

1Q2019 RESULTS

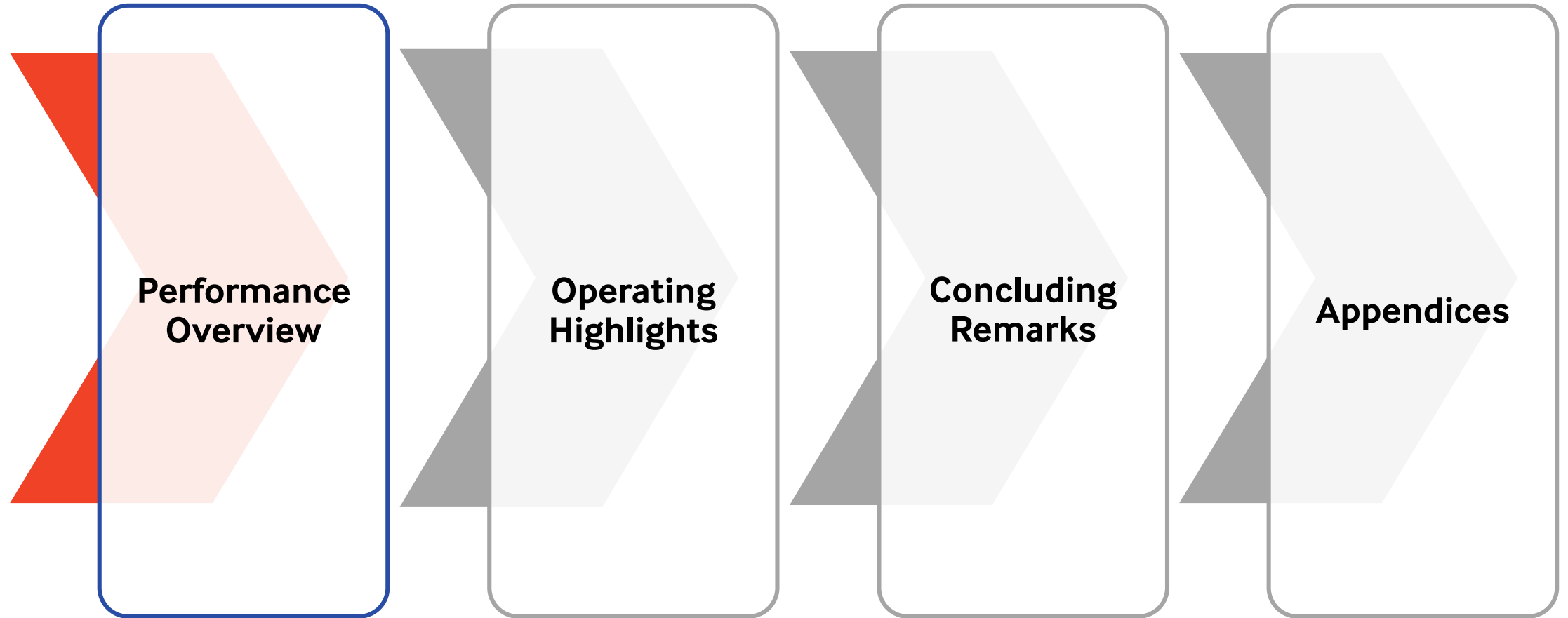
Analyst Briefing

30 May 2019

Enabler of Malaysia's Digital Nation aspiration



Life Made Easier™



1Q 2019 Highlights

REVENUE
RM2,778.9mn
-2.4%

EBIT
RM504.8mn

5.4%
**CAPEX/
REVENUE**

56%
**CONVERGENCE
PENETRATION**



Revenue challenges as expected



Improved operational efficiency & profitability:
lower opex/revenue ratio by 11.4pp



Capex in line with guidance

Group Results 1Q2019



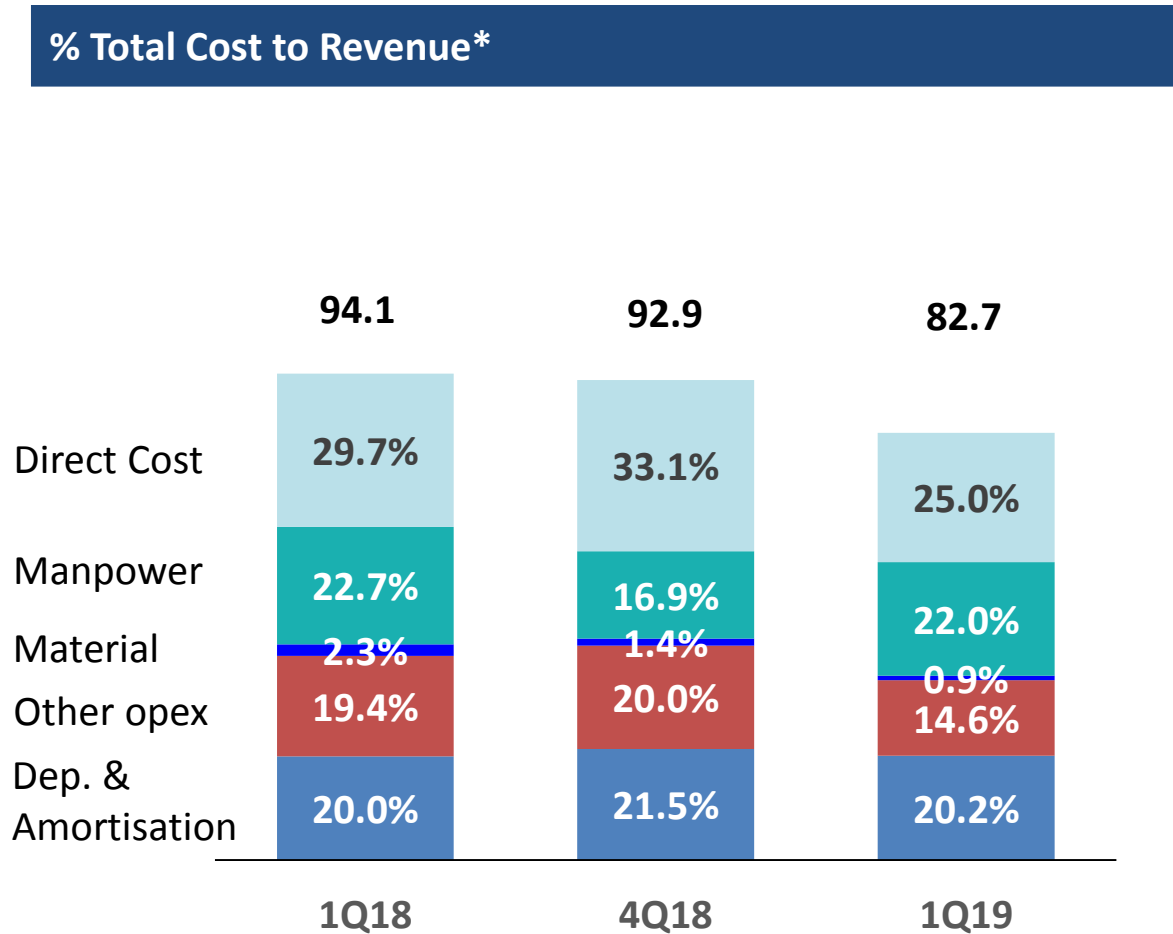
RM mn	Reported				
	1Q19	4Q18	Change QoQ	1Q18	Change YoY
Revenue	2,778.9	3,088.9	-10.0%	2,848.0	-2.4%
Other Operating Income	22.9	32.3	-29.1%	29.0	-21.0%
EBITDA	1,065.2	915.4	+16.4%	766.7	+38.9%
Normalised EBITDA	1,073.4	919.2	+16.8%	777.7	+38.0%
Depreciation & Amortisation	560.4	663.5	-15.5%	571.1	-1.9%
EBIT	504.8	251.9	+>100.0%	195.6	+>100.0%
Normalised EBIT	513.0	322.2	+59.2%	206.6	+>100.0%
Other Gains / (Losses)	0.8	0.8	0.0%	(1.7)	+>100.0%
Net Finance Cost*	92.0	113.1	-18.7%	74.3	+23.8%
FX Gain / (Loss)	18.0	2.3	+>100.0%	69.1	->100.0%
Profit / (Loss) Before Tax	437.2	146.4	+>100.0%	194.2	+>100.0%
PATAMI	308.3	69.7	+>100.0%	157.1	+96.2%
Normalised PATAMI	296.4	104.9	+>100.0%	105.3	+>100.0%

*Excludes FX Gain/(Loss)

Group OPEX

- Cost rationalisation under PIP yielding positive results, opex/revenue ratio improved by 11.4pp

TM Group Cost Breakdown			
RM Mil	1Q18	4Q18	1Q19
Revenue	2,848	3,089	2,779
Direct Cost	845	1,023	695
Manpower	647	522	610
Material	65	43	24
Other opex	553	617	407
Total opex	2,110	2,205	1,736
Dep. & Amortisation	571	664	561
Total Cost	2,681	2,869	2,297

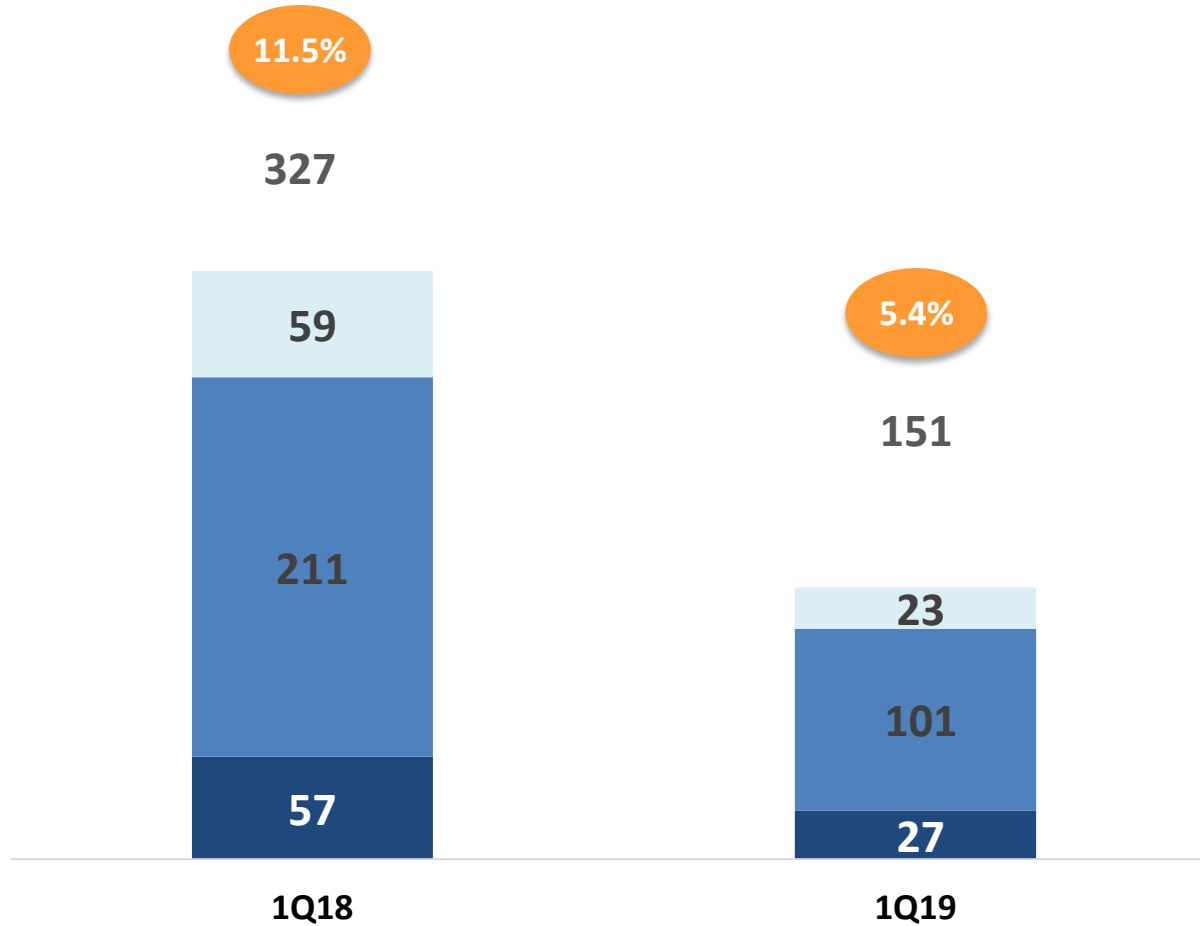


*Cost % Revenue for comparative quarters have been restated to be compared against operating revenue and cost realignment

Group CAPEX

Capex was at 5.4% from revenue for the quarter

RM mn



- Capex/Revenue ratio at 5.4%
- 18% Core Network
67% Access
15% Support Systems

● Capex / Revenue (%)
 ■ Core Network
 ■ Access
 ■ Support System

Group Cash Flow

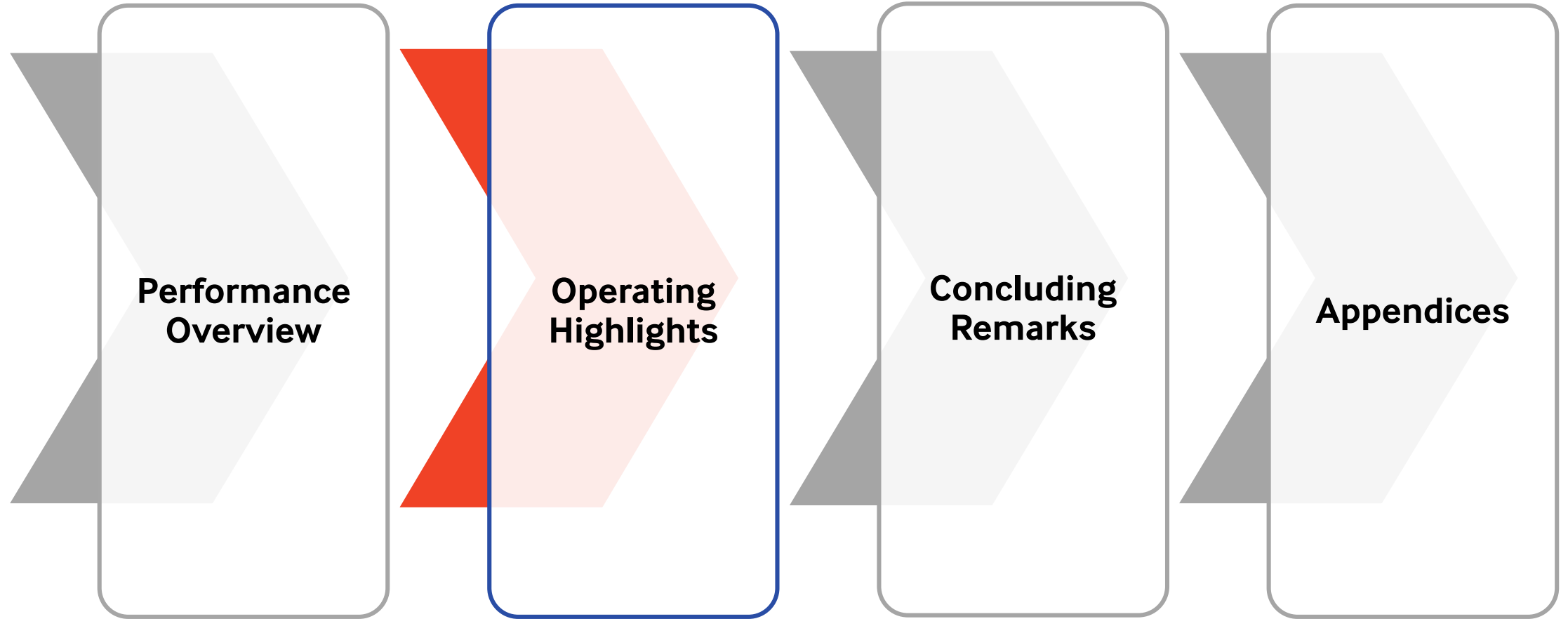


RM Million	1Q19	1Q18
Cash Flows from Operating Activities	350	239
Cash Flows from Investing Activities	(248)	(503)
Cash Flows from Financing Activities	(69)	(3)
Cash and Cash Equivalents at beginning of the Financial Year	2,757	1,719
Effect of exchange rate changes	3	11
Cash and Cash Equivalents at end of Financial Year	2,793	1,463
Free Cash Flow (EBITDA – Capex)	914	439
	FY19	FY18
Return on Invested Capital ¹	9.77%	5.32%
Return on Equity ²	16.33%	8.23%
Return on Assets ¹	8.52%	4.42%
Current Ratio	1.26	1.23
WACC	8.24%	7.67%
Gross Debt to EBITDA	2.24	2.41
Net Debt/EBITDA	1.57	1.75
Gross Debt/Equity	1.50	1.14
Net Debt/Equity	1.10	0.76
Net Assets/Share (sen)	186.09	200.25

Note(s):

1 Based on Normalised EBIT which has been annualised

2 Based on Normalised PATAMI which has been annualised



Group Total Revenue by Product

- Growth in data revenue from TM GLOBAL and customer projects

RM mn	1Q19	4Q18	QoQ	1Q18	YoY
Voice	674.3	808.9	-16.6%	761.4	-11.4%
Internet	977.1	1,002.3	-2.5%	1,012.1	-3.5%
Data	665.6	663.3	+0.4%	620.7	+7.2%
Others*	461.9	614.3	-24.8%	453.8	+1.8%

Notes:

1. Others* comprise of other telco and non-telco services (i.e ICT-BPO, UTSB tuition fees, customer projects)
2. Total revenue by product is after inter-co elimination

YoY

Voice

- Lower traffic minutes & no. of customers in retail segments

Internet

- Higher Streamyx churn partially offset by higher unifi take-up

Data

- Higher contribution from International Leased Data at TM GLOBAL

Others

- Higher customer projects at TM One

Group Total Revenue by Cluster

RM Mil	1Q19	4Q18	QoQ	1Q18	YoY
unifi	1,225.3	1,275.9	-4.0%	1,350.9	-9.3%
TM ONE	945.4	1,078.9	-12.4%	942.7	0.3%
TM GLOBAL	495.9	608.1	-18.5%	430.3	15.2%
Others	112.3	126.0	-10.9%	124.1	-9.5%

YoY

unifi : Lower voice usage and Streamyx customer base

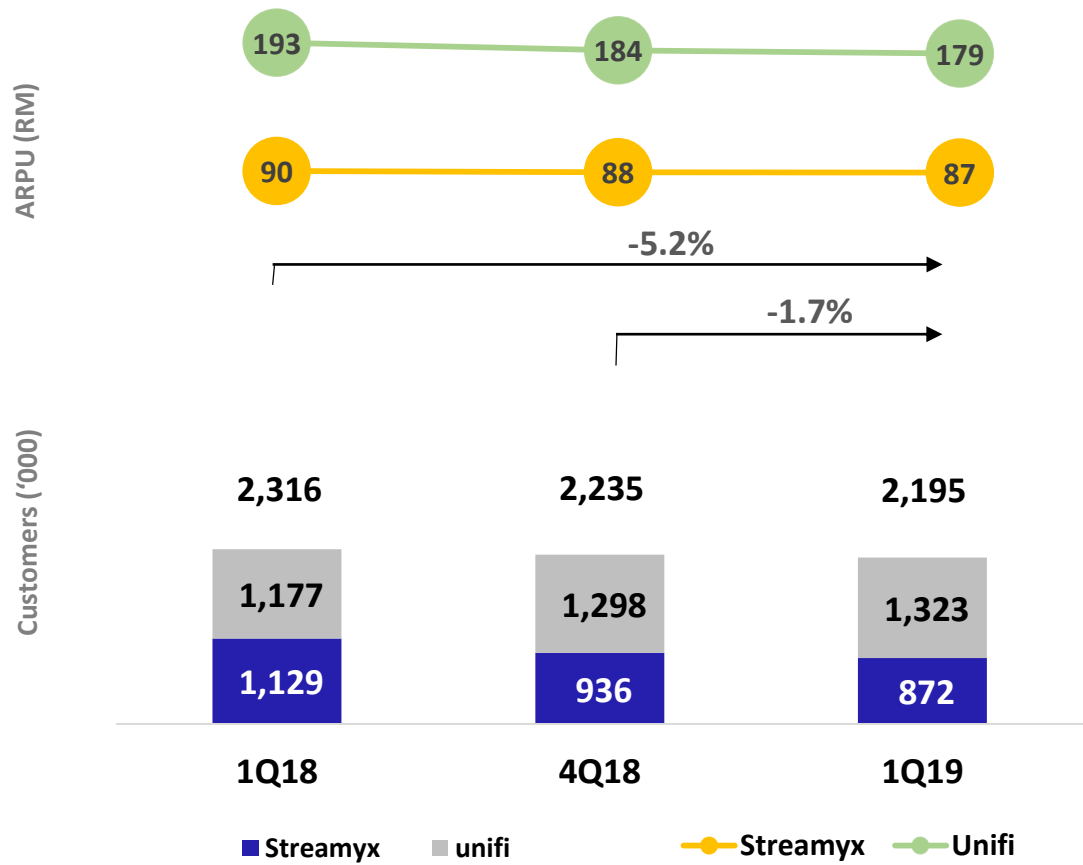
TM One : Lower Business voice, ICT and other Data services revenues offset with increase in ICT Data Centre revenue

TM GLOBAL : Higher data and IRU revenue

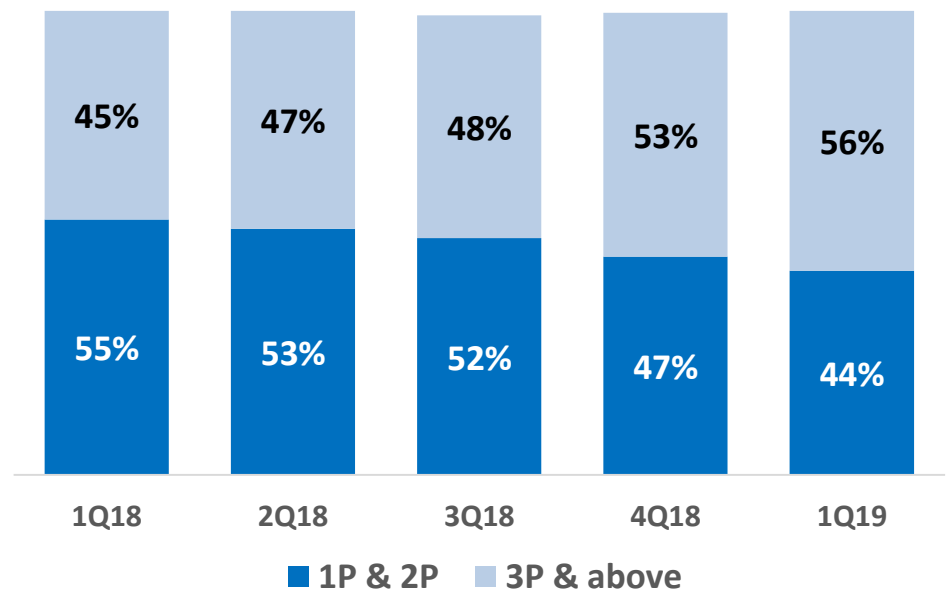
Others : Lower share of GDV from property development

Unifi Operating Metrics

Total Fixed Broadband Performance



Convergence HH Penetration



➤ unifi customer base continues to grow, whilst drop in Streamyx was partly due to migration of customers to unifi

➤ Increased convergence penetration - now at 56%

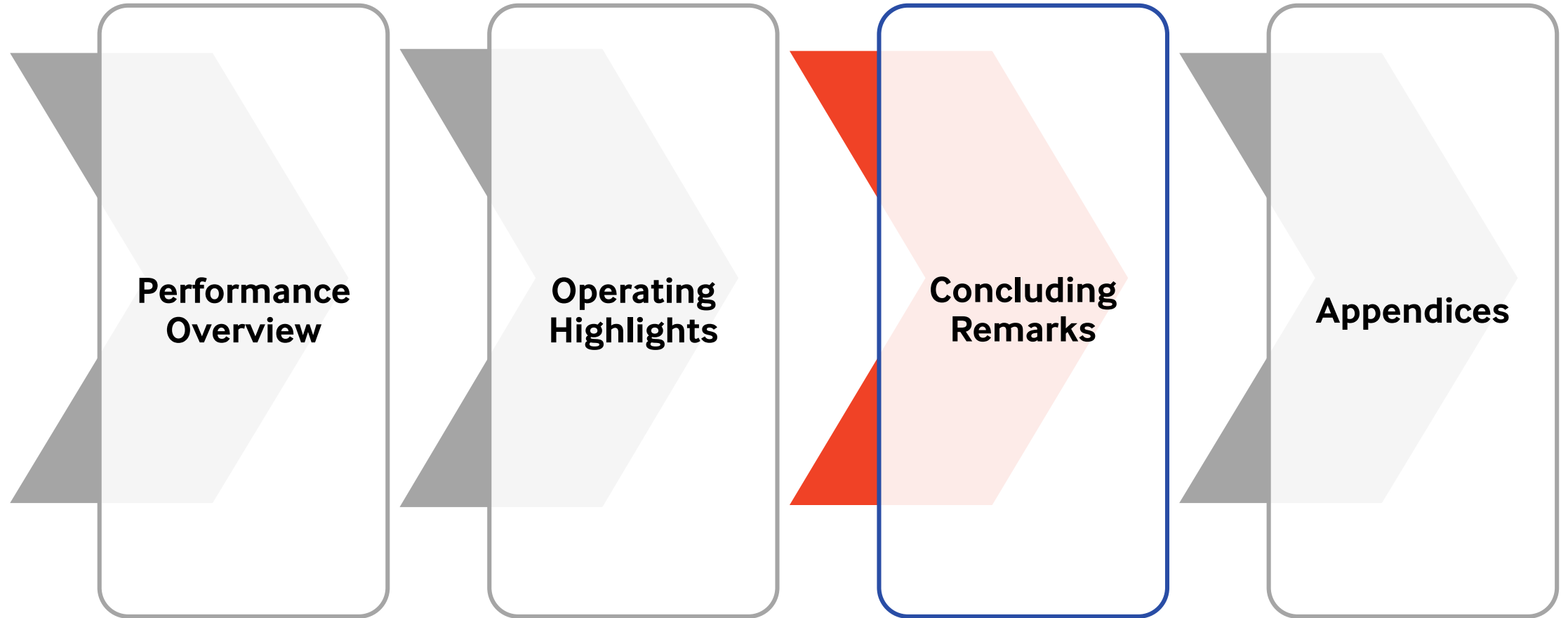
Impact of MFRS 16: Leases

Effective 1 Jan 2019

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.

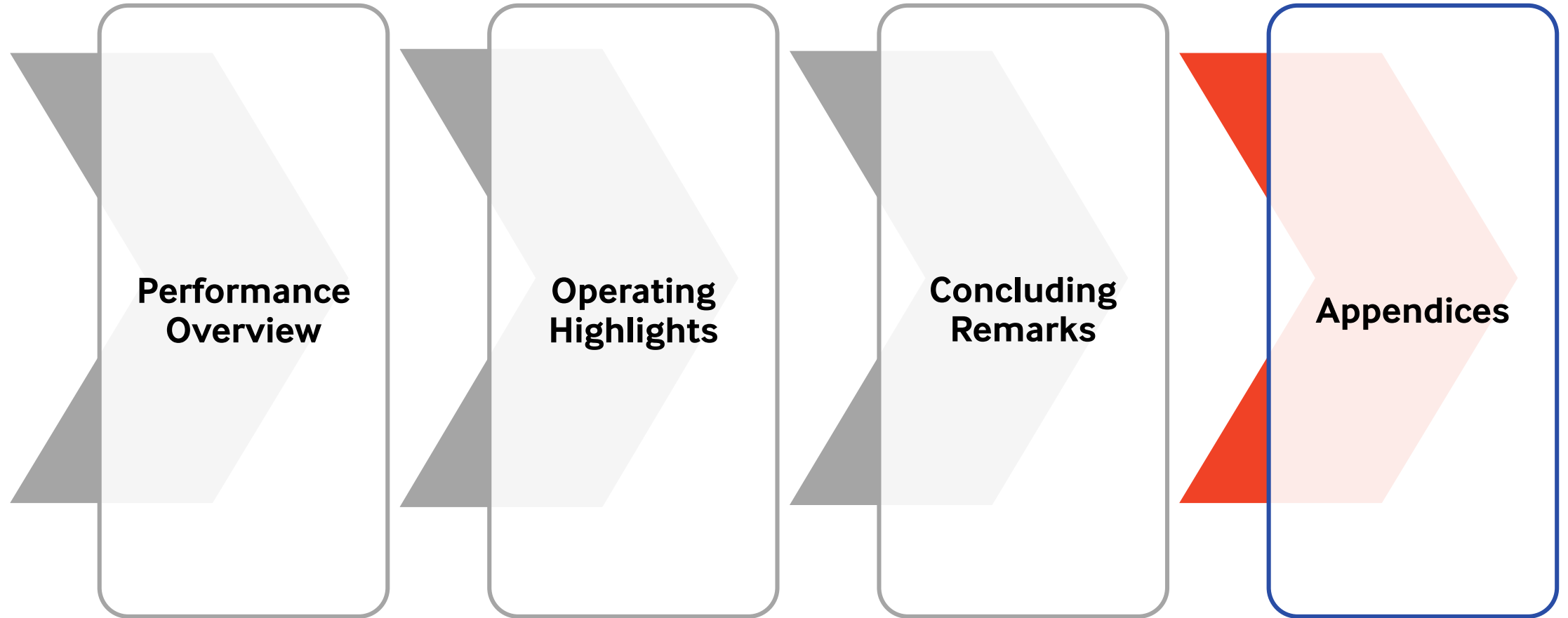
RM mn	1Q19 (pre MFRS 16)	1Q19 (post MFRS 16)	Delta
Income Statement			
Revenue	2,778.9	2,778.9	-
OPEX	1,833.2	1,736.6	-96.6
EBITDA	968.6	1,065.2	96.6
D&A	521.3	560.4	39.1
Finance Cost	48.0	74.0	26.0
PATAMI	284.4	308.3	23.9

RM mn	1Q19 (pre MFRS 16)	1Q19 (post MFRS 16)	Delta
Statement of Financial Position			
Total Assets	23,507.9	24,460.1	952.2
Total Liabilities	16,231.1	18,199.2	1,968.1
Gross Debt	8,556.1	10,524.2	1,968.1
Gross Debt/EBITDA	2.01	2.24	0.23
Retained Earnings	4,226.6	3,409.4	-817.2
Shareholder's Fund	7,810.4	6,993.2	-817.2



Key Takeaways

- Revenue challenges across the board – competition and price erosion; but higher revenue recorded at TM GLOBAL in 1Q2019.
- Improved operational efficiency - PIP 2019 initiatives yielding results, particularly in cost optimization.
- Capex lower vs. 1Q2018, as per guidance. Sweating of assets and network optimization key contributor.
- Total broadband customer base continues to grow whilst efforts to address copper customers is underway. Migration of Streamyx customers to unifi in coverage areas completed.
- To continue with PIP initiatives, anchoring on its strategic pillars.



Cost % Revenue



	1Q19	4Q18	1Q18	Comments 1Q19 v 1Q18
Revenue (RM mn)	2,779	3,089	2,848	
Direct Costs %	25.0%	33.1%	29.7%	Lower dealer commission
RM mn	695	1,023	845	
Manpower %	22.0%	16.9%	22.7%	Lower staff benefits
RM mn	610	522	647	
Materials %	0.9%	1.4%	2.3%	Lower cables charges & customer equipment
RM mn	24	43	65	
Other OPEX %	14.6%	20.0%	19.4%	Lower rental of network sites, forex loss, & A&P charges
RM mn	407	617	553	
Depreciation & Amortisation %	20.2%	21.5%	20.0%	Lower depreciation charges
RM mn	561	664	571	
Total Cost (RM mn)	2,297	2,869	2,681	
Total (%)	82.7	92.9	94.1	

Statement of Financial Position



RM mn	As At 31 Mar 2019	As At 31 Dec 2018
Shareholders' Funds	6,993.2	7,525.2
Non-Controlling Interests	(732.3)	(509.7)
Deferred & Long Term Liabilities	13,045.7	11,490.9
<i>Long Term Borrowings</i>	8,280.6	8,337.2
<i>Lease Liabilities</i>	1,624.8	-
<i>Deferred Tax</i>	1,601.3	1,661.3
<i>Deferred Income</i>	1,461.4	1,470.9
<i>Others</i>	77.6	21.5
	19,306.6	18,506.4
Current Assets	6,518.7	6,402.8
<i>Trade and Other Receivables</i>	3,345.2	3,254.2
<i>Cash & Bank Balances</i>	2,862.7	2,826.3
<i>Inventories</i>	121.5	134.6
<i>Others</i>	189.3	187.7
Current Liabilities	5,153.5	5,198.1
<i>Trade and Other Payables</i>	3,975.6	4,518.2
<i>Short Term Borrowings</i>	275.5	234.1
<i>Lease Liabilities</i>	343.3	-
<i>Others</i>	559.1	445.8
Net Current Assets/(Liabilities)	1,365.2	1,204.7
Non-Current Assets	17,941.4	17,301.7
<i>Property Plant & Equipment</i>	14,918.7	15,263.3
<i>Other Non-Current Assets</i>	3,022.7	2,038.4
	19,306.6	18,506.4

Segmental Revenue by Product

unifi & TM One

RM mn	1Q19	4Q18	QoQ	1Q18	YoY
Revenue	2,231.0	2,438.9	-8.5%	2,370.0	-5.8%
Voice	526.9	548.3	-3.9%	620.2	-15.0%
Data	357.9	356.8	0.3%	365.5	-2.1%
Internet	977.0	1,002.9	-2.6%	1,012.5	-3.5%
Others	370.1	530.8	-30.3%	371.8	-0.5%

TM GLOBAL

RM mn	1Q19	4Q18	QoQ	1Q18	YoY
Revenue	578.1	1,132.0	-48.9%	518.4	+11.5%
Voice	147.6	262.8	-43.8%	143.9	+2.6%
Data	373.4	354.3	+5.4%	326.2	+14.5%
Internet	1.7	1.4	+19.2%	1.4	+22.4%
Others	55.4	513.5	-89.2%	46.9	+18.0%

Notes:1) Revenue by segment is after inter-co elimination

2) Revenue by product by segment is before inter-co elimination

Thank you!

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