

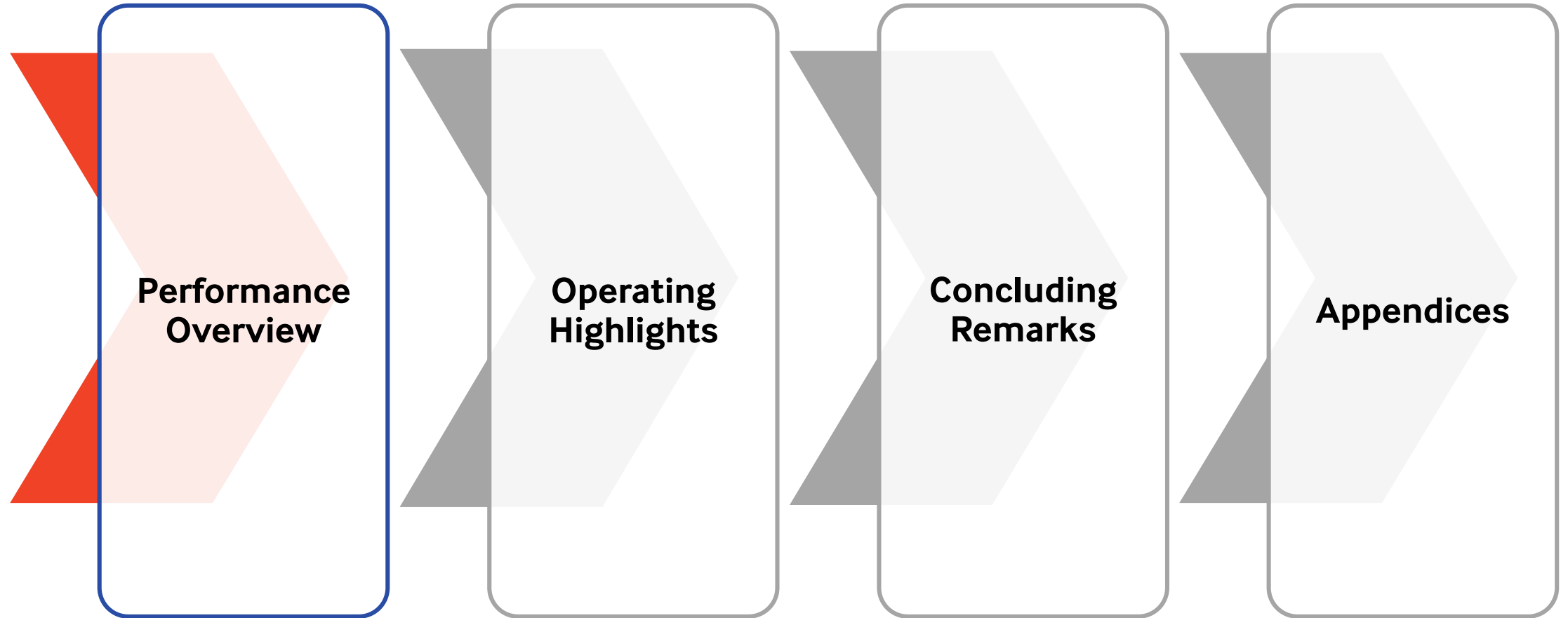
TM 1H2019 RESULTS

Analyst Briefing

28 August 2019



Life Made Easier™



1H2019 Highlights

REVENUE
RM5,547.5mn

EBIT
RM777.9mn
 +75.0% YTD

8.1%
**CAPEX/
 REVENUE**

56%
**CONVERGENCE
 PENETRATION**



Continued challenges on retail revenue



Improved operational efficiency & profitability:
 lower YTD OPEX/revenue by 6.7pp



CAPEX for future growth, in line with guidance

Group Results 1H2019



RM mn	Reported							
	2Q19	1Q19	Change QoQ	2Q18	Change YoY	1H19	1H18	Change YTD
Revenue	2,768.6	2,778.9	-0.4%	2,936.4	-5.7%	5,547.5	5,784.4	-4.1%
Other Operating Income	21.6	22.9	-5.7%	39.0	-44.6%	44.5	68.0	-34.6%
EBITDA	971.2	1,065.2	-8.8%	845.9	14.8%	2,036.4	1,612.6	26.3%
Normalised EBITDA	960.9	1,073.4	-10.5%	823.4	16.7%	2,034.3	1,601.1	27.1%
Depreciation & Amortisation	698.1	560.4	24.6%	597.0	16.9%	1,258.5	1,168.1	7.7%
EBIT	273.1	504.8	-45.9%	248.9	9.7%	777.9	444.5	75.0%
Normalised EBIT	387.4	513.0	-24.5%	226.4	71.1%	900.4	433.0	>100.0%
Other (Losses) / Gains	(7.6)	0.8	->100.0%	(0.2)	->100.0%	(6.8)	(1.9)	->100.0%
Net Finance Cost*	102.2	92.0	11.1%	80.4	27.1%	194.2	154.7	25.5%
FX (Loss) / Gain	(18.9)	18.0	->100.0%	(65.4)	71.1%	(0.9)	3.7	->100.0%
Profit Before Tax	147.5	437.2	-66.3%	108.4	36.1%	584.7	302.6	93.2%
PATAMI	114.2	308.3	-63.0%	102.0	12.0%	422.5	259.1	63.1%
Normalised PATAMI	226.8	296.4	-23.5%	155.8	45.6%	523.2	261.1	>100.0%

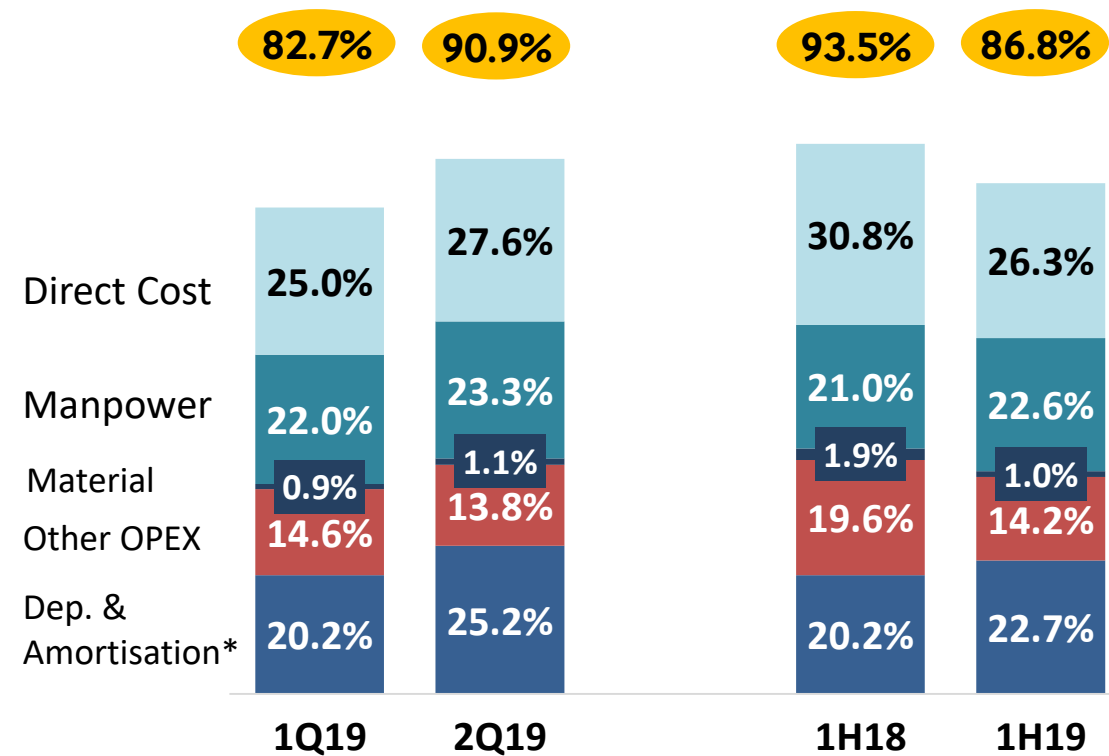
*Excludes FX Gain/(Loss)

Group OPEX

- Save for manpower, cost reduction seen across all cost elements resulting in lower OPEX/revenue by 6.7pp YTD. Higher total D&A due to impairment of fixed network assets

TM Group Cost Breakdown				
RM mn	1Q19	2Q19	1H18	1H19
Revenue	2,779	2,769	5,784	5,548
Direct Cost	695	765	1,780	1,460
Manpower	610	644	1,216	1,254
Material	24	30	111	54
Other OPEX	408	380	1,133	788
Total OPEX	1,737	1,819	4,240	3,556
Dep. & Amortisation	560	574	1,168	1,134
Impairment	0	124	0	124
Total Cost	2,297	2,517	5,408	4,814

% Total Cost to Revenue

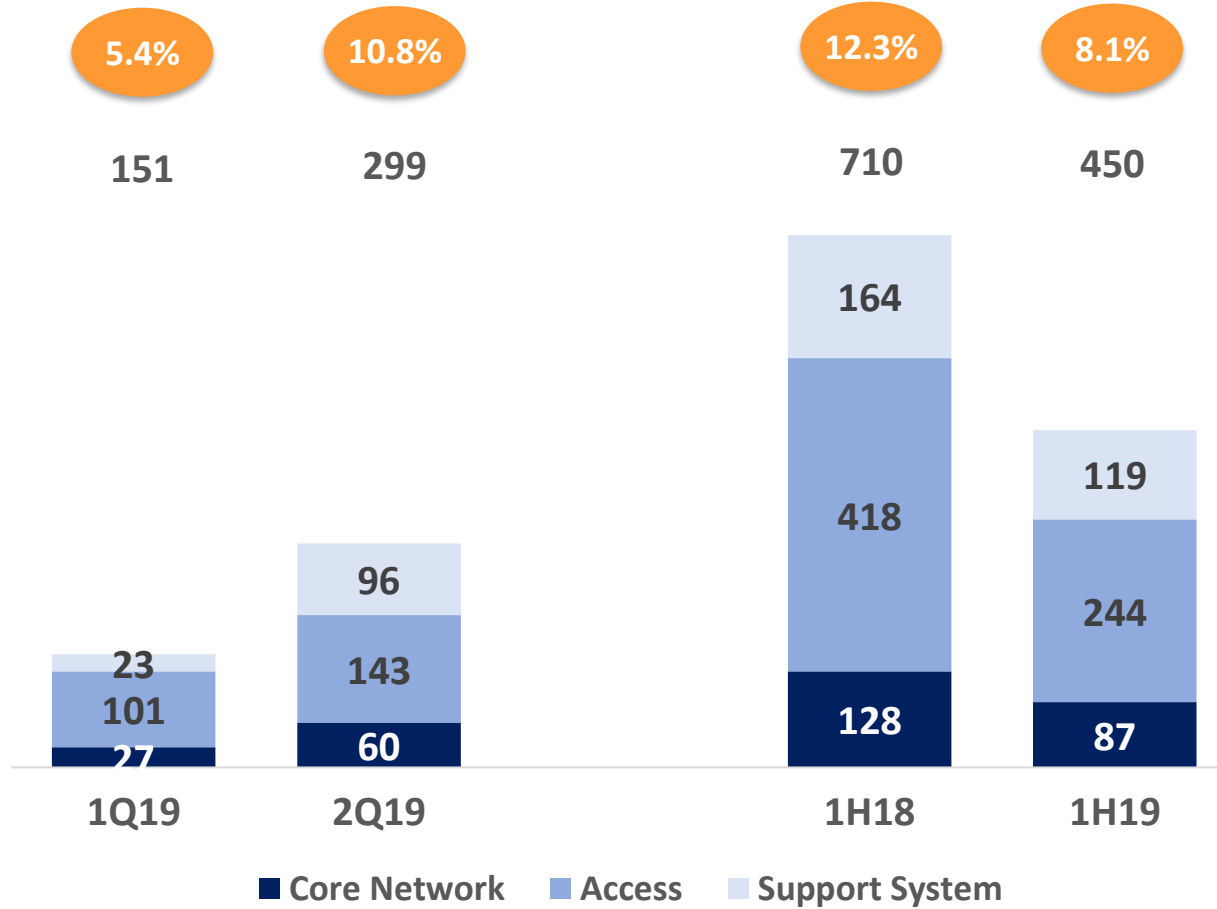


Notes:
*Including impairment

Group CAPEX

– CAPEX was within guidance

RM mn



- CAPEX/Revenue ratio at 8.1%
- 19% Core Network
54% Access
27% Support Systems

● CAPEX / Revenue (%)

Group Cash Flow

RM mn	1H19	1H18
Cash Flows from Operating Activities	1,086	706
Cash Flows from Investing Activities	-502	-750
Cash Flows from Financing Activities	-216	-85
Cash and Cash Equivalents at Beginning of the Financial Year	2,757	1,719
Effect of exchange rate changes	2	16
Cash and Cash Equivalents at end of Financial Year	3,127	1,606
Free Cash Flow (EBITDA – CAPEX)	1,587	903

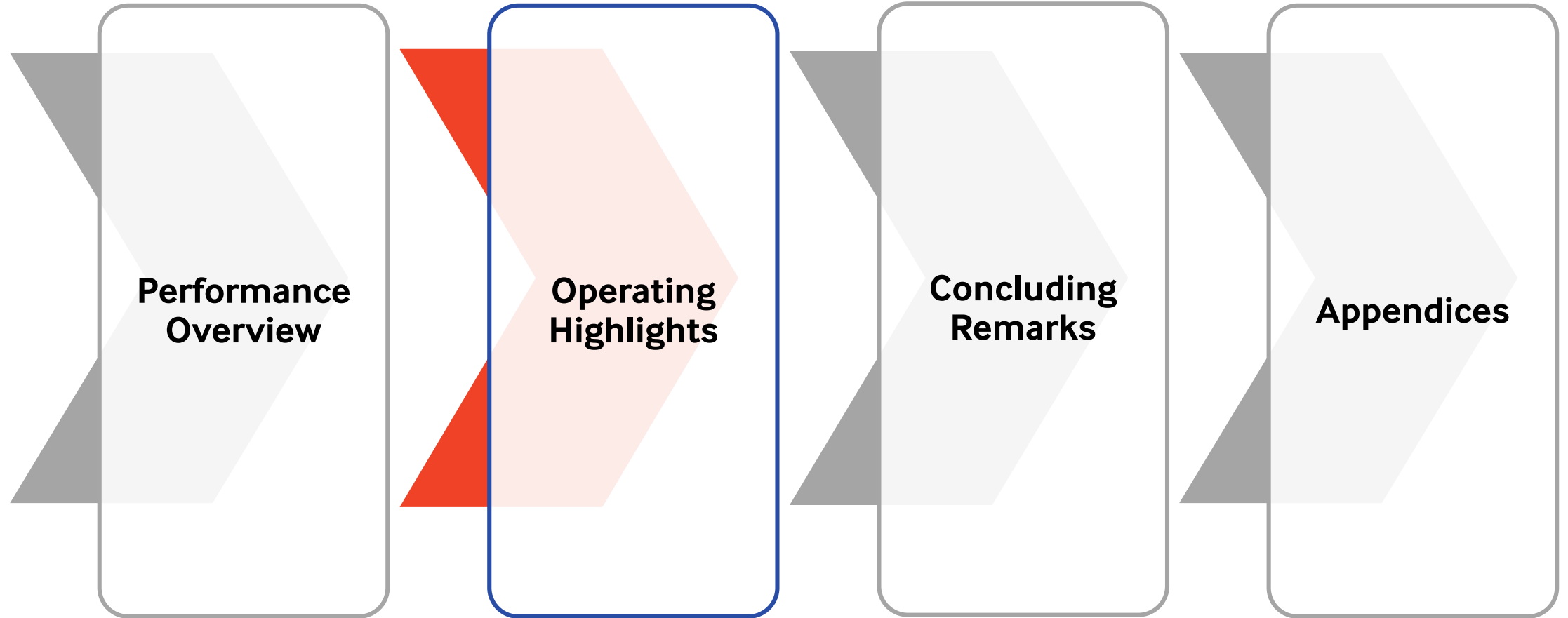
	1H19 ¹	FY18
Return on Invested Capital	7.07%	5.32%
Return on Equity	12.10%	8.23%
Return on Assets	3.69%	4.42%
Current Ratio	1.20	1.23
WACC³	8.82%	7.67%
Gross Debt to EBITDA²	2.46	2.41
Net Debt/EBITDA²	1.84	1.75
Gross Debt/Equity²	1.29	1.14
Net Debt/Equity²	0.97	0.76
Net Assets/Share (sen)	189.50	200.25

Note(s):

1 Based on 12 months trailing figures and normalised numbers where applicable

2 Gross Debt and Net Debt are inclusive of MFRS16 lease liabilities

3 WACC assumptions is as per 1Q19: Change of Market Risk Premium – from 5.2% to 7.63%, obtained from Damodaran Risk Premium Report as at 1/1/2019



Group Total Revenue by Product

- Growth in data revenue mainly at TM GLOBAL

RM mn	2Q19	1Q19	QoQ	2Q18	YoY	1H19	1H18	YTD
Voice	656.2	674.3	-2.7%	692.5	-5.2%	1,330.5	1,453.9	-8.5%
Internet	967.7	977.1	-1.0%	1,079.0	-10.3%	1,944.7	2,091.1	-7.0%
Data	678.7	665.6	2.0%	559.0	21.4%	1,344.4	1,179.8	14.0%
Others*	466.0	461.9	0.9%	605.9	-23.1%	927.9	1,059.6	-12.4%

YTD

Voice

- Lower usage and customer base across all segments

Internet

- Lower revenue from Streamyx partially offset by higher unifi contribution

Data

- Higher contributions from Domestic Wholesale at TM GLOBAL & Private Domestic Network at TM ONE

Others

- Lower ICT revenue & BPO revenues

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

Group Total Revenue by Cluster

- Higher contribution at TM GLOBAL

RM mn	2Q19	1Q19	QoQ	2Q18	YoY	1H19	1H18	YTD
unifi	1,199.7	1,225.4	-2.1%	1,342.0	-10.6%	2,425.1	2,692.9	-9.9%
TM ONE	957.3	946.1	1.2%	1,039.5	-7.9%	1,903.4	1,982.4	-4.0%
TM GLOBAL	520.5	495.9	5.0%	441.2	18.0%	1,016.4	871.6	16.6%
Others	91.1	111.5	-18.3%	113.7	-19.9%	202.6	237.5	-14.7%

Notes: Segmental disclosure is based on revised basis of network cost allocation. Comparatives have been restated to ensure comparability.

YTD

unifi

Stable unifi, but lower customer base for voice and Streamyx

TM One

Lower ICT & BPO

TM GLOBAL

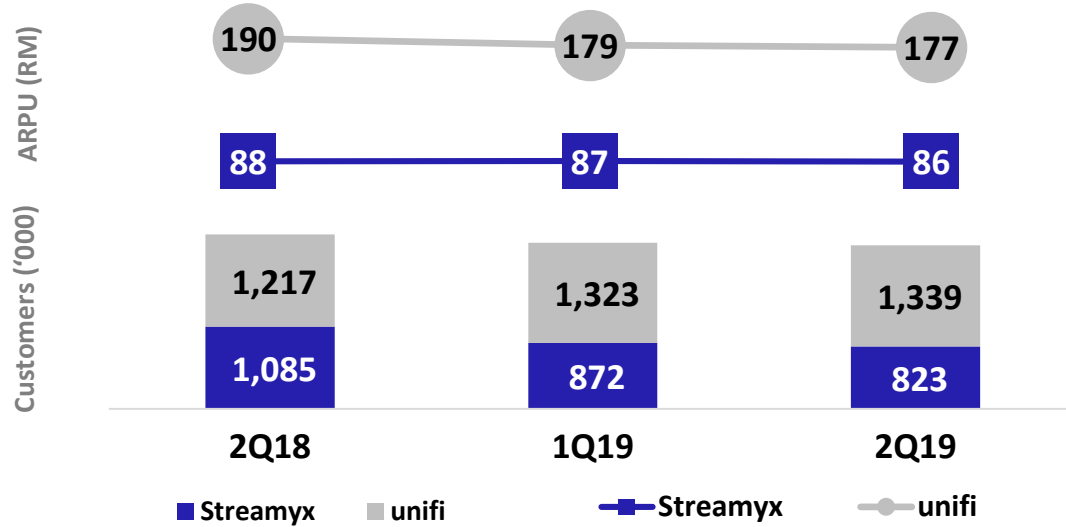
Higher Domestic and International bandwidth

Others

Higher revenue in 2018 at TM Facilities Sdn Bhd

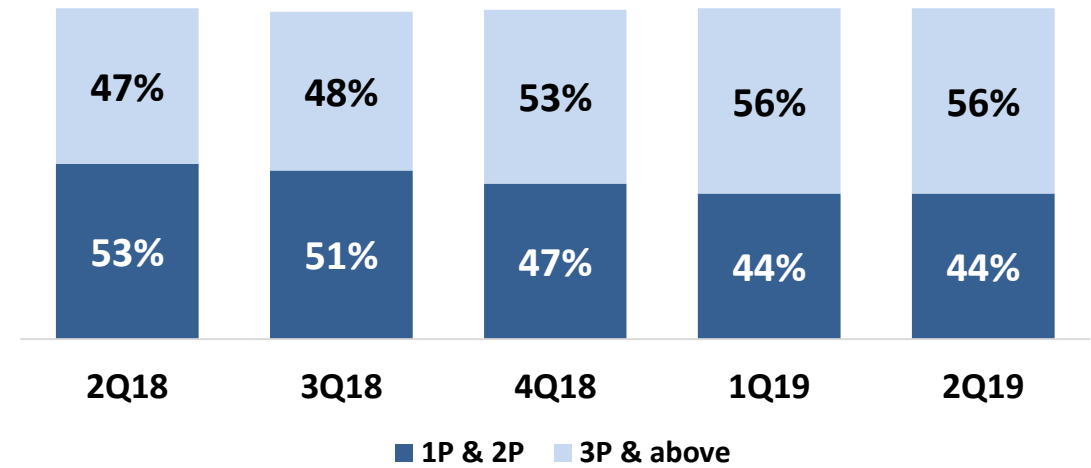
Unifi Operating Metrics

Total Fixed Broadband Performance



- Higher net addition for unifi
- Reduction in Streamyx partly due to migration to unifi

Convergence HH Penetration



- Household with 3P & above was at 56%

Impact of MFRS 16: Leases

Effective 1 Jan 2019

RM mn	1H19 (pre MFRS 16)	1H19 (post MFRS 16)	Delta
Income Statement			
Revenue	5,547.5	5,547.5	-
OPEX	3,752.3	3,555.6	-196.7
EBITDA	1,839.7	2,036.4	196.7
D&A	1,020.2	1,103.6	83.4
Net Finance Cost	136.0	194.2	58.2
PATAMI	367.4	422.5	55.1

RM mn	1H19 (pre MFRS 16)	1H19 (post MFRS 16)	Delta
Statement of Financial Position			
Total Assets	23,259.0	24,320.1	1,061.1
Total Liabilities	16,011.0	17,957.7	1,946.7
Gross Debt	8,607.3	10,554.0	1,946.7
Gross Debt/EBITDA	2.32	2.46	0.14
Retained Earnings	4,355.4	3,523.6	-831.8

TM has adopted the MFRS 16 : Leases using the modified retrospective approach. MFRS 16 is expected to reduce the Group's Retained Earnings and resulting in the increase in Total Assets & Total Liabilities.

**Starting from 1H19, ratio computations are based on 12-months trailing figures and normalized figures where applicable.*

Latest updates...



Launch of 10 Transformative Smart Solutions (10T)



Collaboration with Petronas Dagangan Berhad

unifi Lite

For existing Streamyx
RM69/month
8Mbps
Carry existing contract

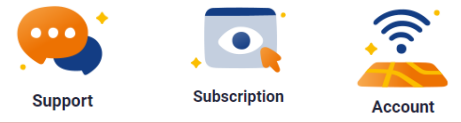
For new Streamyx
RM89/month
8Mbps
24 months contract

unifi Air



For existing Streamyx
RM79/month
20Mbps unlimited quota
24 months contract + sim

myunifi app



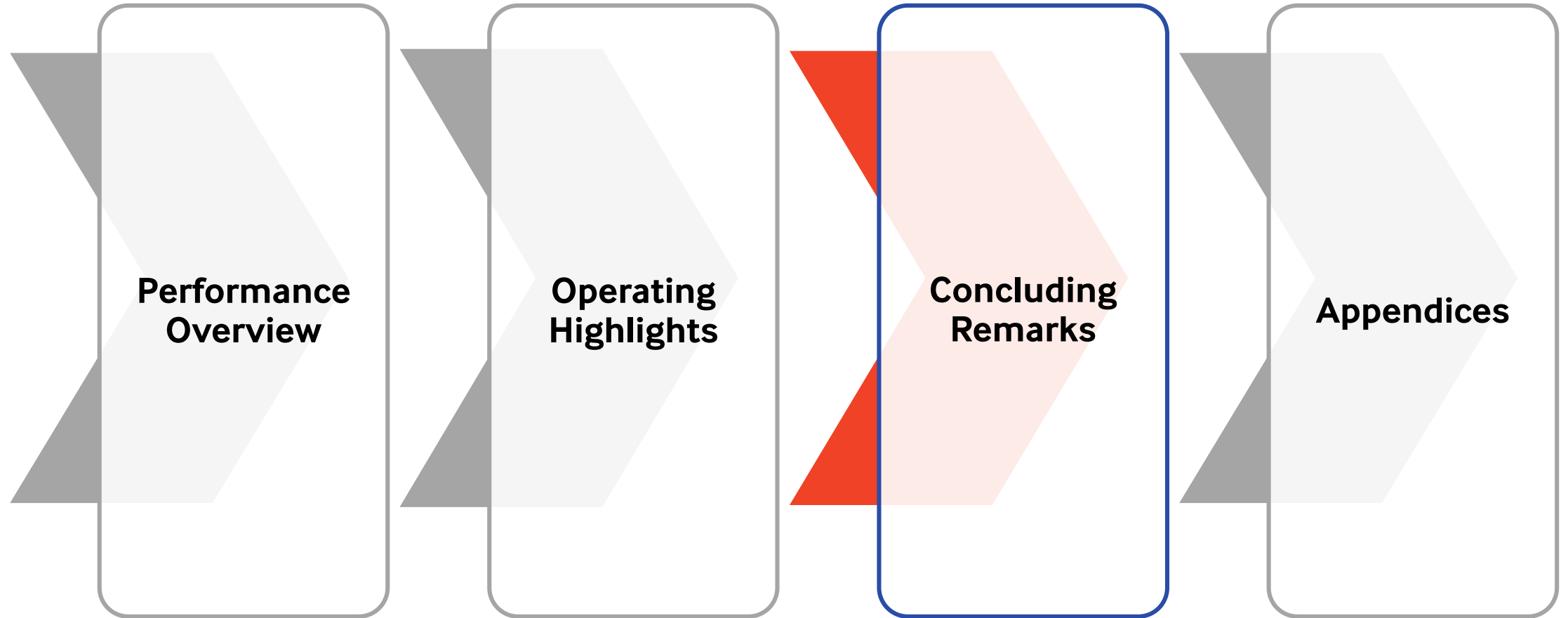
Manage unifi home and unifi mobile account in one app!



Partnership with JKR

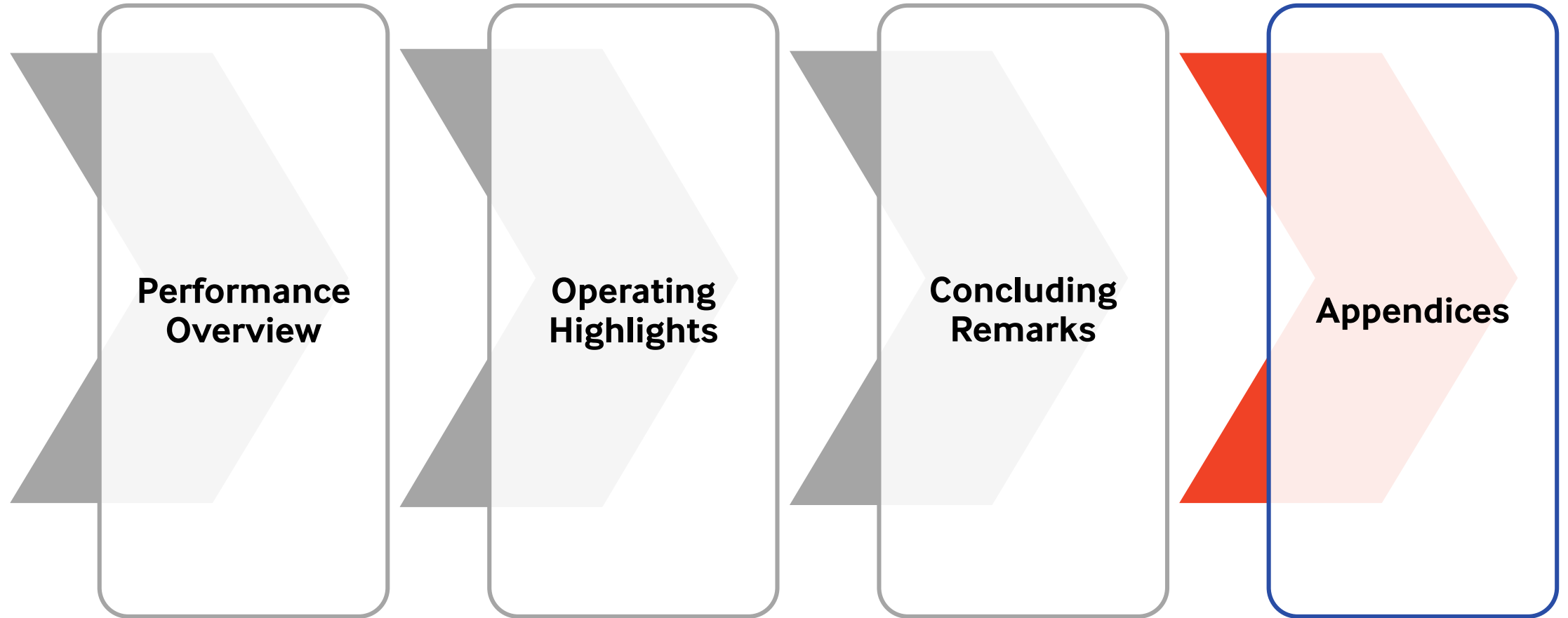


Enabling 21st century education to schools nationwide



Key Takeaways

- Keeping momentum on profitability with continued cost optimization initiatives as we navigate the challenges for revenue preservation/uplift through higher customer acquisitions
- CAPEX well within guidance:
 - focus on growth and customer experience
 - continued optimization of spending
- Stronger focus on the customer:
 - #khabarbaik – Streamyx repricing recently announced
 - new packages with lower entry price to retain existing and attract new customers
 - improved service quality assurances (24 hours installation, customer support, new myunifi app)
 - committed to copper network upgrade
 - TM ONE – enabling digitalization, smart solutions and 21st century education
- New strategic direction together with the detailed operating plans currently in development



Cost % Revenue



	2Q19	1Q19	2Q18	1H19	1H18	Comments 1H19 v 1H18
Revenue (RM mn)	2,769	2,779	2,936	5,548	5,784	
Direct Costs %	27.6%	25.0%	31.8%	26.3%	30.8%	Lower domestic roaming, international outpayment and content cost
RM mn	765	695	935	1,460	1,780	
Manpower %	23.3%	22.0%	19.4%	22.6%	21.0%	Higher staff benefits
RM mn	644	610	569	1,254	1,216	
Materials %	1.1%	0.9%	1.5%	1.0%	1.9%	Lower equipment cost
RM mn	30	24	45	54	111	
Other OPEX %	13.8%	14.6%	19.8%	14.2%	19.6%	Lower A&P
RM mn	380	407	581	788	1,133	
Dep & Amortisation %	20.6%	20.2%	20.3%	20.4%	20.2%	Reclass of rental lease to depreciation as part of MFRS16 offset by lower fixed network asset base
RM mn	574	561	597	1,134	1,168	
Impairment %	4.5%	0.0%	0.0%	2.3%	0.0%	Fixed network asset impairment
RM mn	124	0	0	124	0	
Total Cost (RM mn)	2,517	2,297	2,727	4,814	5,408	
Total (%)	90.9%	82.7%	92.9%	86.8%	93.5%	

Statement of Financial Position



RM mn	As At 30 Jun 2019	As At 31 Dec 2018
Shareholders' Funds	7,121.3	7,525.2
Non-Controlling Interests	(758.9)	(509.7)
Deferred & Long Term Liabilities	13,005.0	11,490.9
<i>Long Term Borrowings</i>	8,303.5	8,337.2
<i>Lease Liabilities</i>	1,594.9	-
<i>Deferred Tax</i>	1,601.0	1,661.3
<i>Deferred Income</i>	1,426.0	1,470.9
<i>Others</i>	79.6	21.5
	19,367.4	18,506.4
Current Assets	6,743.9	6,402.8
<i>Trade and Other Receivables</i>	3,243.6	3,254.2
<i>Cash & Bank Balances</i>	3,177.1	2,826.3
<i>Inventories</i>	130.2	134.6
<i>Others</i>	193.0	187.7
Current Liabilities	4,952.7	5,198.1
<i>Trade and Other Payables</i>	3,824.7	4,518.2
<i>Short Term Borrowings</i>	303.8	234.1
<i>Lease Liabilities</i>	351.8	-
<i>Others</i>	472.4	445.8
Net Current Assets/(Liabilities)	1,791.2	1,204.7
Non-Current Assets	17,576.2	17,301.7
<i>Property Plant & Equipment</i>	14,444.6	15,263.3
<i>Other Non-Current Assets</i>	3,131.6	2,038.4
	19,367.4	18,506.4

Thank you!

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