

Smart Retail Analytics



Smart Tourism



Smart Tourism



Smart Parking



**#Enabling DigitalMalaysia**

Smart Traffic Lights



Smart Agriculture



Smart Vehicle Management System



# Analyst Briefing 3Q 2020 Results

25 November 2020

# Management Representatives



**En. Imri Mokhtar**

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Managing Director / Group Chief Executive Officer



**En. Razidan Ghazalli**

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Group Chief Financial Officer



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## 3Q 2020 Results

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**Performance Overview**

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**Operating Highlights**

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Smart Agriculture



**Concluding Remarks**

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**Appendices**

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TM 5G



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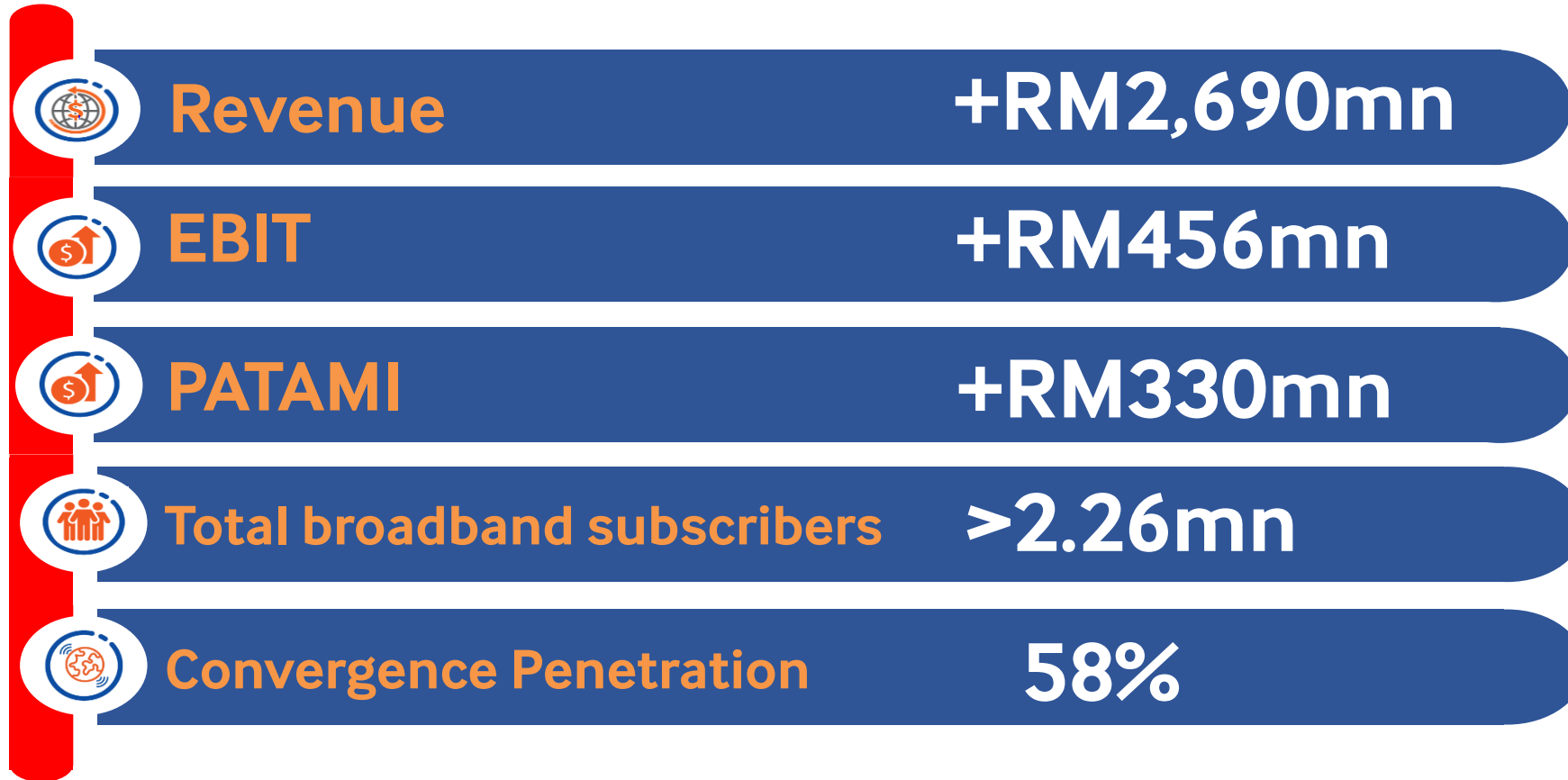


Smart Vehicle Management System



# Key Highlights

Positive QoQ performance despite the uncertain and challenging environment



- Encouraging positive QoQ performance across all product lines
- Cost optimisation initiatives continue to show result with strong profitability growth
- Steady positive growth trajectory of total broadband subscribers
- Highest convergence penetration for 3P and above products since 2018

# TM Group Results

3Q 2020



RM mn	1Q 2020	2Q 2020	3Q 2020	QoQ	3Q 2019	YoY	YTD 2019	YTD 2020	YTD
Revenue	2,557.1	2,592.0	2,689.9	3.8%	2,852.6	-5.7%	8,400.1	7,839.0	-6.7%
EBITDA	909.7	961.9	1,029.4	7.0%	996.5	3.3%	3,032.9	2,901.0	-4.3%
Normalised EBITDA	918.5	965.9	1,043.2	8.0%	994.1	4.9%	3,028.3	2,927.6	-3.3%
Depreciation & Amortisation	583.6	535.6	573.2	7.0%	572.0	0.2%	1,830.5	1,692.4	-7.5%
EBIT	326.1	426.3	456.2	7.0%	424.5	7.5%	1,202.4	1,208.6	0.5%
Normalised EBIT	334.9	430.3	470.0	9.2%	422.1	11.3%	1,322.5	1,235.2	-6.6%
Net Finance Cost*	84.7	95.0	97.6	2.7%	97.7	-0.1%	291.9	277.3	-5.0%
Profit Before Tax	160.1	345.2	414.4	20.0%	301.5	37.4%	886.2	919.7	3.8%
PATAMI	152.5	274.7	329.5	19.9%	261.3	26.1%	683.8	756.7	10.7%
Normalised PATAMI	240.8	267.6	288.9	8.0%	287.7	0.4%	810.9	797.3	-1.7%

Note:

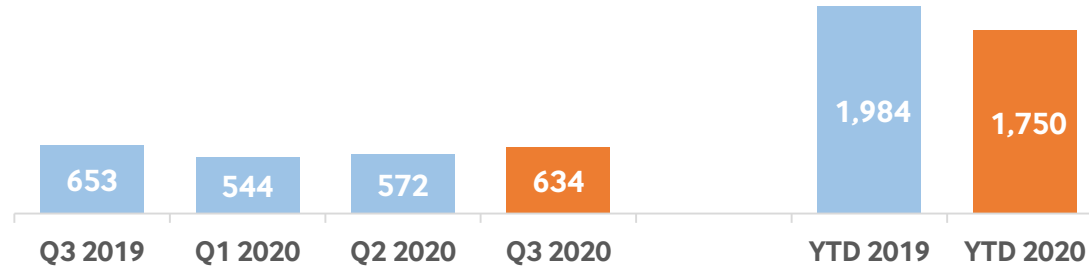
\*Excluding FX gain/loss

# Group Total Revenue by Product

Encouraging positive demand for all products



Voice



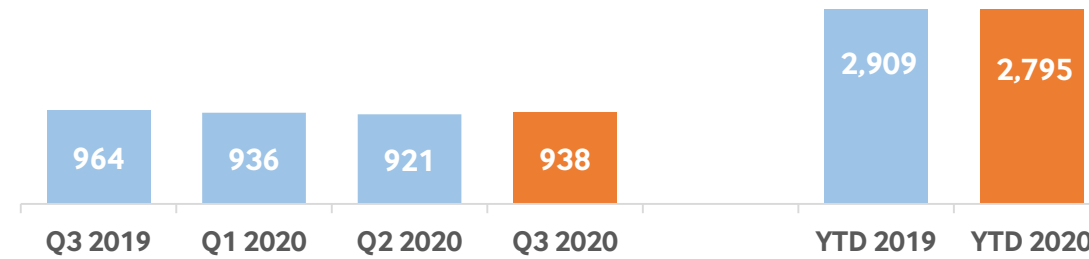
QoQ +10.8%  
YoY -2.9%  
YTD -11.8%

## Remarks QoQ:

Higher international and domestic voice



Internet

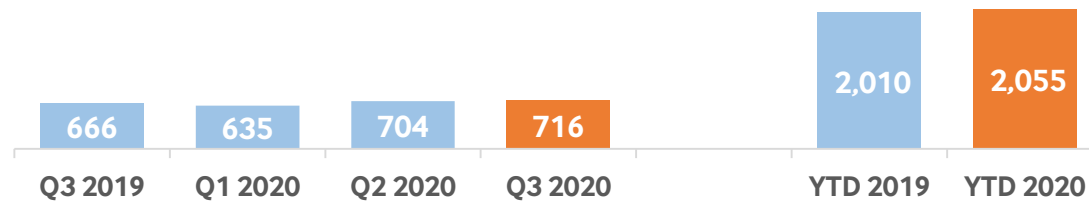


QoQ +1.8%  
YoY -2.7%  
YTD -3.9%

Higher unifi subscribers



Data

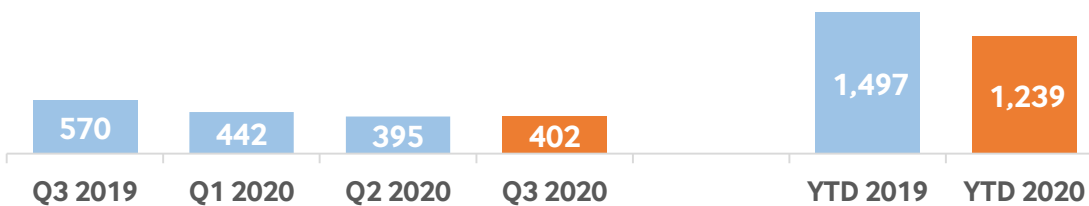


QoQ +1.7%  
YoY +7.5%  
YTD +2.1%

Higher domestic wholesale data



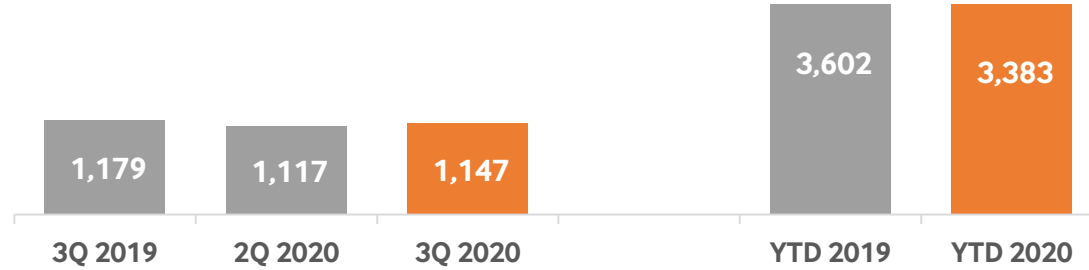
Others



QoQ +1.8%  
YoY -29.4%  
YTD -17.3%

Higher revenue from MMU

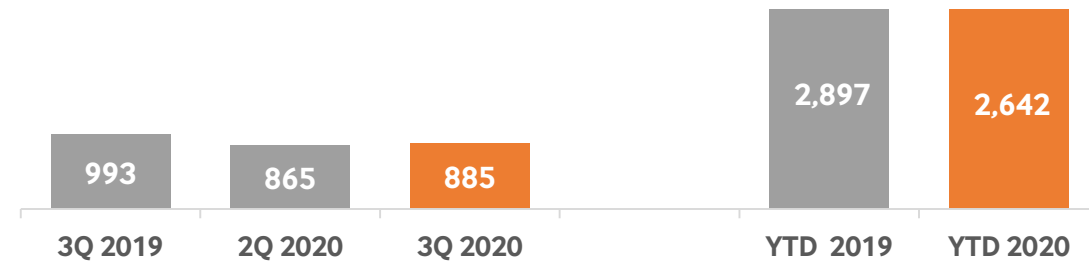
# Segmental Revenue by Cluster



QoQ +2.7%  
YoY -2.7%  
YTD -6.1%

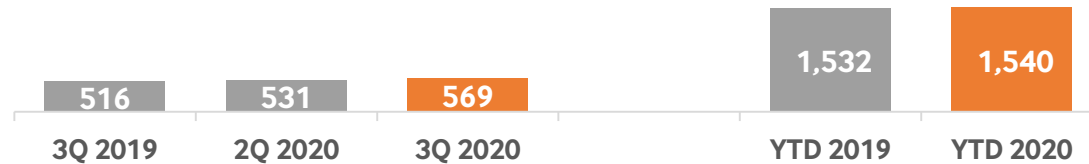
## Remarks QoQ:

Higher customer base



QoQ +2.3%  
YoY -10.9%  
YTD -8.8%

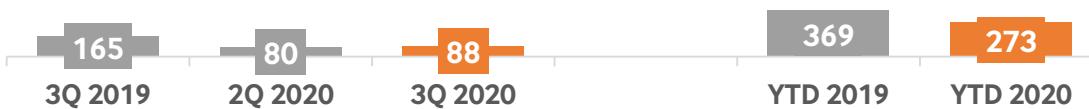
Higher customer projects, voice & ICT



QoQ +7.2%  
YoY +10.3%  
YTD +0.5%

Higher international voice, domestic & global data

Others



QoQ +10.0%  
YoY -46.7%  
YTD -26.0%

Higher revenue from MMU



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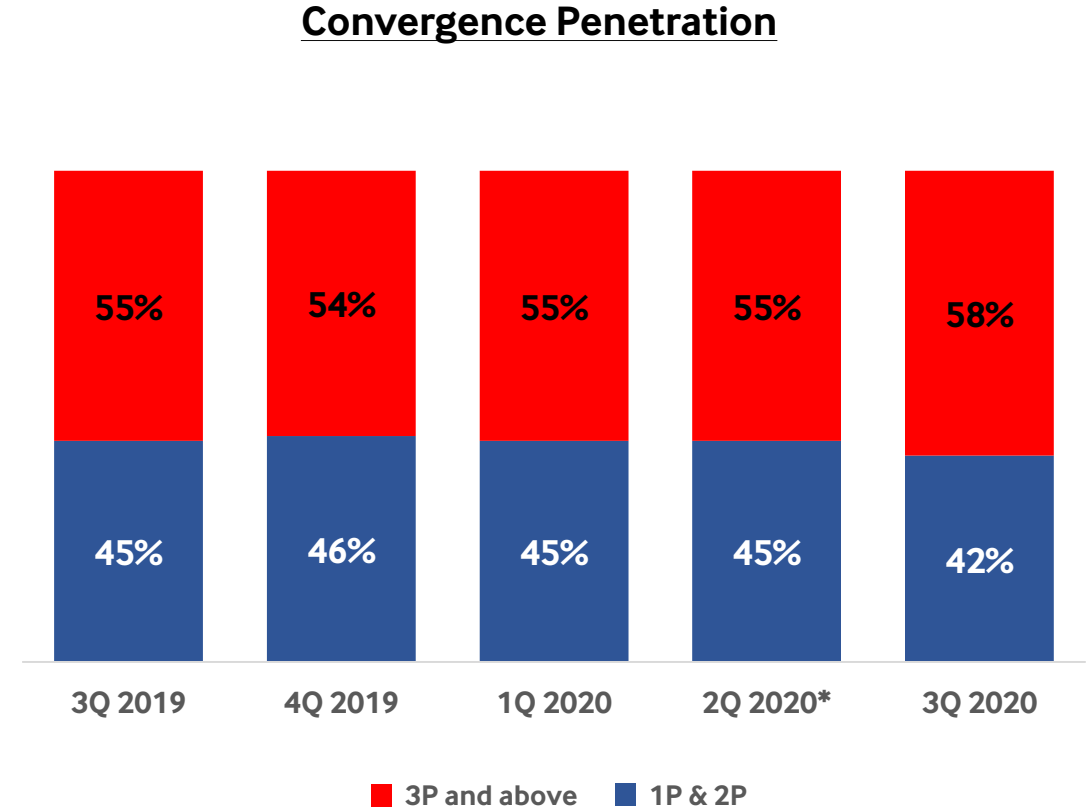
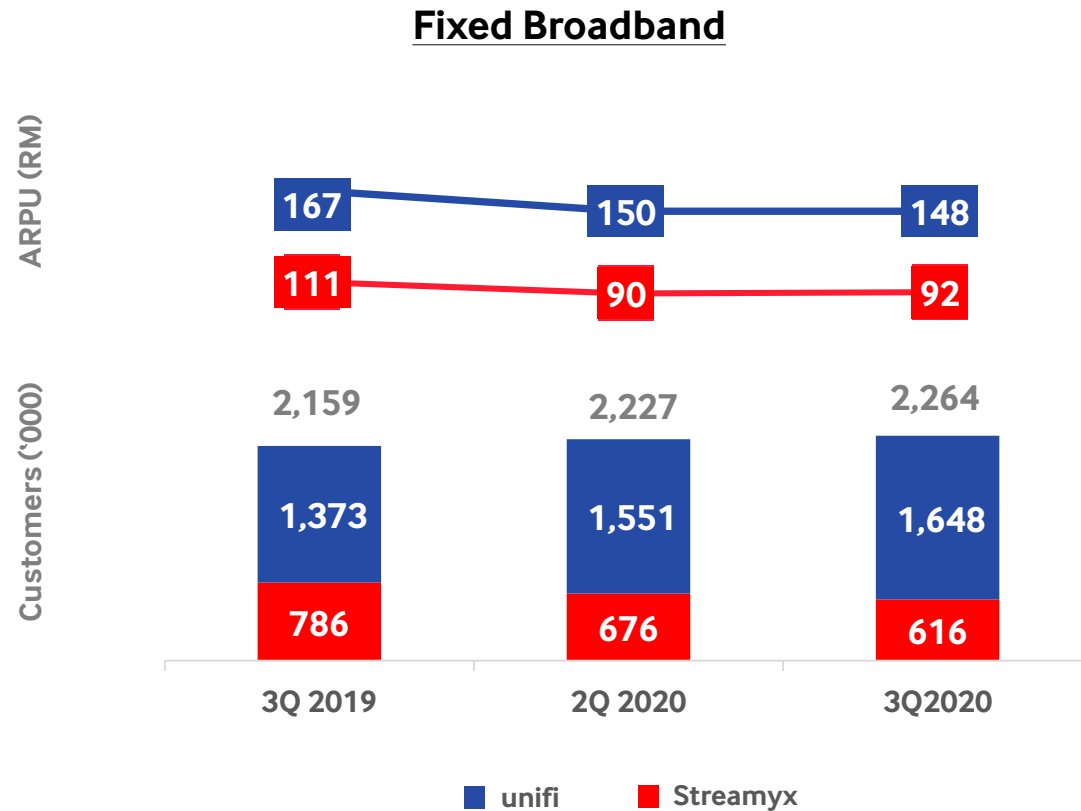




# Unifi Operating Matrix



## Positive traction of new subscribers across fixed broadband



### Fixed Broadband

- Total fixed broadband customers increased by 2% during the quarter contributed by encouraging unifi subscriber growth

### Convergence Penetration

- TM households now at 58% as demand for higher value products increases during the period

Note:  
\*Restated figure

# Group OPEX

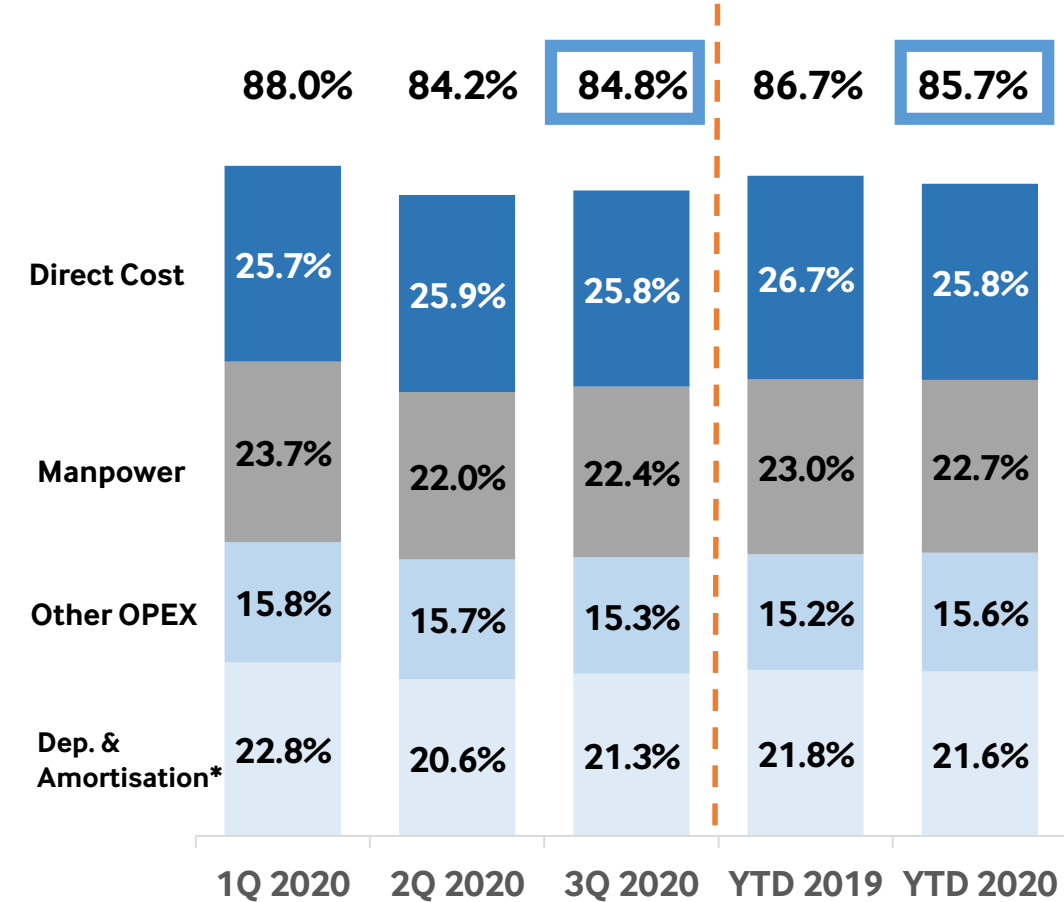


Total YTD cost is lower against the previous year

## TM Group Cost Breakdown

RM mn	1Q 2020	2Q 2020	3Q 2020	QoQ	YTD 2019	YTD 2020	YTD
Revenue	2,557	2,592	2,690	3.8%	8,400	7,839	-6.7%
Direct Cost	658	671	695	3.6%	2,243	2,024	-9.8%
Manpower	607	571	602	5.4%	1,931	1,780	-7.8%
Other OPEX	403	408	410	0.5%	1,278	1,221	-4.5%
<b>Total OPEX</b>	<b>1,668</b>	<b>1,650</b>	<b>1,707</b>	<b>3.5%</b>	<b>5,452</b>	<b>5,025</b>	<b>-7.8%</b>
Dep. & Amortisation	584	535	573	7.1%	1,712	1,692	-1.2%
Impairment	-	-	-	-	118	-	->100%
<b>Total Cost</b>	<b>2,252</b>	<b>2,185</b>	<b>2,280</b>	<b>4.3%</b>	<b>7,282</b>	<b>6,717</b>	<b>-7.8%</b>

## % Total Cost to Revenue



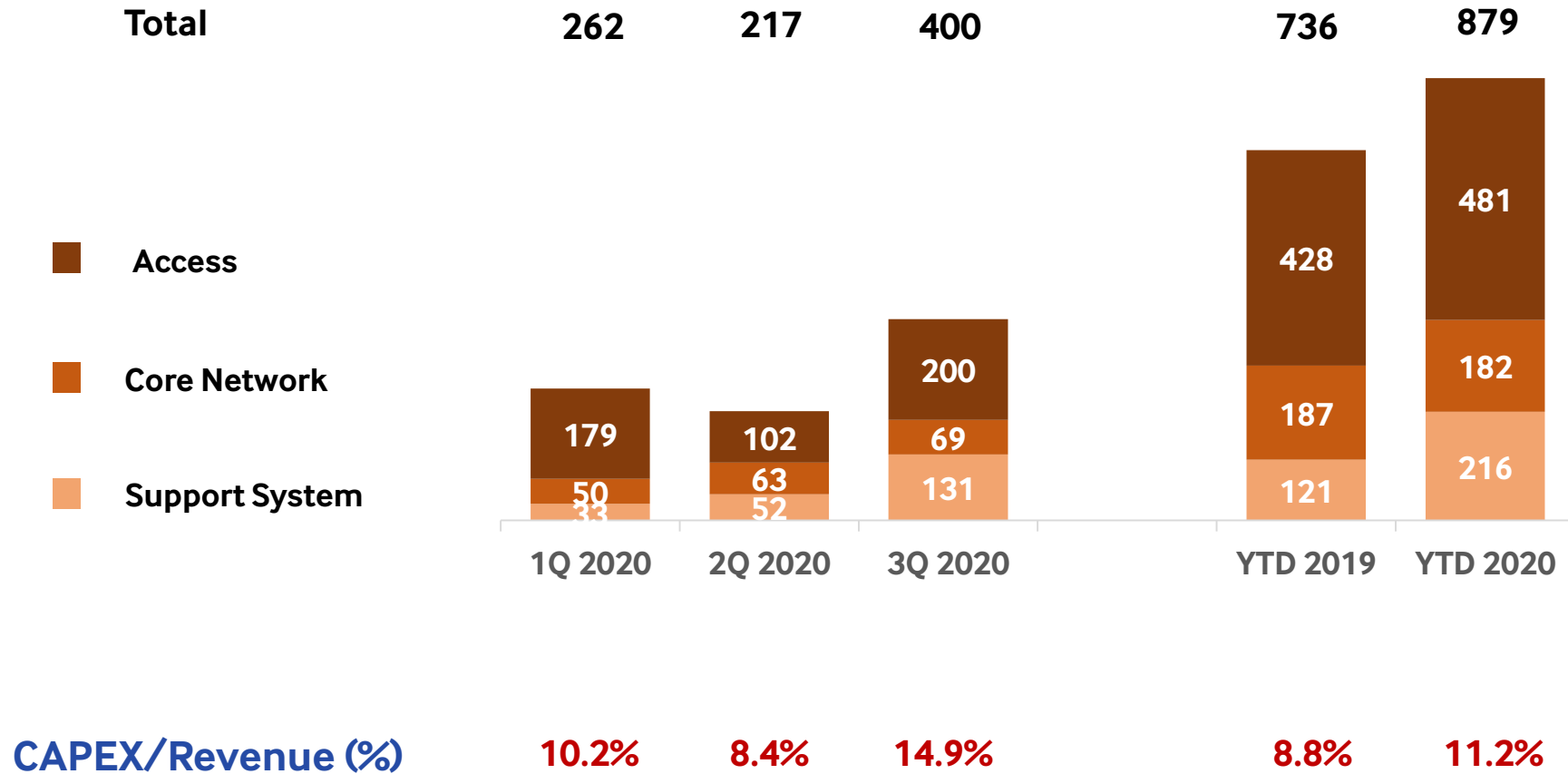
Notes:  
\*Including impairment

# Group CAPEX

Actual spending is 11.2% of revenue



TM CAPEX Breakdown (RM mn)



# Group Financial Ratios



RM mn	YTD 2020	YTD 2019
<b>Cash Flows from Operating Activities</b>	<b>1,694</b>	<b>1,941</b>
<b>Cash Flows from Investing Activities</b>	<b>(699)</b>	<b>(738)</b>
<b>Cash Flows from Financing Activities</b>	<b>(1,108)</b>	<b>(282)</b>
Cash and Cash Equivalents at beginning of the Financial Period	4,786	2,757
Effect of exchange rate changes	2	2
Cash and Cash Equivalents at end of Financial Period	<b>4,675</b>	<b>3,680</b>
<i>Free Cash Flow</i> <sup>1</sup>	<b>1,711</b>	<b>1,982</b>

Financial Ratios	YTD 2020 <sup>2</sup>	FY 2019 <sup>2</sup>
<b>Return on Invested Capital</b>	<b>8.01%</b>	<b>7.99%</b>
<b>Return on Equity</b>	<b>13.82%</b>	<b>13.45%</b>
<b>Return on Assets</b>	<b>3.94%</b>	<b>4.06%</b>
<b>Current Ratio</b>	<b>1.43</b>	<b>1.28</b>
<b>WACC</b>	<b>7.36%</b>	<b>8.86%</b>
<b>Gross Debt to EBITDA</b>	<b>2.64</b>	<b>2.38</b>
<b>Net Debt/EBITDA</b>	<b>1.55</b>	<b>1.42</b>
<b>Gross Debt/Equity</b>	<b>1.45</b>	<b>1.29</b>
<b>Net Debt/Equity</b>	<b>0.85</b>	<b>0.77</b>
<b>Net Assets/Share (sen)</b>	<b>182.20</b>	<b>195.28</b>

**Notes:**

<sup>1</sup> Free Cash Flow = EBITDA-CAPEX-Lease Repayments

<sup>2</sup> Based on 12 months trailing figures and normalised numbers where applicable



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# 2020 Guidance



## Initial Guidance

## Revised Guidance

Revenue Growth

Low to mid single  
digit decline (%)

Low to mid single  
digit decline (%)

EBIT

More than RM1.0bn

RM1.3bn – RM1.5bn

Capex / Revenue

Low to mid 20s (%)

12% - 15%

# Key Takeaways

**1**

**As the nation faces this adversity, relying even more on the internet and digital connect for work and studies, TM continues to serve as an essential service provider, ensuring stable network performance for the entire nation via both our retail and wholesale fronts.**

**2**

**The Government's introduction of Jalinan Digital Negara (JENDELA) in September 2020 and the RM7.4 billion allocations in the recent National Budget to upgrade broadband services for year 2021 and 2022 will serve as a platform to accelerate Malaysia's digital connectivity through wider deployment of mobile, fibre and fixed wireless access. This will pave the way for 5G under the 12th Malaysia Plan (2021–2025).**

**3**

**TM is at the forefront in collaborating with other service providers, enabling and delivering JENDELA. We continue to seek opportunities to cater for future demands of connectivity, in line with our proven commitment to maintain business profitability whilst adapting and exploring new norms and avenues from this dynamic circumstances that the nation faces today.**

**4**

**TM is fully committed to being vigilant on our cost initiatives as well as boosting our revenue growth through connectivity and solutions excellence to ensure further optimisation on our value creation to stakeholders.**



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# Cost % Revenue

Revenue (RM mn)	2Q 2020	3Q 2020	QoQ	3Q 2019	YoY	YTD 2019	YTD 2020	YTD	Comments 3Q 2020 vs 2Q 2020
	2,592	2,690		2,852		8,400	7,839		
<b>Direct Costs %</b>	<b>25.9%</b>	<b>25.8%</b>		<b>27.5%</b>		<b>26.7%</b>	<b>25.8%</b>		<ul style="list-style-type: none"> <li>Higher international &amp; leased outpayment</li> <li>Higher acquisition cost</li> </ul>
RM mn	671	695	3.6%	783	-11.2%	2,243	2,024	-9.8%	
<b>Manpower %</b>	<b>22.0%</b>	<b>22.4%</b>		<b>23.7%</b>		<b>23.0%</b>	<b>22.7%</b>		<ul style="list-style-type: none"> <li>Higher staff benefits</li> </ul>
RM mn	571	602	5.4%	677	-11.1%	1,931	1,780	-7.8%	
<b>Other OPEX %</b>	<b>15.7%</b>	<b>15.3%</b>		<b>15.3%</b>		<b>15.2%</b>	<b>15.6%</b>		<ul style="list-style-type: none"> <li>Higher maintenance</li> </ul>
RM mn	408	410	0.5%	436	-6.0%	1,278	1,221	-4.5%	
<b>Dep &amp; Amortisation %</b>	<b>20.6%</b>	<b>21.3%</b>		<b>20.2%</b>		<b>20.4%</b>	<b>21.6%</b>		<ul style="list-style-type: none"> <li>Higher PPE depreciation</li> </ul>
RM mn	535	573	7.1%	578	-0.9%	1,712	1,692	-1.2%	
<b>Impairment%</b>	<b>0.0%</b>	<b>0.0%</b>		<b>-0.2%</b>		<b>1.4%</b>	<b>0.0%</b>		
RM mn	-	-	-	-6	->100%	118	-	-> 100%	
<b>Total Cost (RM mn)</b>	<b>2,185</b>	<b>2,280</b>	<b>4.3%</b>	<b>2,468</b>	<b>-7.8%</b>	<b>7,282</b>	<b>6,717</b>	<b>-7.8%</b>	
<b>Total (%)</b>	<b>84.2%</b>	<b>84.8%</b>	<b>0.6 p.p</b>	<b>86.5%</b>	<b>-1.7p.p</b>	<b>86.7%</b>	<b>85.7%</b>	<b>-1.0 p.p</b>	

# Statement of Financial Position



RM mn	As At 30 Sept 2020	As At 31 Dec 2019	Var.
<b>Shareholders' Funds</b>	<b>6,875</b>	<b>7,353</b>	<b>-6.5%</b>
<b>Non-controlling Interests</b>	<b>(149)</b>	<b>(800)</b>	<b>-81.4%</b>
<b>Deferred &amp; Long Term Liabilities</b>	<b>11,789</b>	<b>12,570</b>	<b>-6.2%</b>
<i>Long Term Borrowings</i>	<i>7,067</i>	<i>7,699</i>	<i>-8.2%</i>
<i>Lease Liabilities</i>	<i>1,593</i>	<i>1,619</i>	<i>-1.6%</i>
<i>Deferred Tax</i>	<i>1,414</i>	<i>1,424</i>	<i>-0.7%</i>
<i>Deferred Income</i>	<i>1,635</i>	<i>1,744</i>	<i>-6.3%</i>
<i>Others</i>	<i>80</i>	<i>84</i>	<i>-4.8%</i>
	<b>18,515</b>	<b>19,123</b>	<b>-3.2%</b>
<b>Current Assets</b>	<b>8,560</b>	<b>8,591</b>	<b>-0.4%</b>
<i>Trade and Other Receivables</i>	<i>2,379</i>	<i>2,435</i>	<i>-2.3%</i>
<i>Cash &amp; Bank Balances</i>	<i>4,890</i>	<i>4,918</i>	<i>-0.6%</i>
<i>Inventories</i>	<i>93</i>	<i>102</i>	<i>-8.8%</i>
<i>Others</i>	<i>1,198</i>	<i>1,136</i>	<i>5.5%</i>
<b>Current Liabilities</b>	<b>6,461</b>	<b>6,476</b>	<b>-0.2%</b>
<i>Trade and Other Payables</i>	<i>3,126</i>	<i>3,604</i>	<i>-13.3%</i>
<i>Short Term Borrowings</i>	<i>1,225</i>	<i>1,034</i>	<i>18.5%</i>
<i>Lease Liabilities</i>	<i>309</i>	<i>296</i>	<i>4.4%</i>
<i>Others</i>	<i>1,801</i>	<i>1,542</i>	<i>16.8%</i>
<b>Net Current Assets/(Liabilities)</b>	<b>2,099</b>	<b>2,115</b>	<b>-0.8%</b>
<b>Non-Current Assets</b>	<b>16,416</b>	<b>17,008</b>	<b>-3.5%</b>
<i>Property Plant &amp; Equipment</i>	<i>13,640</i>	<i>14,260</i>	<i>-4.3%</i>
<i>Other Non-Current Assets</i>	<i>2,776</i>	<i>2,748</i>	<i>1.0%</i>
	<b>18,515</b>	<b>19,123</b>	<b>-3.2%</b>



# Thank you

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