



ANALYST BRIEFING

1H 2023 Results



Amar Huzaimi
Managing Director /
Group Chief Executive Officer



Razidan Ghazalli
Group Chief Financial Officer

25th August 2023

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1H 2023 PERFORMANCE REVIEW

1H 2023 Highlights

Revenue

RM6,050.0mil

1.1% increase YTD
0.3% increase YoY
5.0% increase QoQ

EBIT

RM1,103.3mil

12.7% decrease YTD
10.3% decrease YoY
33.1% increase QoQ

PATAMI

RM898.8mil

25.2% increase YTD
50.4% increase YoY
72.3% increase QoQ

CAPEX/Revenue %

15.6%

1.5pp increase YTD
3.1pp increase QoQ

Fixed Broadband Subs

3.11mil

6.5% increase YTD
1.0% increase QoQ

Interim Dividend

9.5 sen per share

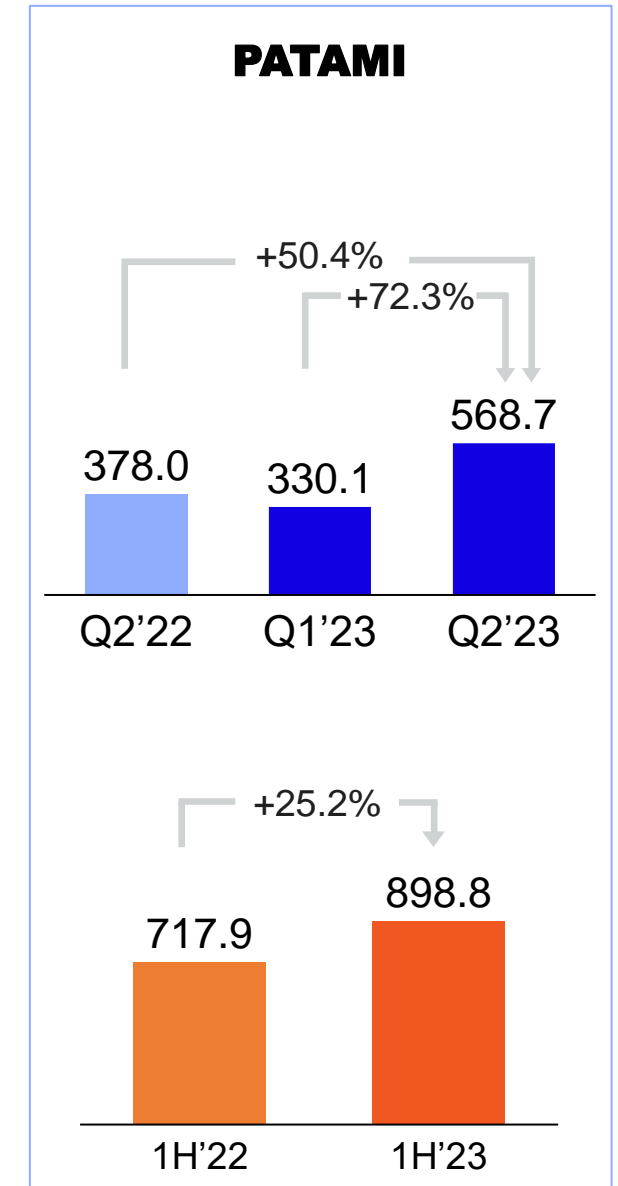
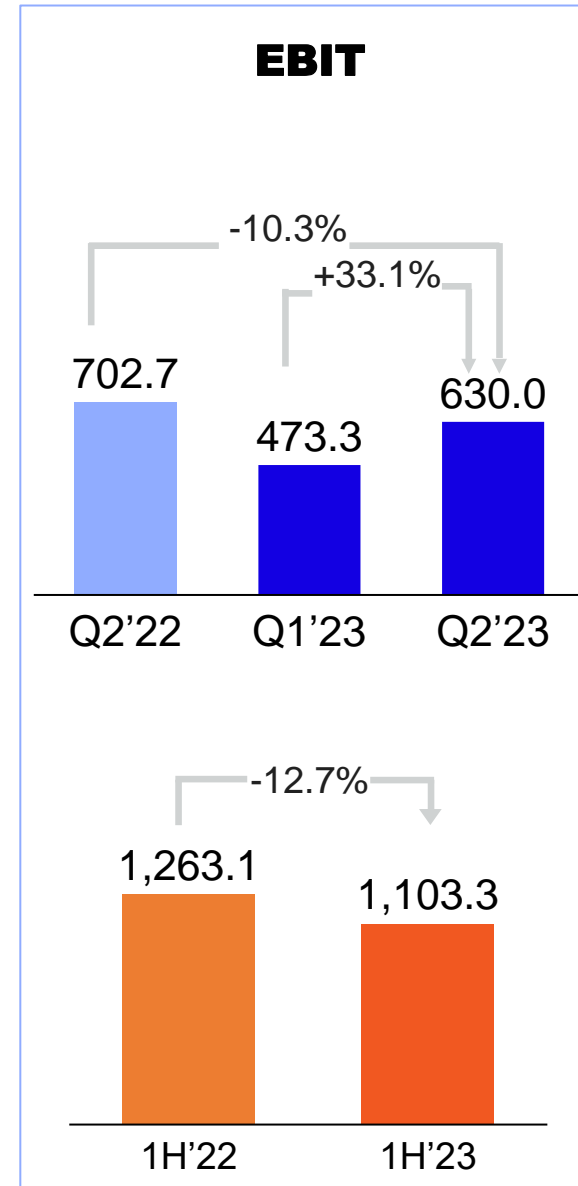
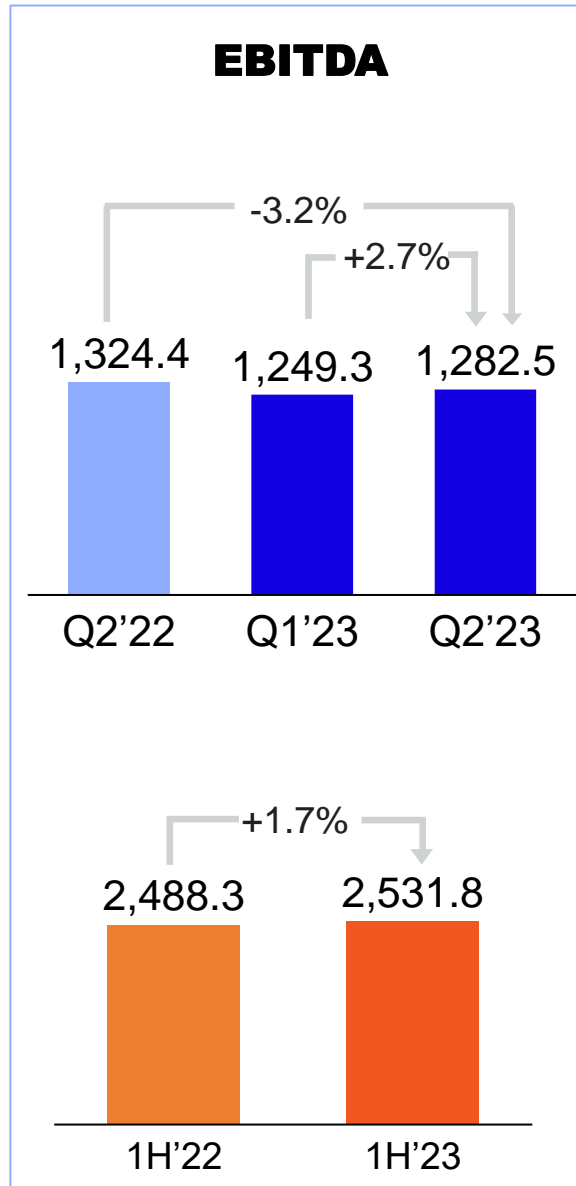
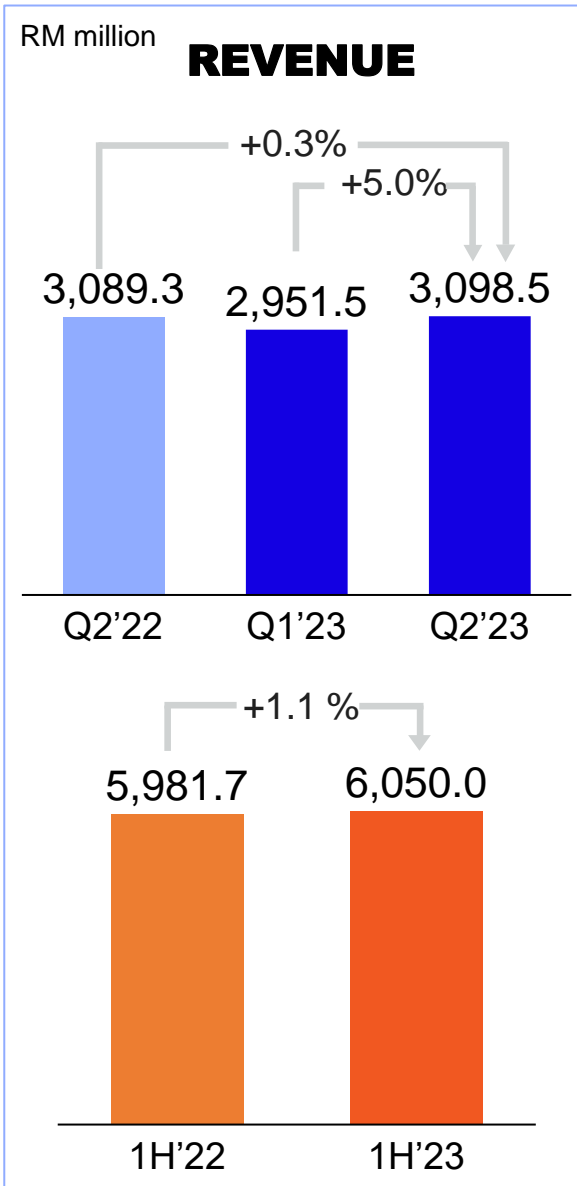
RM363.1 million

Ready for stronger headwinds ahead

- Steady topline trajectory
- Double-digit PATAMI improvement
- Continuous Fixed Broadband subscriber growth
- Sustainable Interim Dividend pay-out

1H 2023 Reported Results

Double-digit PATAMI growth on all performance intervals

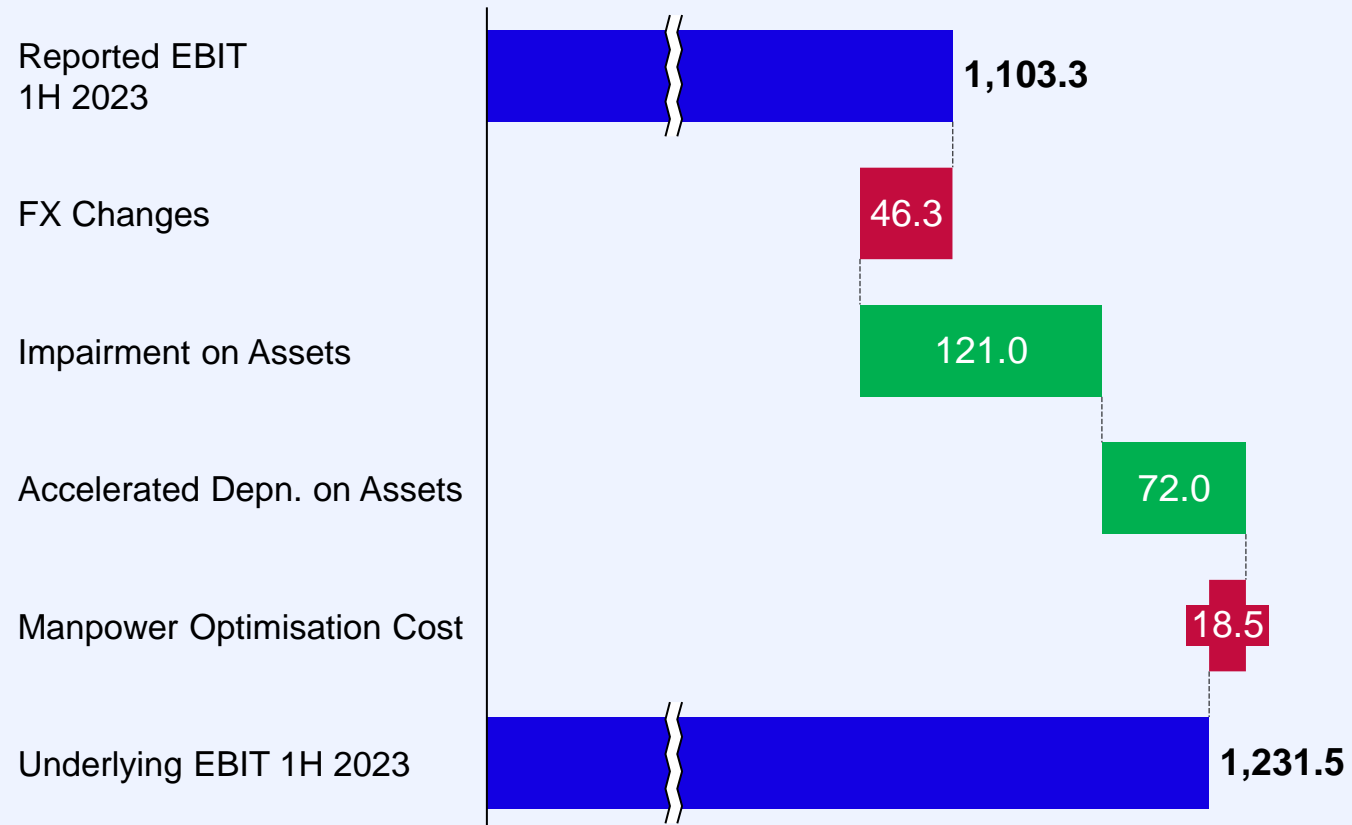




Underlying EBIT

Higher 1H 2023 underlying EBIT from normalizing items

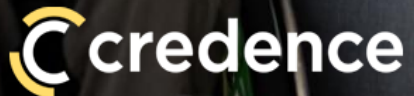
EBIT walk from reported, RM million



CUSTOMER SEGMENT & PRODUCT OVERVIEW

unifi

 TM
ONE

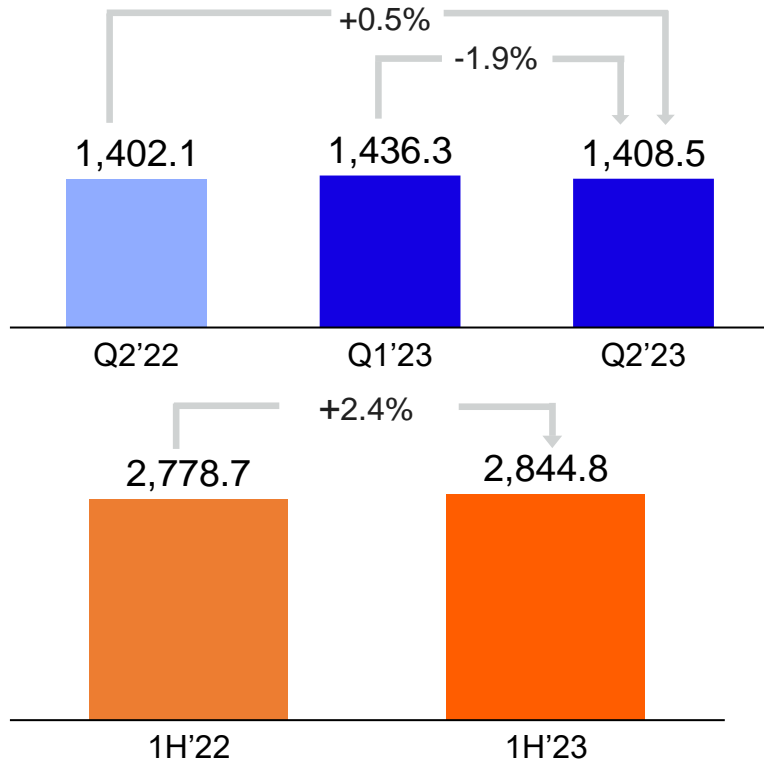
 credence

 TM
GLOBAL

Improving YTD revenue from customers' positive demand

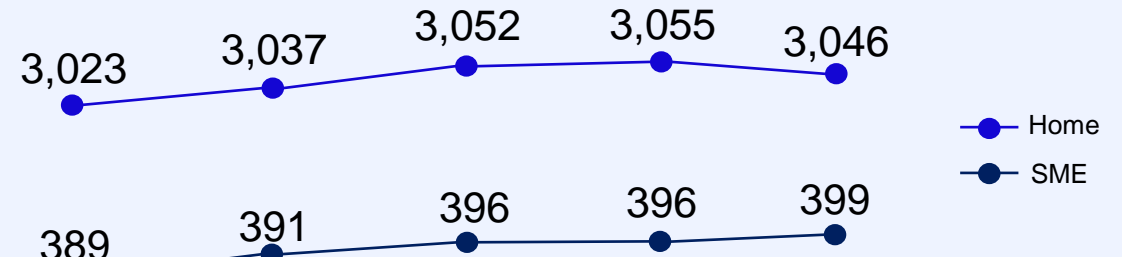
Revenue Trend

RM million



No of Customers

Total (in '000)



ARPC

In RM / month



YoY & YTD increased due to:

- Higher cumulative fixed broadband subscribers driven by enhanced campaigns and offerings that suit customer needs

QoQ is lower due to:

- Lower voice and value added services (VAS)

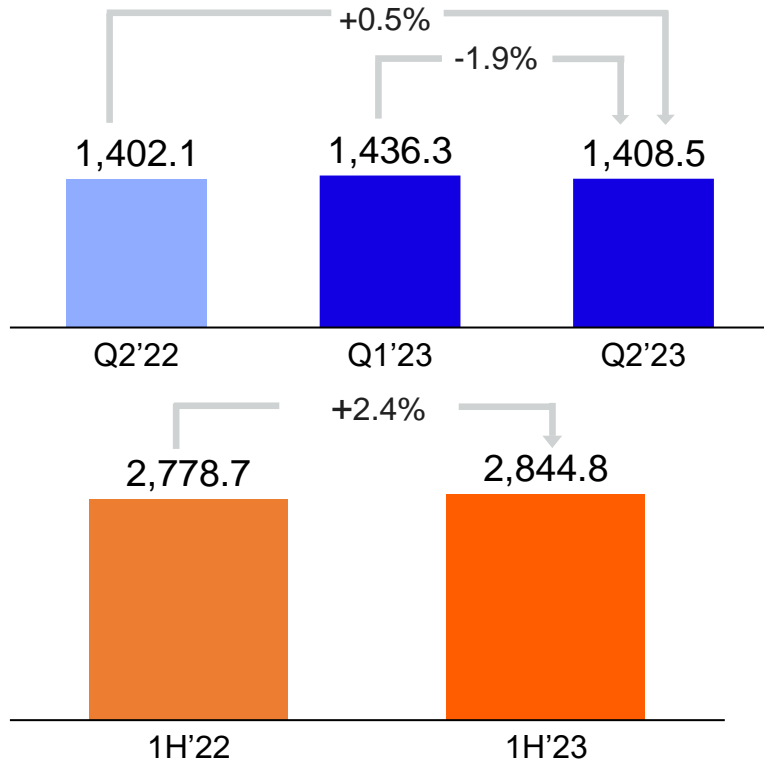
Note

ARPC: Average revenue per customer (average revenue contributed by a customer based on products subscribed with Unifi)

Fixed broadband subscribers have now reached more than 3.1 million

Revenue Trend

RM million



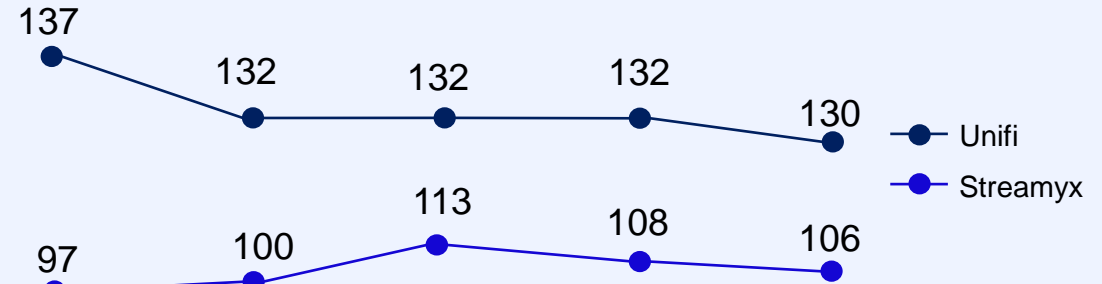
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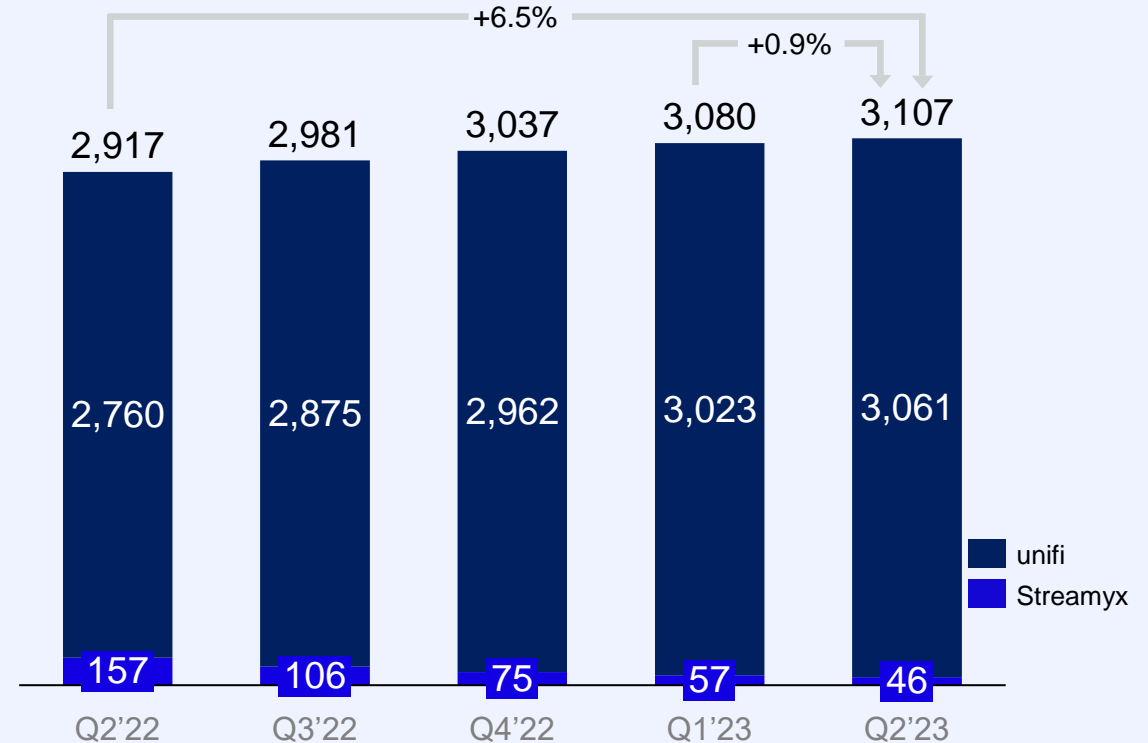
QoQ is lower due to:

- Lower voice and value added services (VAS)

Fixed Broadband ARPU



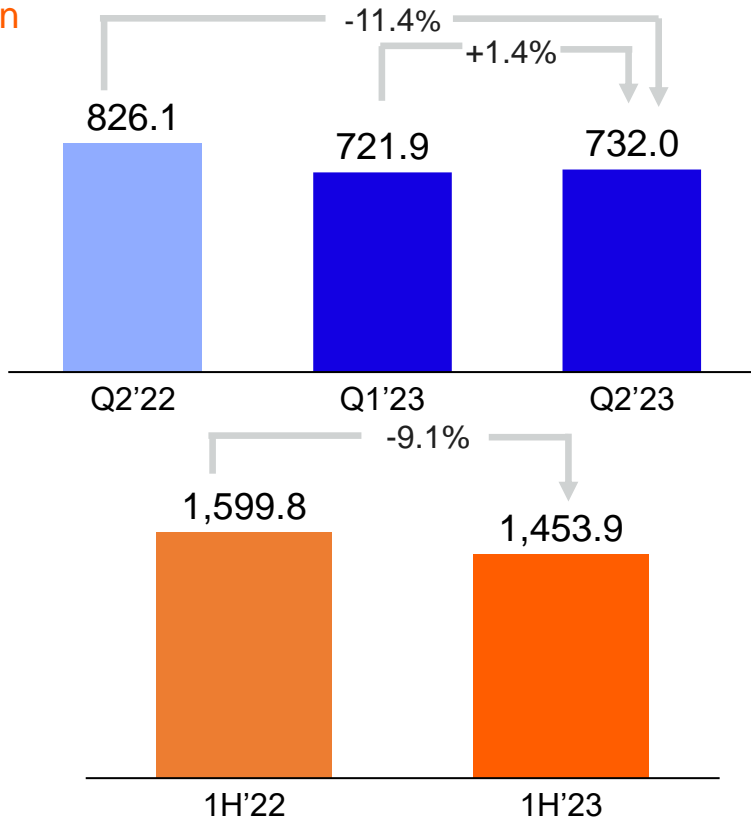
Fixed Broadband Subscribers Total (in '000)



Note
ARPU: Average revenue per user (average revenue contributed by a service)

Revenue Trend

RM million



YoY & YTD lower due to:

- Price reduction from large contracts

QoQ is higher due to:

- Better connectivity and business solution revenue



Higher revenue QoQ from recurring business for both connectivity and business solution.



As the enabler of Digital Malaysia, TM One supports the Johor Digital Masterplan & participated in the Johor Smart City Forum 2023, together with the stakeholders and eco-system players to continue collaborating on the value of sustainable smart services solution for liveable city.



Pursuing opportunities on 5G applications for Enterprises that could improve operational safety, increase product quality by reducing defect, drive business operation efficiencies and productivity.

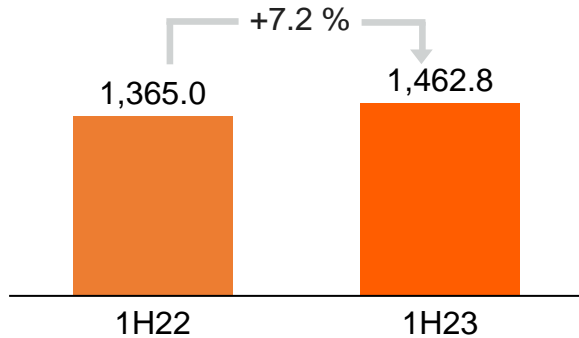
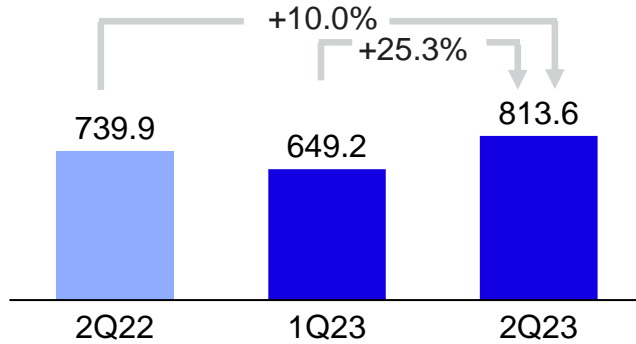


Promising B2B digital services revenue especially on cloud platform. The development of in-house talent & capabilities around cloud services are yielding results.

Connecting Malaysia to the world with bespoke connectivity solutions for domestic and global segments

Revenue Trend

RM million



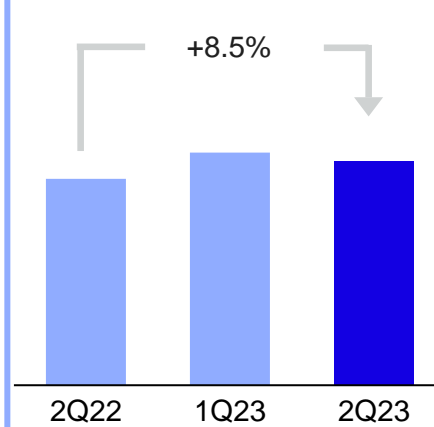
QoQ and YoY increased due to:

- Higher International Managed Wavelength and International Voice

YTD increased due to:

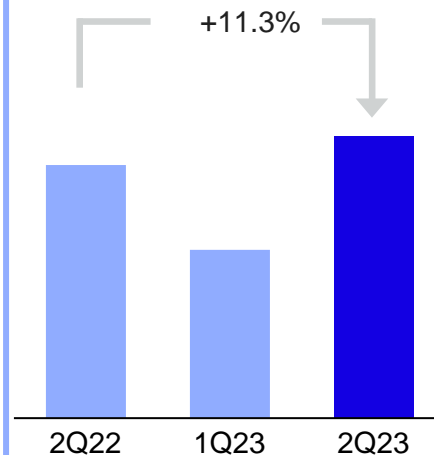
- Higher Domestic Data, International Managed Wavelength and Global Co-location

Domestic Revenue



Strengthening our role as the trusted network infrastructure provider nationwide through 5G sites deployment, high-speed broadband access coverage expansion, in creating an augmented domestic telecommunications ecosystem

International Revenue



Elevating our position with dynamic and innovative solutions through connectivity, co-location and CDN parallel to market needs in providing seamless connectivity for greater customer experience journey

DOMESTIC

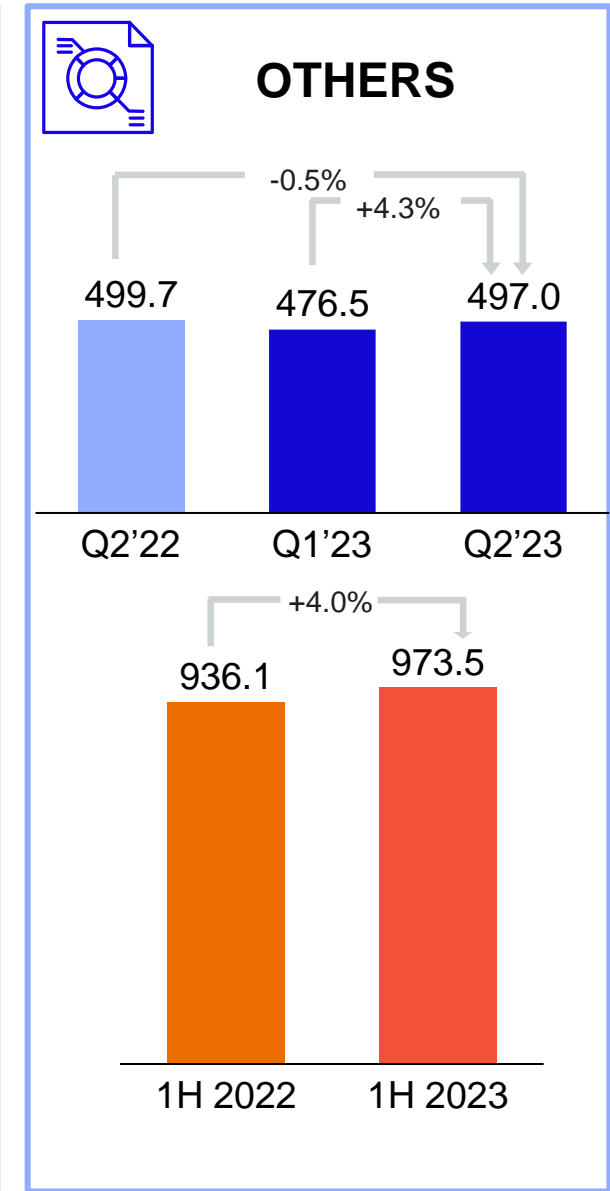
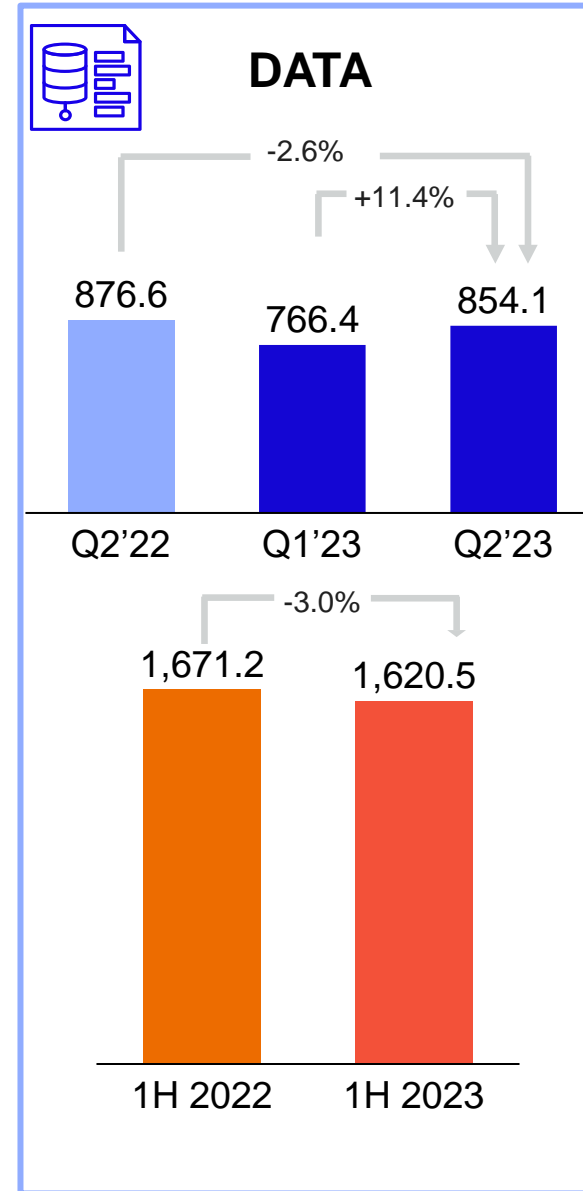
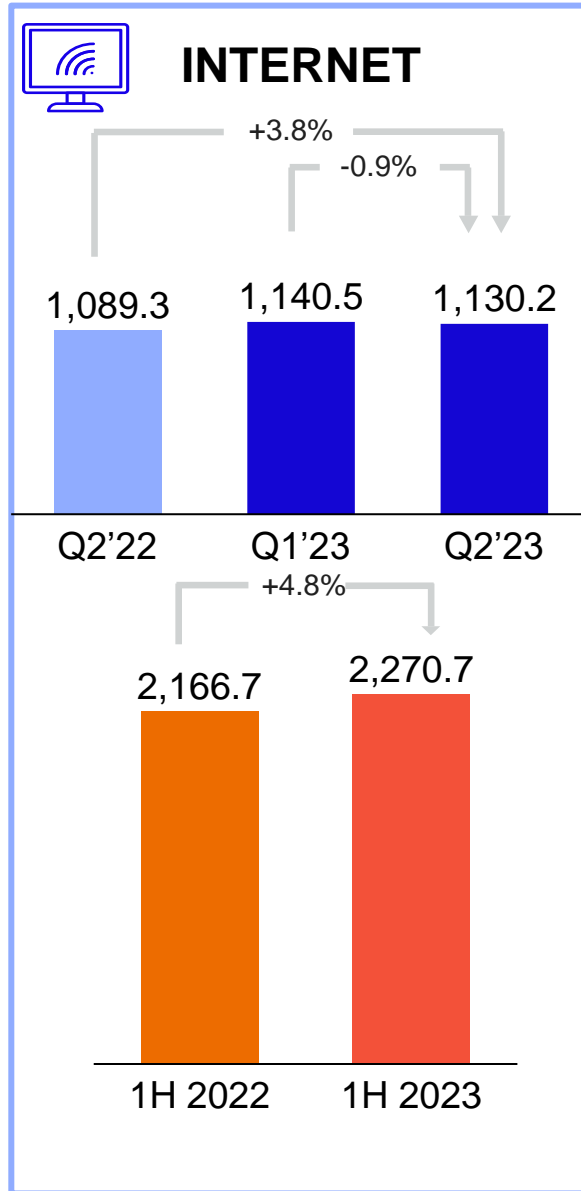
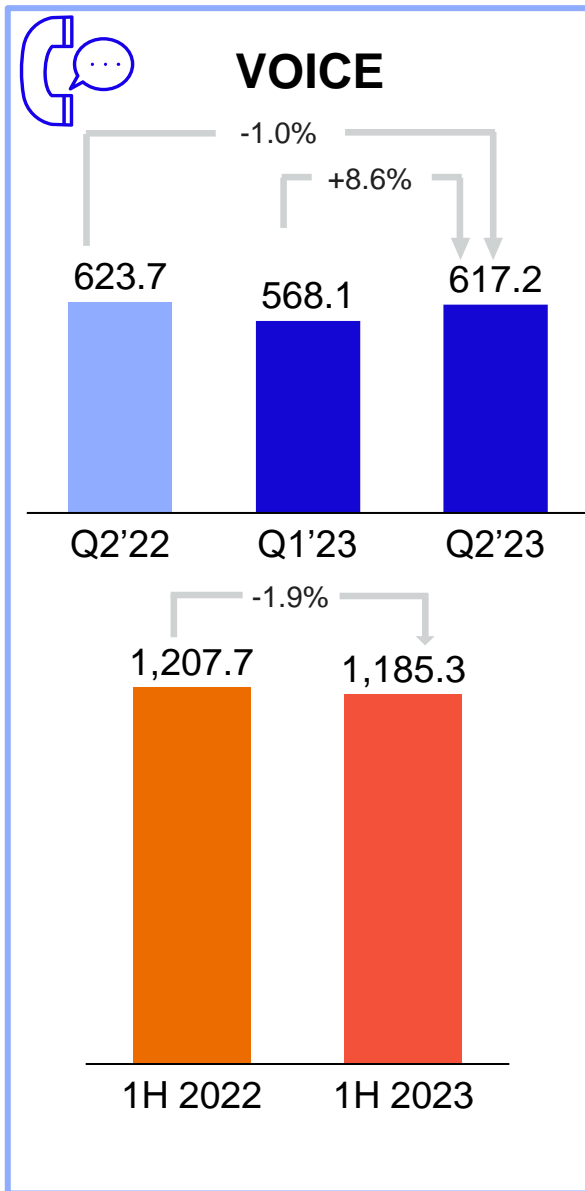
- **Exceeded 5G backhaul sites** deployment target, supporting national agenda and accelerating digital inclusivity in home country
- **Addressed greater demand by industry players** on High-Speed Broadband Access (HSBA) for improved quality of internet experience and wider coverage nationwide.
- Preferred service provider for wholesale connectivity infrastructure in Putrajaya with **more than 50 strategic sites delivered to-date via DRAN solution**

INTERNATIONAL

- Secured deal as **exclusive A2P SMS Gateway to Philippines incumbent operator** via strategic collaboration with CPaaS provider
- Delivered mega requirement for US-based hyperscaler of close to **13 Tbps International Data services** connecting Malaysia to Singapore
- Expanded CDN regional infrastructure with **100Gbps Last Mile Delivery network in Thailand**, enriching TM's Edge capabilities especially in ASEAN

Revenue by Product

YTD revenue growth driven by Internet and Others



A man wearing a light blue denim shirt, a grey cap, and brown pants is sitting at a wooden workbench in a workshop. He is smiling and looking at a tablet computer. The workshop is filled with various woven baskets and bags on shelves and hanging from the ceiling. A yellow knitted ball is visible in the foreground.

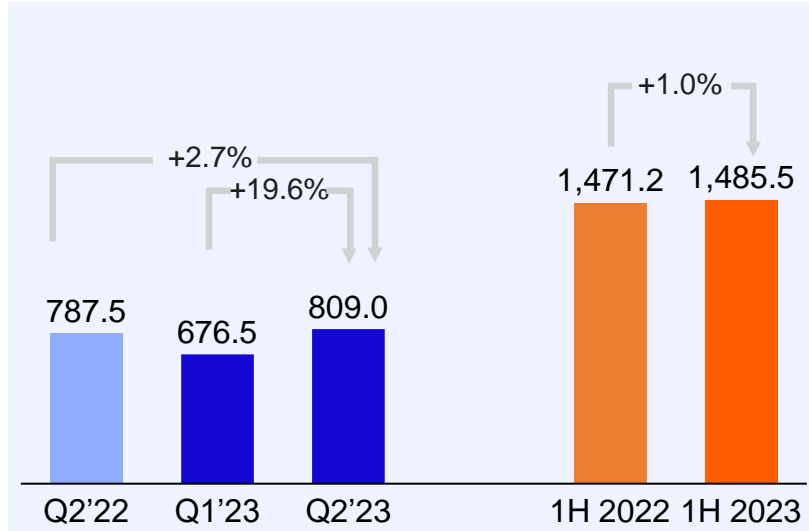
**COST, INVESTMENTS
& OTHER FINANCIALS**

Total Cost/Revenue %

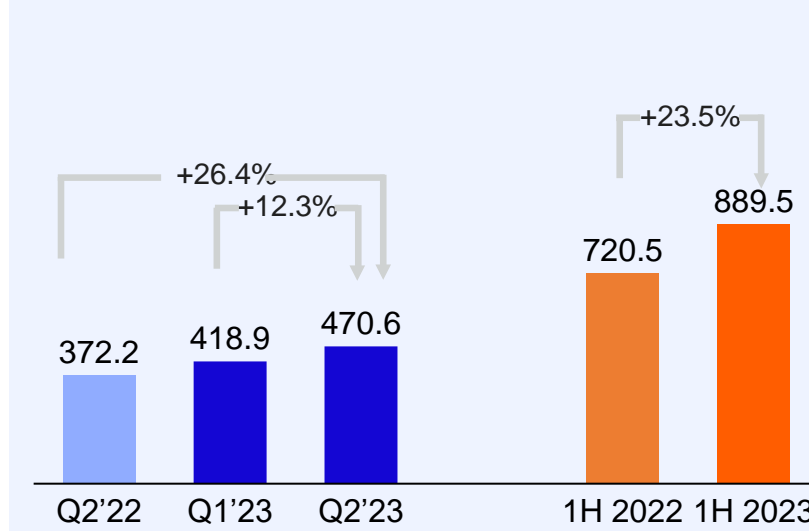


YTD Total Cost stands at 82.6% of Revenue

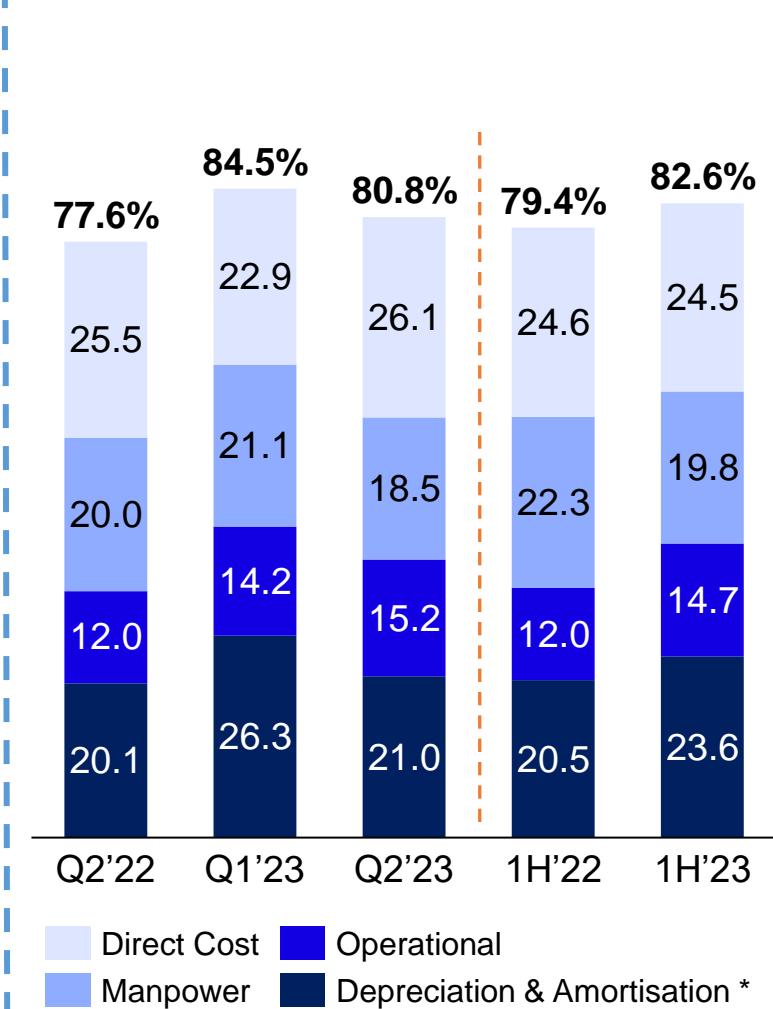
Direct Cost, RM million



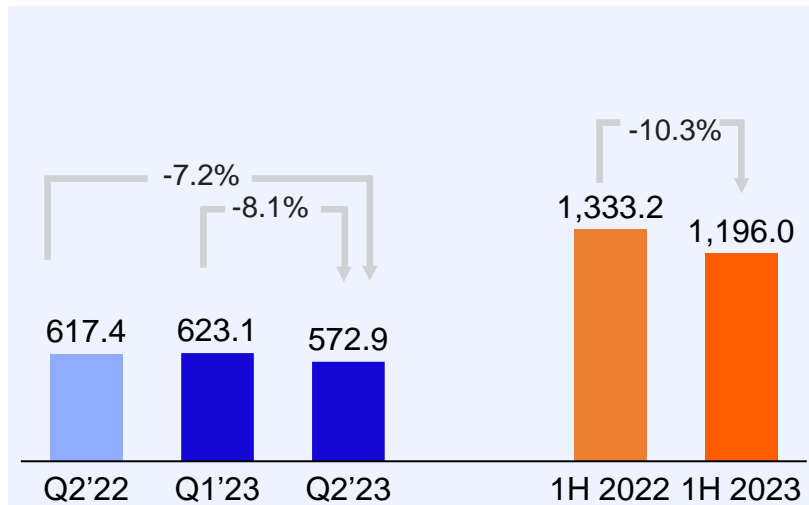
Operational Costs, RM million



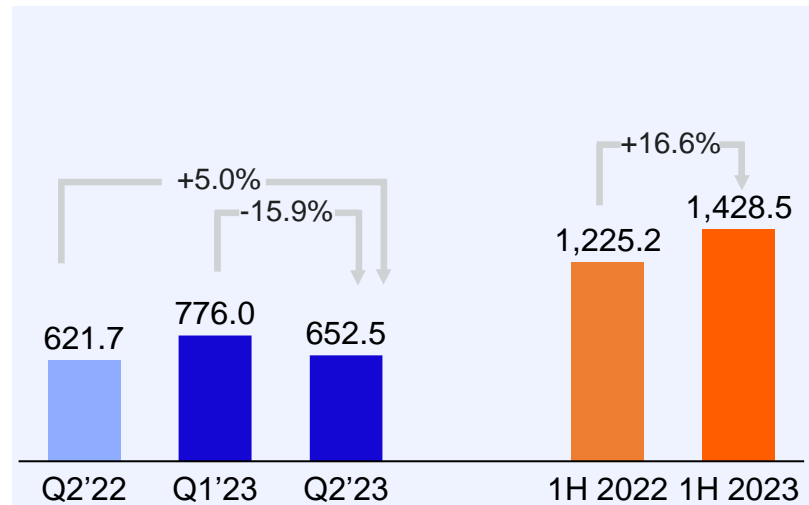
% Total Cost to Revenue



Manpower, RM million



Dep. & Amortisation*, RM million



Notes:
* Including impairment



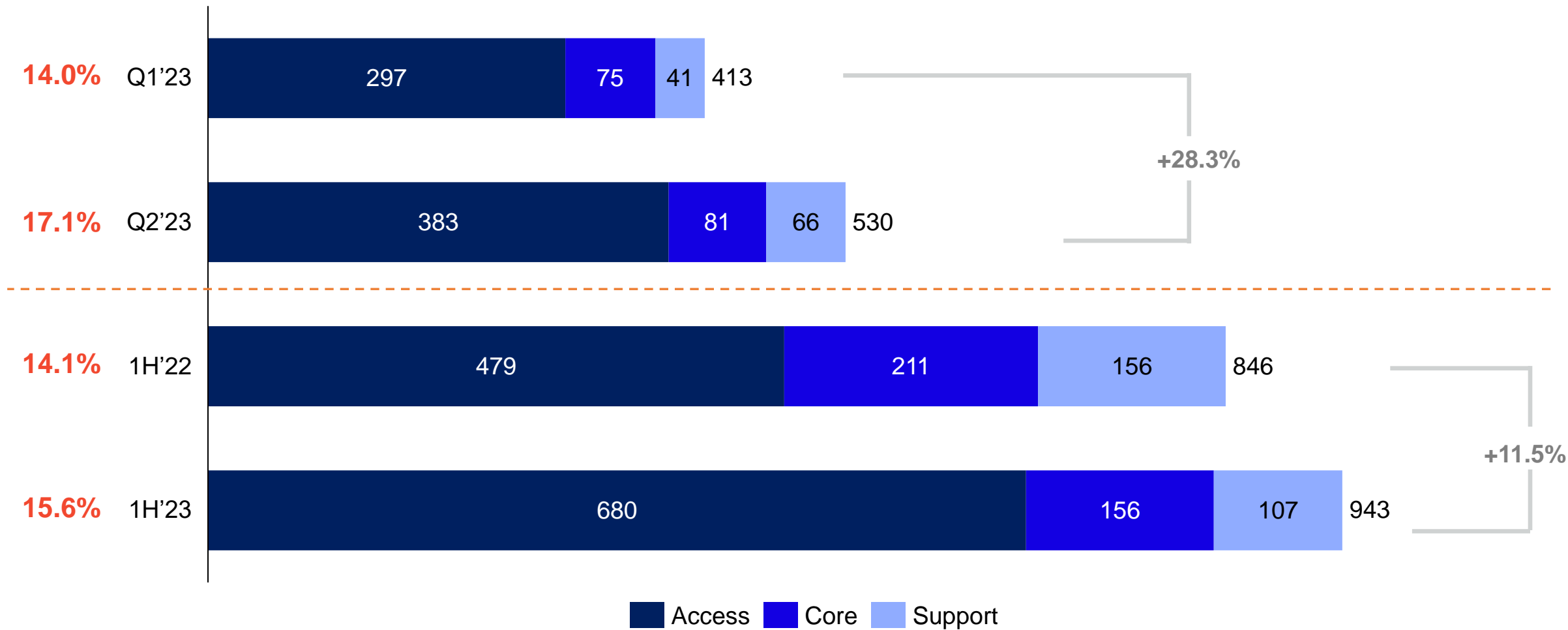
Group Capital Expenditure



Capex for 1H2023 is on track at 15.6%. Major spending on last mile infrastructure

CAPEX/Revenue (%)

TM CAPEX Breakdown (RM mill)





Group Cash Flow & Financial Ratios

Improved Cash flow from Operations & Financial Indicators

RM mn	1H 2023	1H 2022
Cash Flows from Operating Activities	1,443.5	1,193.5
Cash Flows used in Investing Activities	(1,039.0)	(1,214.9)
Cash Flows used in Financing Activities	(849.9)	(808.4)
Cash and Cash Equivalents at beginning of the Financial Period	2,344.3	1,880.0
Effect of exchange rate changes	1.8	10.3
Cash and Cash Equivalents at end of the Financial Period	1,900.7	1,060.5
<i>Free Cash Flow</i> ¹	1,295.8	1,389.3
Financial Ratios	1H 2023²	1H 2022²
Return on Equity	17.44%	15.43%
Return on Assets	6.26%	5.26%
Return on Invested Capital	9.71%	9.91%
WACC	8.06%	8.20%
Current Ratio	1.22	1.19
Gross Debt to EBITDA	1.40	1.59
Net Debt/EBITDA	0.99	1.18
Gross Debt/Equity	0.86	0.97
Net Debt/Equity	0.61	0.72
Net Assets/Share (sen)	223.84	211.49

Notes:

1. Free Cash Flow = EBITDA-CAPEX-Lease Repayments

2. Based on 12 months trailing figures and normalised numbers where applicable

A graphic element on the left side of the slide, consisting of a blue square with a white diagonal line and a white triangle pointing towards the bottom right.

CONCLUSION



2023 Guidance

Market Guidance for FY 2023 & current performance

	FY2023 Guidance	YTD 1H 2023
Revenue Growth	Flat	1.1%
EBIT	RM1.8bil - RM2.0bil	RM1.10bil
Capex/ Revenue	18% - 20%	15.6%

Key Takeaways

1H 2023 Key Highlights:



- **Operating Revenue** rose 1.1% to RM6.05 billion, with TM Global contributing the highest revenue growth.
- **PATAMI** rose 25.2% from RM717.9 million to RM898.8 million.
- **CAPEX** investment for 1H 2023 stood at 15.6% of revenue or RM942.8 million, predominantly for network infrastructure expansion.
- **Interim Dividend** of 9.5 sen per share declared, equivalent to RM363.1 million pay-out.



TM will continue its transformation journey to evolve from a Converged Telco to become a TechCo, and driving growth in new areas to define TM's future trajectory. TM aims to **pioneer industry growth through digitalisation**, and sharpen its **focus on high-impact projects**. The Group is revolutionising the innovation ecosystem across key industries via advanced agnostic platforms towards positioning Malaysia as a **digital hub for the region**. In realising this aspiration, TM will continue **growing talented people**, harnessing collective potential while **modernising its digital customer relationship**.



The Group, moving forward:

- Expects to face a more challenging marketplace but **remains confident** in overall **positive financial performance** to strengthen growth momentum. The Group remains steadfast to continue **strengthening its core business** to be commercially sustainable whilst continuing to contribute to the nation's growth.
- Excited by the **huge potential of fixed mobile and lifestyle convergence** in the digital market, as well as **digital infrastructure and solutions for MSME**, enterprise and government sectors whilst pursuing to capture opportunities from International partners including hyperscalers.
- Remains committed to **continuously invest in expanding its network** to enable the nation's progress towards a Digital Malaysia. TM will **continue to collaborate closely with the Government** to serve as the nation's trusted partner to grow Malaysia's overall connectivity and digital ecosystem, including 5G.



QUESTION & ANSWERS

APPENDICES

Cost % Revenue comparison

Revenue (RM mn)	2Q 2022	1Q 2023	2Q 2023	QoQ	YoY	1H 2022	1H 2023	YTD	Comments 1H 2023 v 1H 2022
	3,089.3	2,951.5	3,098.5			5,981.7	6,050.0		
Direct Costs %	25.5%	22.9%	26.1%	+19.6%	+2.7%	24.6%	24.5%	+1.0%	<ul style="list-style-type: none"> Higher Commission from consumer segment Higher Content cost
RM mn	787.5	676.5	809.0			1,471.2	1,485.5		
Manpower %	20.0%	21.1%	18.5%	-8.1%	-7.2%	22.3%	19.8%	-10.3%	<ul style="list-style-type: none"> Lower Separation cost
RM mn	617.4	623.1	572.9			1,333.2	1,196.0		
Operational Costs %	12.0%	14.2%	15.2%	+12.3%	+26.4%	12.0%	14.7%	+23.5%	<ul style="list-style-type: none"> Higher Maintenance Cost Increased License Cost Increased ICPT surcharge Increased Advertising & Promotion
RM mn	372.2	418.9	470.6			720.5	889.5		
Total OPEX	1,777.1	1,718.5	1,852.5	+7.8%	+4.2%	3,524.9	3,571.0	+1.3%	
Dep & Amortisation %	20.1%	26.3%	21.0%	-15.9%	+5.0%	20.5%	23.6%	+16.6%	<ul style="list-style-type: none"> Impairment on assets in the current period Additional Depreciation from useful life revision
RM mn	621.7	776.0	652.5			1,225.2	1,428.5		
Total Cost (RM mn)	2,398.8	2,494.5	2,505.0	+0.4%	+4.4%	4,750.1	4,999.5	+5.3%	
Total (%)	77.6%	84.5%	80.8%	-3.7pp	+3.2pp	79.4%	82.6%	+3.2pp	

Statement of Financial Position

RM mn	As At 30 June 2023	As At 31 Dec 2022	Variance
Shareholders' Funds	8,555.0	7,936.5	7.79%
Non-controlling Interests	149.1	152.6	-2.29%
Deferred & Long Term Liabilities	8,732.1	9,584.9	-8.90%
<i>Long Term Borrowings</i>	4,165.9	4,959.6	-16.00%
<i>Lease Liabilities</i>	1,621.7	1,544.2	5.02%
<i>Deferred Tax</i>	1,376.8	1,425.8	-3.44%
<i>Deferred Income</i>	1,543.3	1,630.7	-5.36%
<i>Others</i>	24.4	24.6	-0.81%
	17,436.2	17,674.0	-1.35%
Current Assets	6,698.2	6,399.4	4.67%
<i>Trade and Other Receivables</i>	3,015.1	2,312.3	30.39%
<i>Cash & Bank Balances</i>	2,168.8	2,579.4	-15.92%
<i>Inventories</i>	231.2	305.4	-24.30%
<i>Others</i>	1,283.1	1,202.3	6.72%
Current Liabilities	5,730.5	5,457.3	5.01%
<i>Trade and Other Payables</i>	3,062.6	3,718.0	-17.63%
<i>Short Term Borrowings</i>	931.4	309.7	200.74%
<i>Lease Liabilities</i>	201.1	230.3	-12.68%
<i>Others</i>	1,535.4	1,199.3	28.02%
Net Current Assets/(Liabilities)	967.7	942.1	2.72%
Non-Current Assets	16,468.5	16,731.9	-1.57%
<i>Property Plant & Equipment</i>	13,306.4	13,547.0	-1.78%
<i>Other Non-Current Assets</i>	3,162.1	3,184.9	-0.72%
	17,436.2	17,674.0	-1.35%

Corporate Finance & Investor Relations
Level 11 (North Wing), Menara TM
Jalan Pantai Baharu
50672 Kuala Lumpur
Malaysia

www.tm.com.my/investorrelations
investor@tm.com.my

THANK YOU