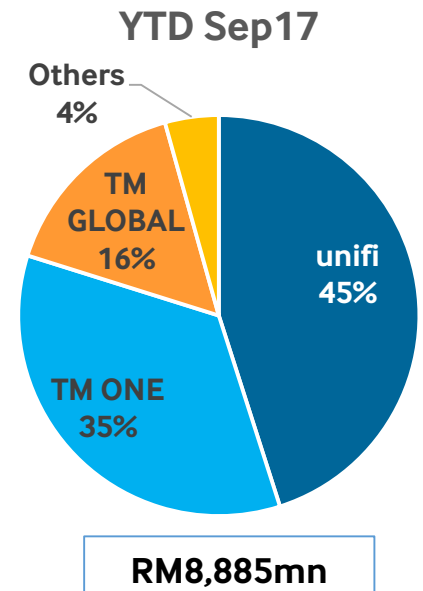
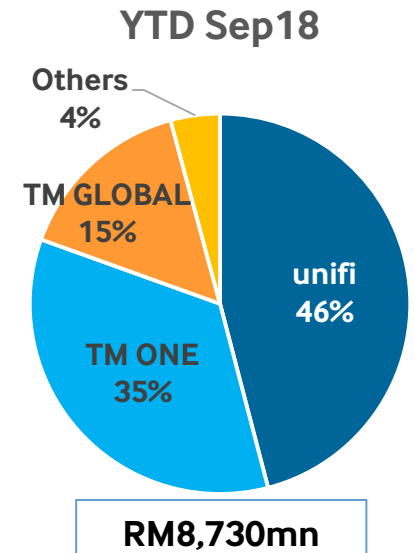
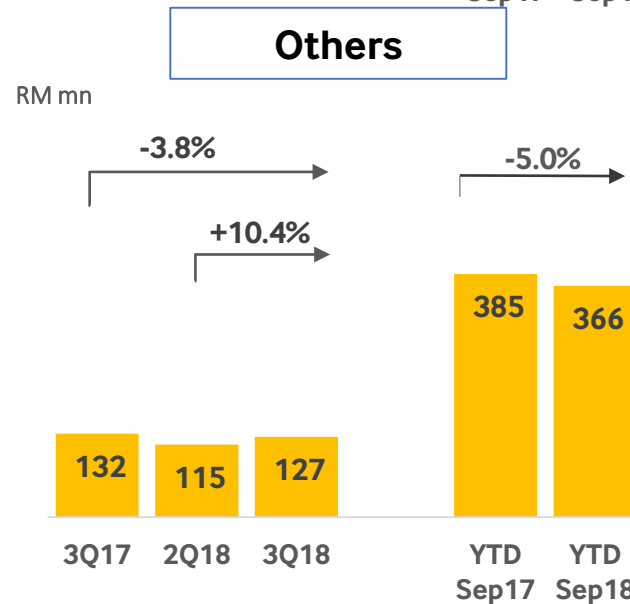
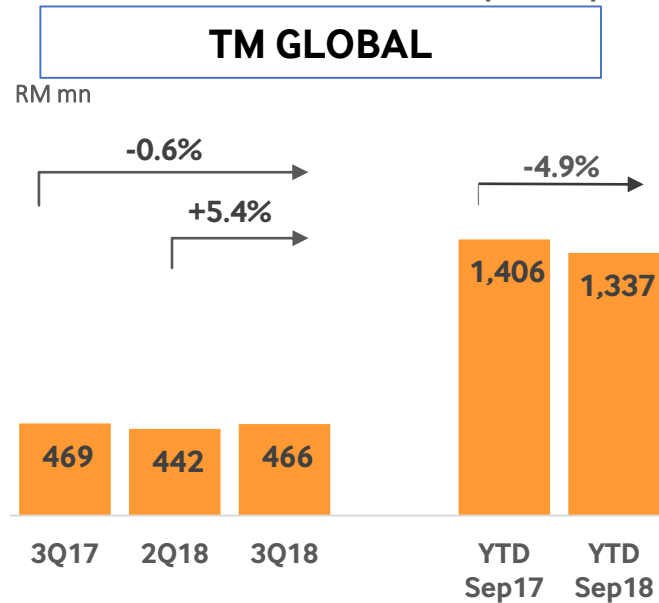
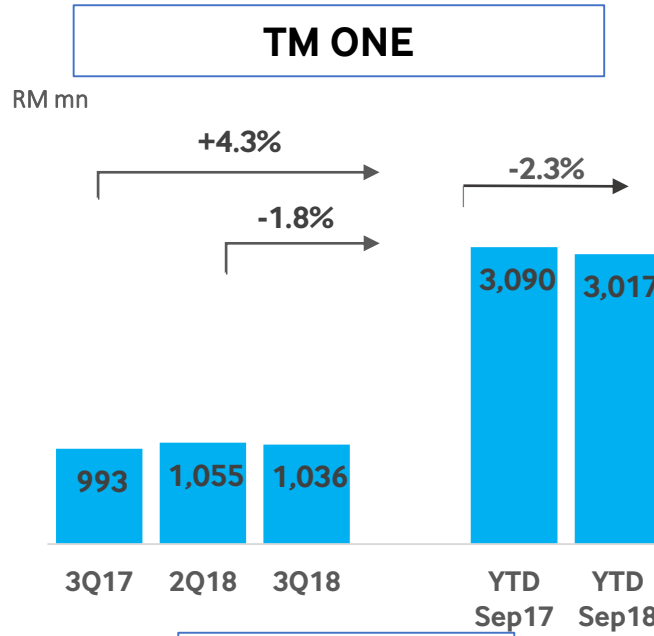
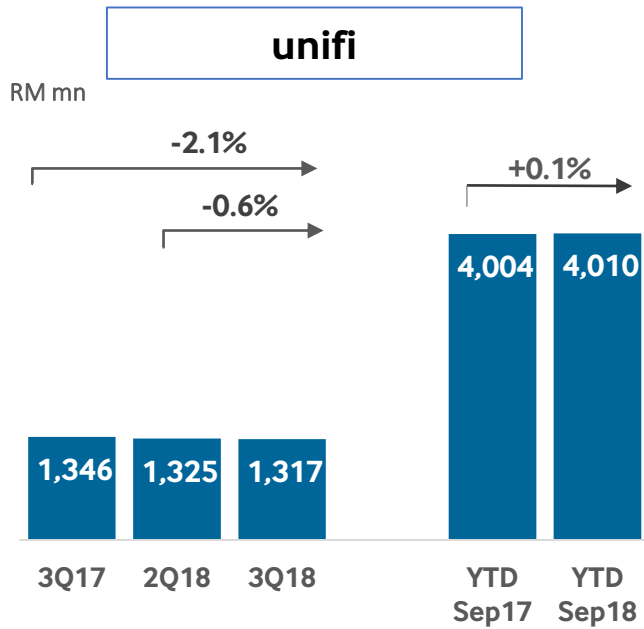


RM8,885mn

\*Total revenue is after inter-co elimination.

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

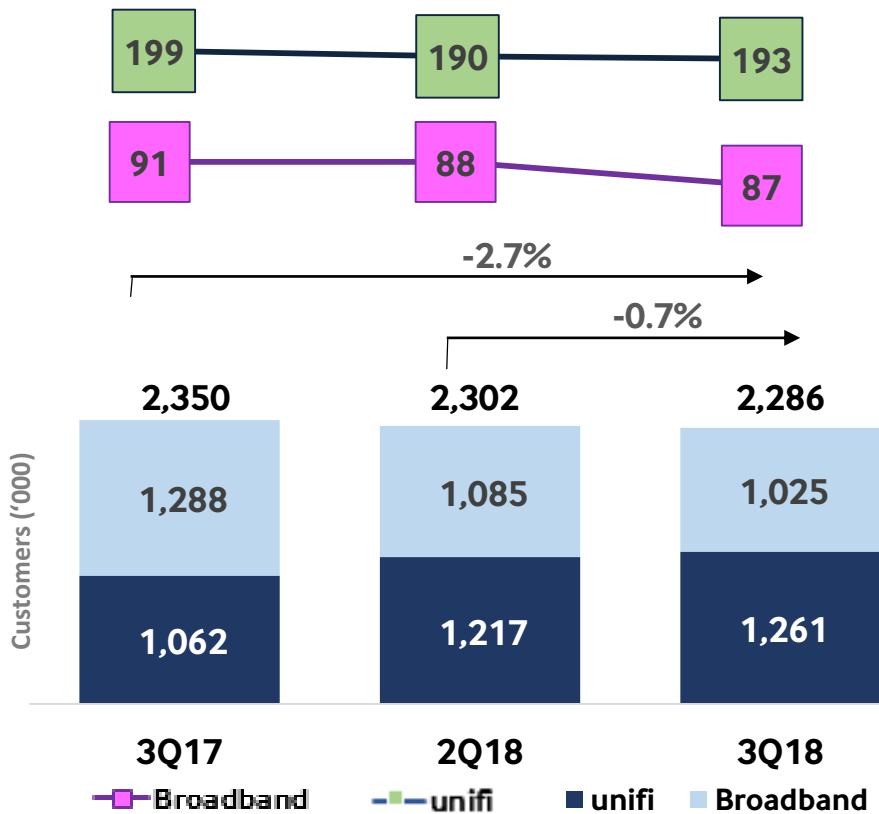
# Group Total Revenue by Customer Clusters



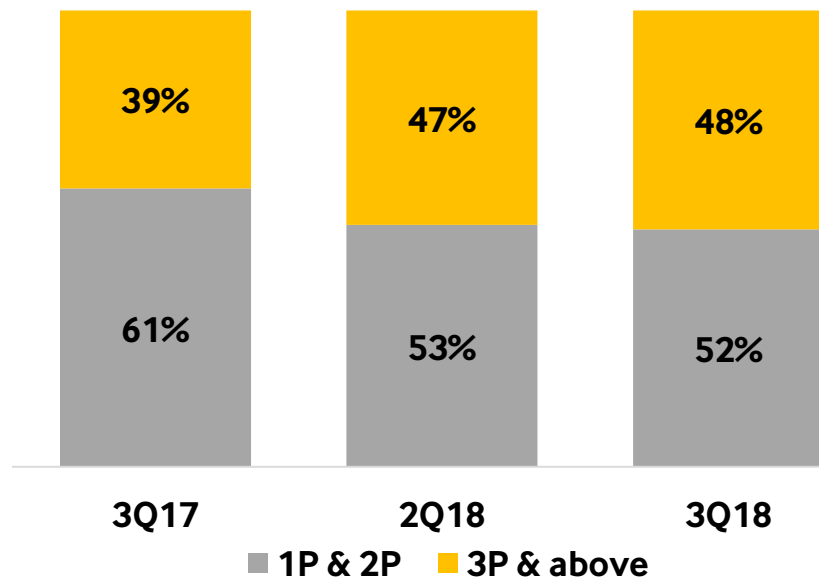
\*Total revenue is after inter-co elimination.

## Convergence Updates

### Total Broadband Performance



### Convergence HH Penetration



- Unifi customer base continues to grow
- Increasing convergence / TM households now at 48%

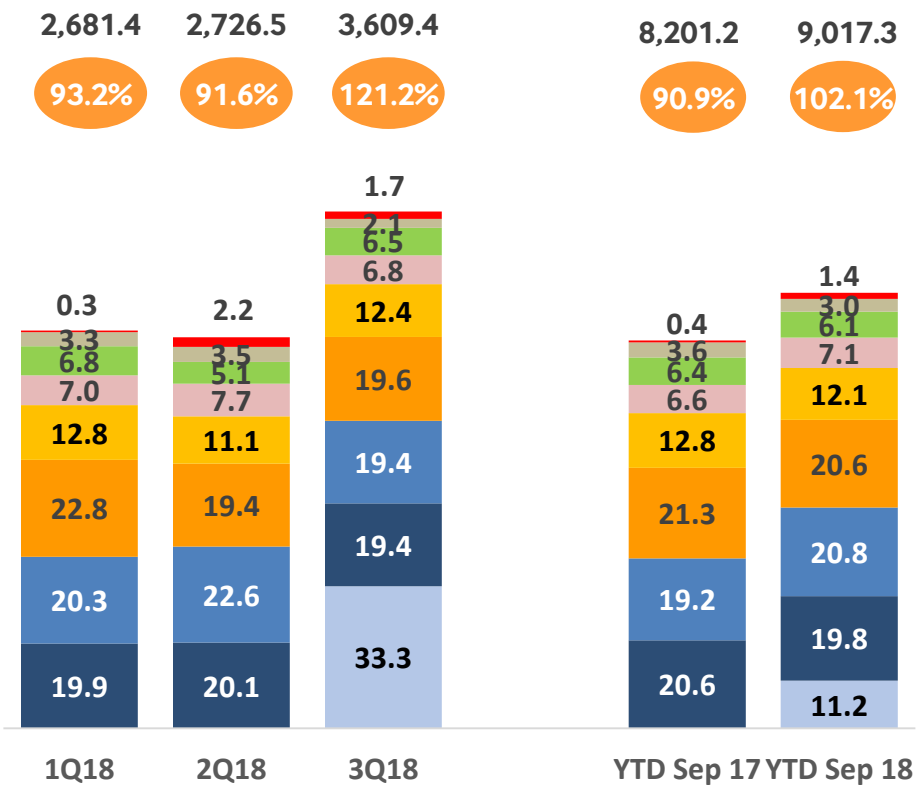


# YTD Sep 2018 OPEX & CAPEX



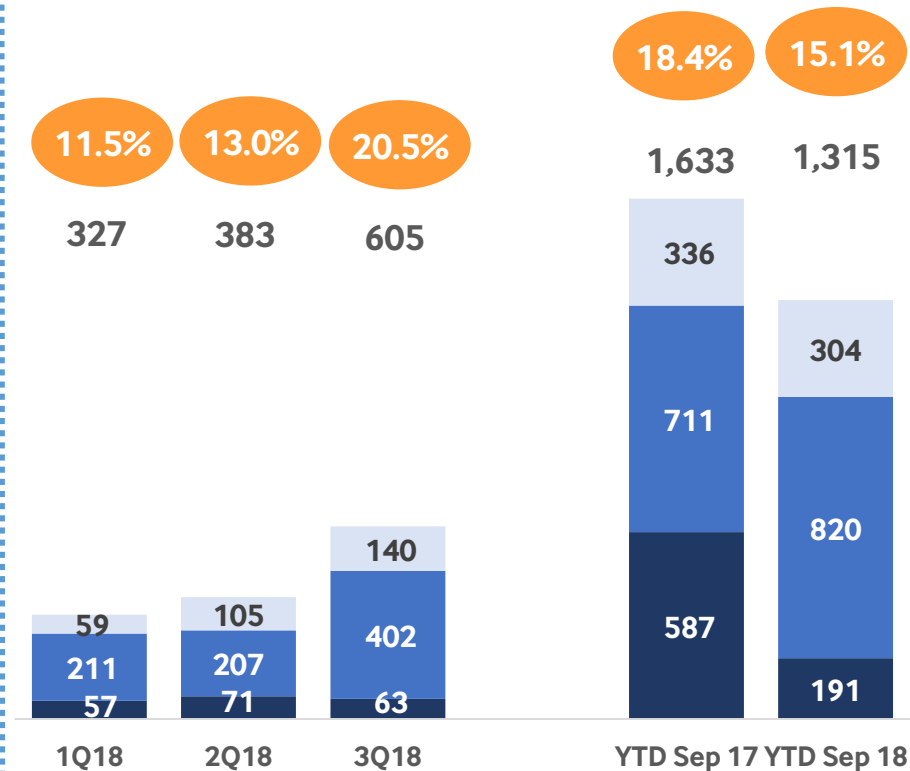
## Cost % of Revenue<sup>1</sup>

RM mn



## Group Capital Expenditure

RM mn



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

**Total Cost / Revenue (%)**

- Core Network
- Access
- Support Systems

**CAPEX / Revenue (%)**

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

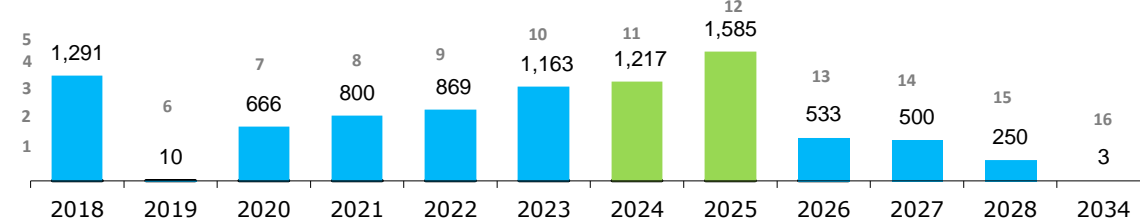
## Group Cash Flow

RM mn	YTD Sep 18	YTD Sep 17
Cash & cash equivalent at start	<b>1,719.0</b>	2,925.2
Cash flows from operating activities	<b>1,084.2</b>	1,220.3
Cash flows used in investing activities	<b>(846.2)</b>	(1,925.5)
Capex	<b>1,315.3</b>	1,633.1
Cash flows used in financing activities	<b>220.0</b>	(184.8)
Effect of exchange rate changes	<b>14.4</b>	(41.2)
Cash & cash equivalent at end	<b>2,191.4</b>	1,994.0
Free cash-flow (EBITDA – Capex)	<b>1,238.7</b>	1,049.8

# TM Group Debt Profile

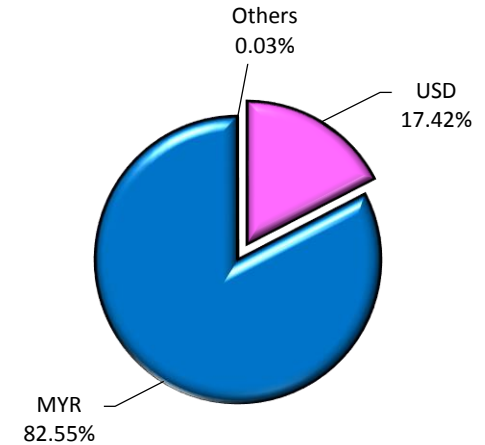


RM mn TM Group Debt Maturity Profile as at 30 September 2018



<b>Note:</b>	<sup>1</sup> TM ISIS: 4.87%	<sup>3</sup> Webe RC: 4.40% & Webe DB Loan: 4.54%	
2018	<sup>2</sup> DLCM: 4.24%	<sup>4</sup> Vads Lyfe LT Loan 5.60%	2024
		<sup>5</sup> Fibrecomm: 4.35%	
2019	<sup>6</sup> Vads Lyfe RC: 5.15% , Webe Finance Lease: 2.50% & Vads Lyfe LT Loan: 5.30%		2025
2020	<sup>7</sup> Sakura 2: 3mL + 0.91% , IMTN001: 4.30% & Vads Lyfe LT Loan: 5.30%		2026
2021	<sup>8</sup> IMTN2: 4.50%, IMTN4: 4.20% & IMTN6: 4.20%		2027
2022	<sup>9</sup> IMTN8: 4.00%, IMTN14: 3.95%, IMTN006: 4.23%, HSBB2 4.33% & SUBB 4.33%		2028
2023	<sup>10</sup> Tulip2 USD Sukuk: 2.85%, IMTN17: 3.95%, IMTN18: 3.93%, IMTN010: 4.342%, CMTN SH Loan Principle: 4.88%, HSBB2 4.36% & SUBB 4.36%		2034
			<sup>11</sup> IMTN002: 4.82%, IMTN003: 4.738%, IMTN004: 4.55% & IMTN005: 4.55%, HSBB2 4.39% & SUBB 4.39%
			<sup>12</sup> IMTN007: 4.88%, Yankee Bond: 7.875%, TM Finance Lease: 6.23%, HSBB2 4.39% & SUBB 4.39%
			<sup>13</sup> Tulip1 USD Sukuk: 3.7%, Tulip3 USD Sukuk: 3.422% & Vads Lyfe LT Loan: 5.38%
			<sup>14</sup> IMTN008: 4.58%
			<sup>15</sup> IMTN009: 4.73%
			<sup>16</sup> CIDA

## Debt Currency Mix



## Key Financial Ratios

	30 Sep 18	31 Dec 17
Return on Invested Capital <sup>1</sup>	<b>4.77%</b>	5.80%
Return on Equity <sup>2</sup>	<b>9.17%</b>	11.11%
Return on Assets <sup>1</sup>	<b>4.13%</b>	4.77%
Current Ratio	<b>1.16</b>	0.98
WACC	<b>7.29%</b>	6.61%

	30 Sep 18	31 Dec 17
Gross Debt to EBITDA	<b>2.50</b>	2.31
Net Debt/EBITDA	<b>1.93</b>	1.66
Gross Debt/Equity	<b>1.18</b>	1.04
Net Debt/Equity	<b>0.89</b>	0.82
Net Assets/Share (sen)	<b>199.6</b>	208.7

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

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

## Group Balance Sheet



RM mn	As at 30 Sep 2018	As at 31 Dec 2017
Shareholders' Funds	7,500.5	7,843.5
Non-Controlling Interests	(456.1)	(76.7)
Deferred & Long Term Liabilities	10,990.9	10,712.2
Long Term Borrowings	7,549.7	7,031.2
Derivative Financial Instruments	-	287.7
Deferred Tax	1,622.4	1,591.3
Deferred Income	1,797.6	1,796.5
Others	21.2	5.5
	<b>18,035.3</b>	<b>18,479.0</b>
<b>Current Assets</b>	<b>6,418.4</b>	<b>6,133.1</b>
Trade and Other Receivables	3,566.6	3,710.2
Cash & Bank Balances	2,191.4	1,719.8
Inventories	226.9	258.5
Contract assets	94.5	-
Others	339.0	444.6
<b>Current Liabilities</b>	<b>5,512.9</b>	<b>6,282.8</b>
Trade and Other Payables	2,891.4	3,934.2
Short Term Borrowings	1,337.3	1,119.0
Contract liabilities	57.2	-
Others	1,227.0	1,229.6
<b>Net Current Assets/(Liabilities)</b>	<b>905.5</b>	<b>(149.7)</b>
<b>Non-Current Assets</b>	<b>17,129.8</b>	<b>18,628.7</b>
Property Plant & Equipment	15,082.1	16,540.7
Other Non-Current Assets	2,047.7	2,088.0
	<b>18,035.3</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

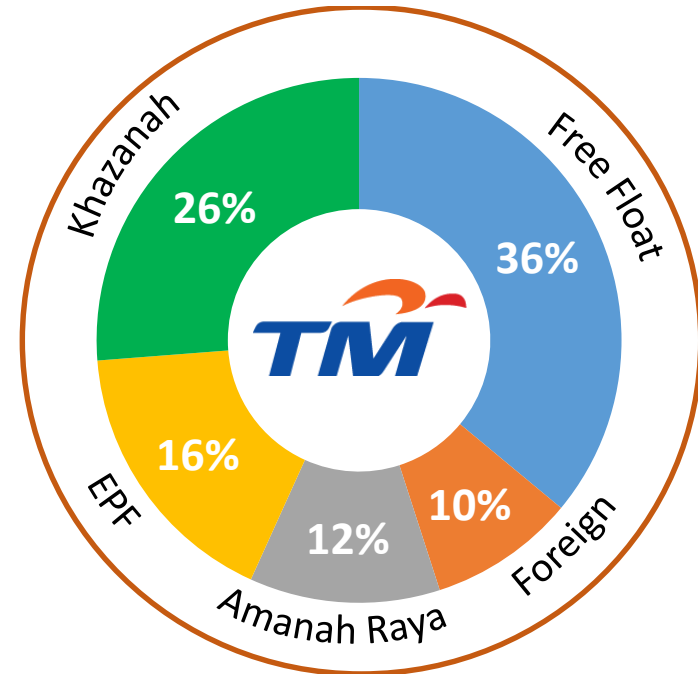
FBMKLCI <sup>1</sup>	88.47%
TM <sup>1</sup>	86.41%
AXIATA <sup>2</sup>	-12.51%
MAXIS <sup>3</sup>	73.93%
DIGI <sup>1</sup>	215.76%

Source: Bloomberg

<sup>1</sup> For the period 22 April 2008 – 30 Nov 2018

<sup>2</sup> For the period 25 April 2008 – 30 Nov 2018

<sup>3</sup> For the period 18 November 2009 – 30 Nov 2018



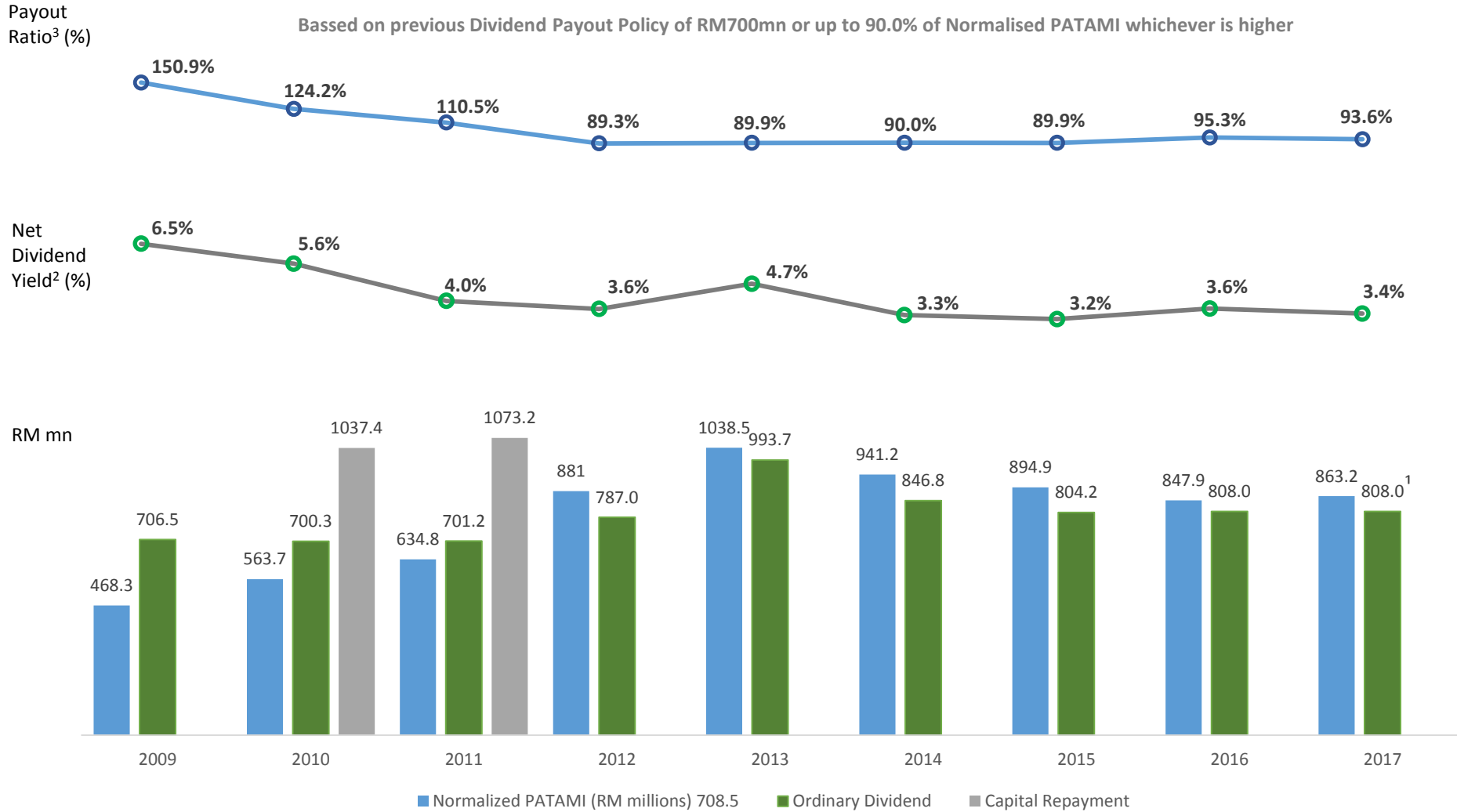
- As at 30 Nov 2018
- Foreign Shareholding as at 31 Oct 2018
- EPF: Employees Provident Fund Board
- Amanah Raya Berhad – for Skim Amanah Saham Bumiputra

# Revision of Dividend Policy

**TM intends to distribute yearly dividends of 40% to 60% from its Profit After Tax and Non-controlling Interests (PATAMI).**

**Dividends will be paid depending on overall business and earnings performance, capital commitments, financial conditions, distributable reserves and other relevant factors.**

# Shareholder Returns (2009-2017)



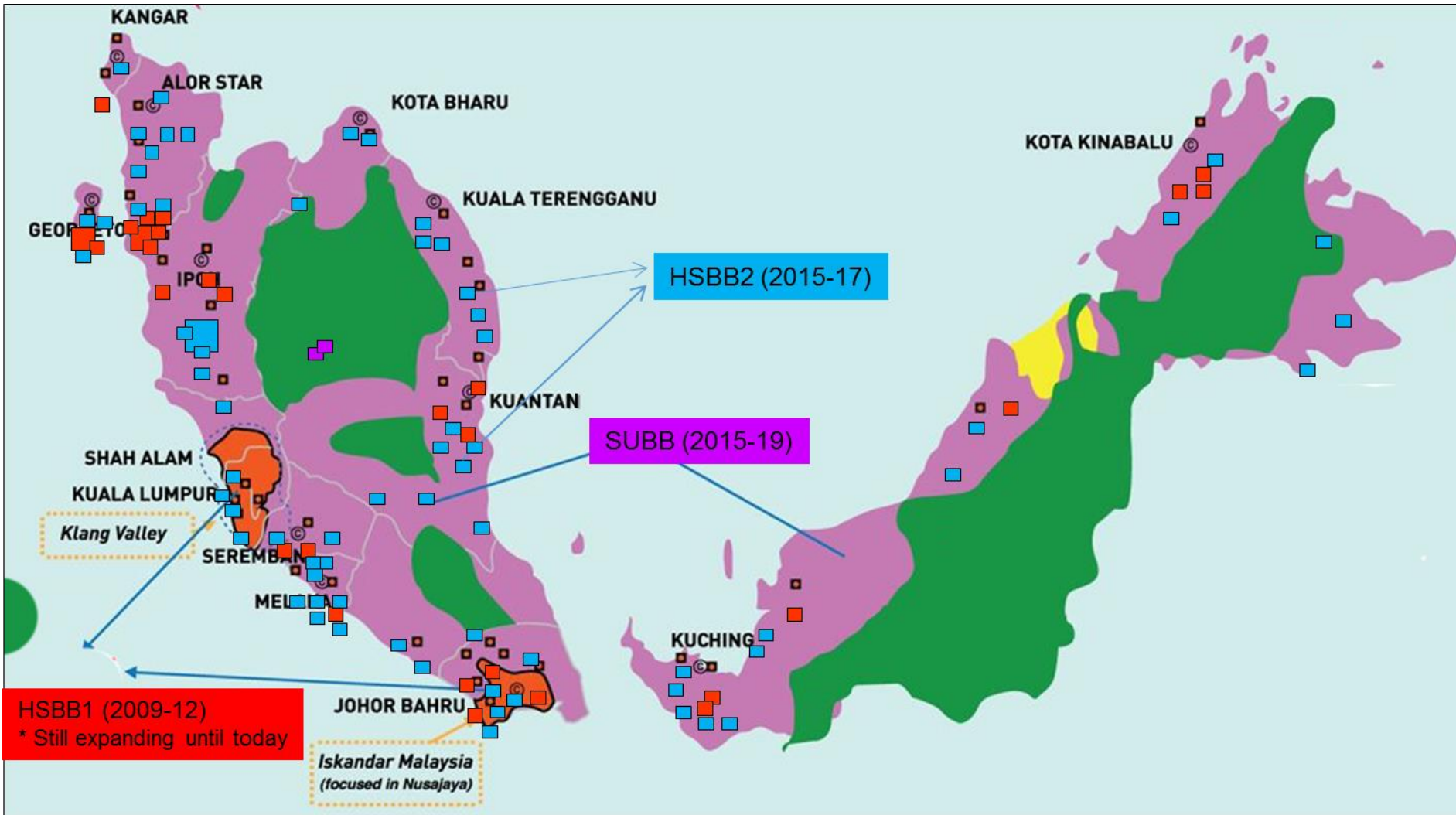
1 2017 1<sup>st</sup> Interim Dividend of 9.4sen per share and 2<sup>nd</sup> Interim Dividend of 12.1sen per share

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

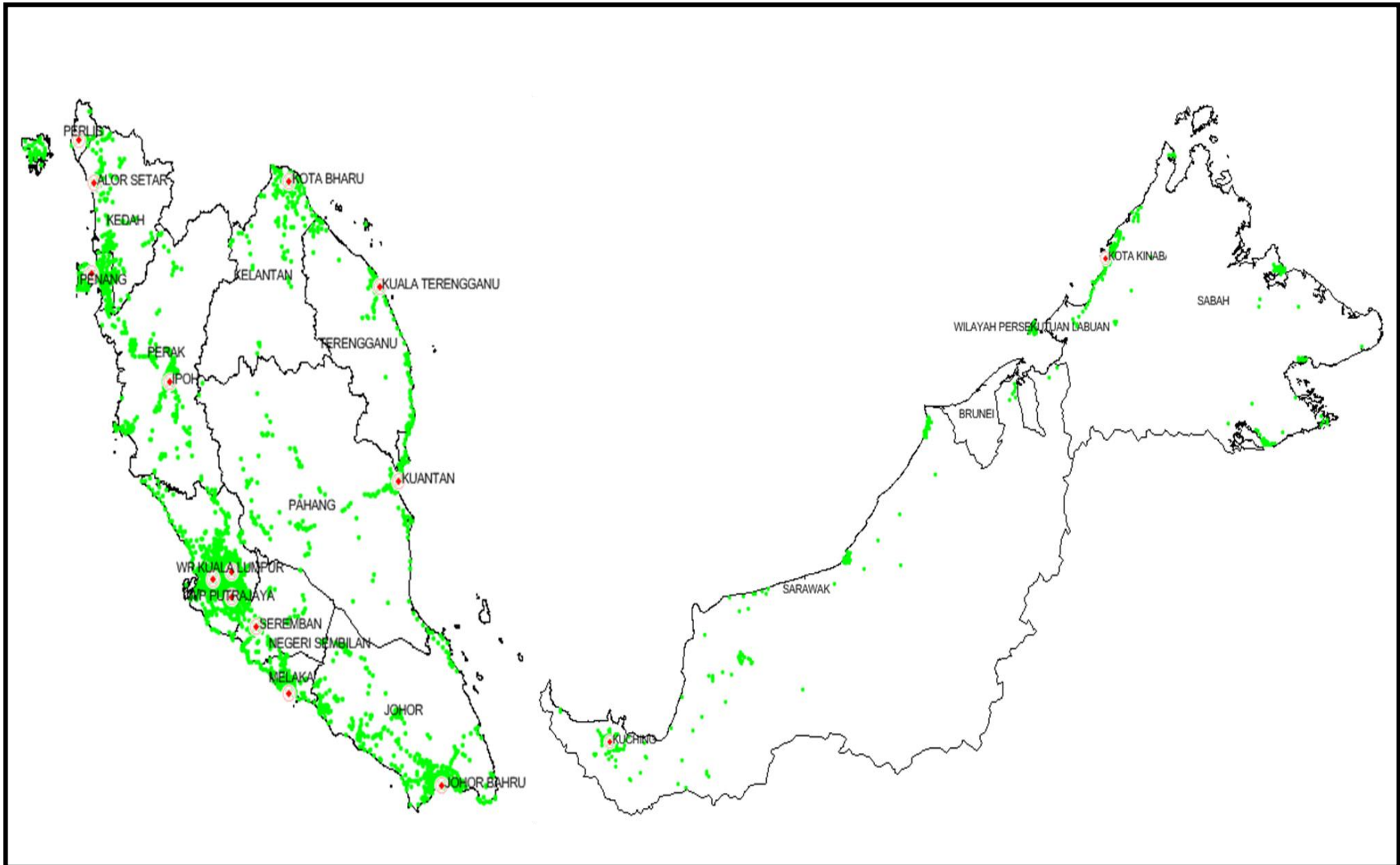
3 Excludes Capital Distributions/Repayment



# TM Nationwide Broadband Coverage



# unifi mobile LTE Coverage



 unifi mobile LTE sites

# Thank you!

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