

**REACH FURTHER**  
For a Better Malaysia



# Analyst Briefing

## 1Q 2021 Results

Thursday | 27 May 2021

# 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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## > Performance Review

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# 1Q 2021 Key Highlights

A Strong Start to a Transformative Year

Revenue

**RM2,810**

million

EBIT

**RM590**

million

PATAMI

**RM326**

million

CAPEX

**RM247**

million

Fixed broadband  
subscribers

**2.44**

million



Solid YoY revenue growth contributed by all business segments across all products



Encouraging YoY profitability improvement



Consistent expansion of unifi customers

# TM Group Results

## 1Q 2021



RM mn	1Q 2021	4Q 2020	QoQ	1Q 2020	YoY
Revenue	2,809.7	3,001.3	-6.4%	2,557.1	9.9%
EBITDA	1,165.2	987.6	18.0%	909.7	28.1%
Normalised EBITDA	1,126.0	968.6	16.3%	918.5	22.6%
Depreciation & Amortisation	575.5	591.5	-2.7%	583.6	-1.4%
EBIT	589.7	396.1	48.9%	326.1	80.8%
Normalised EBIT	550.5	377.1	46.0%	334.9	64.4%
Net Finance Cost*	145.1	94.8	53.1%	84.7	71.3%
Profit Before Tax	407.0	358.8	13.4%	160.1	>100%
PATAMI	325.5	259.3	25.5%	152.5	>100%
Normalised PATAMI	331.5	194.1	70.8%	240.8	37.7%

Note:

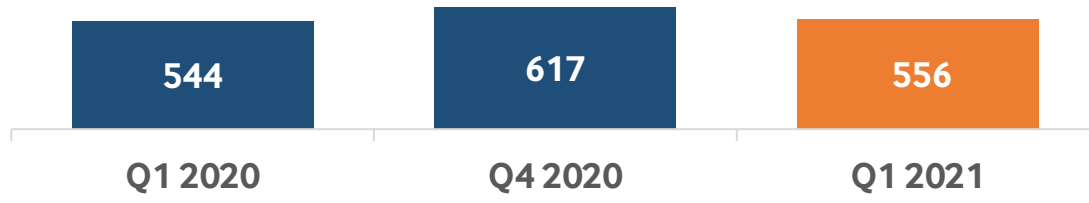
\*Excluding FX gain/loss

# Group Total Revenue by Product

YoY growth across all our products



**Voice**



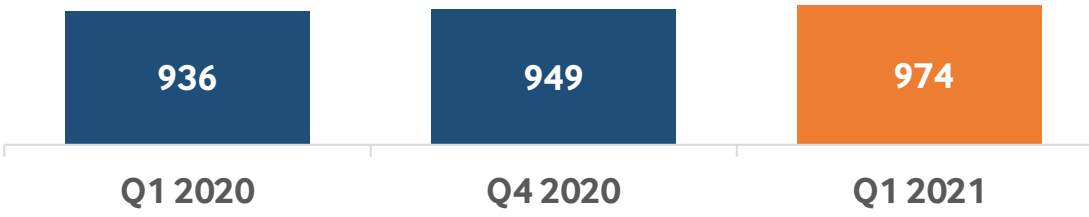
QoQ -9.9%  
YoY +2.2%

**Remarks YoY:**

Higher international voice & unifi contribution



**Internet**



QoQ +2.6%  
YoY +4.1%

Higher cumulative unifi subscribers



**Data**

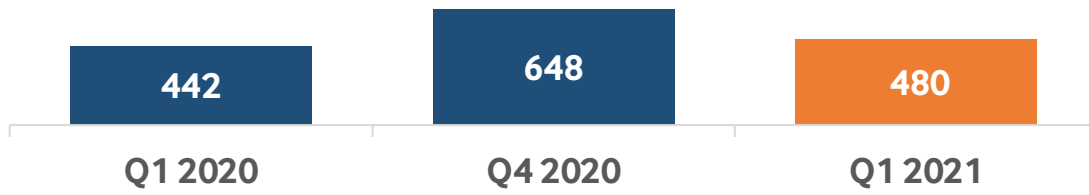


QoQ +1.7%  
YoY +26.0%

Higher IRU, domestic wholesale & TM One contribution



**Others**

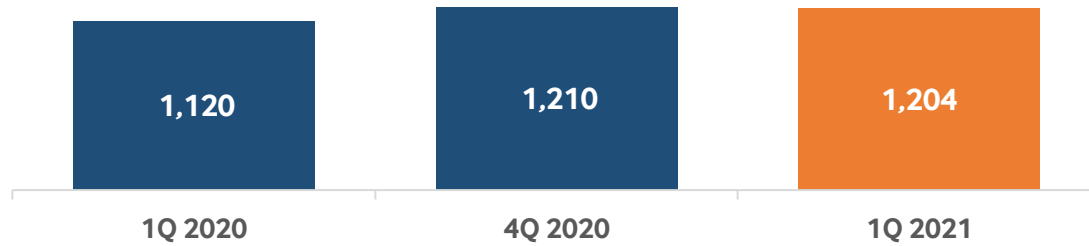


QoQ -26.0%  
YoY +8.6%

Higher customer projects offset by lower performance at Menara KL & MMU

# Segmental Revenue by Cluster

YoY growth across all 3 lines of business



QoQ -0.5%  
YoY +7.5%

## Remarks YoY:

Higher cumulative unifi subscribers



QoQ -12.0%  
YoY +2.5%

Higher customer projects & broadcast revenue



QoQ -9.2%  
YoY 35.4%

Higher IRU, domestic data & international voice

Others



QoQ +1.1%  
YoY -8.6%

Lower revenue at Menara KL & MMU

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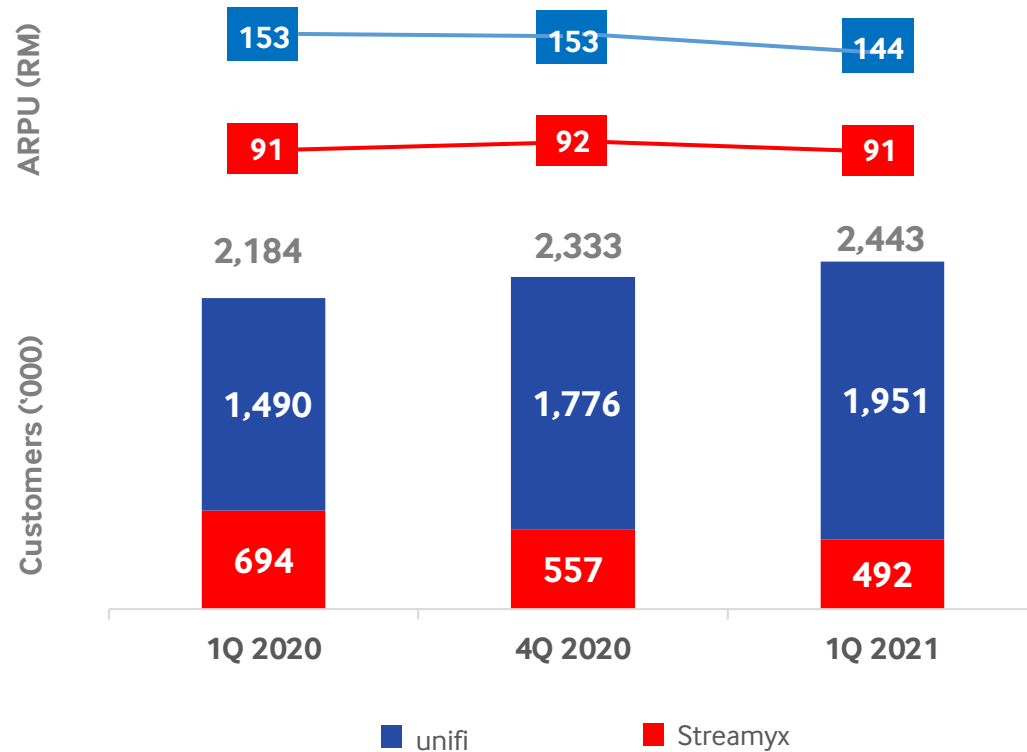


# unifi Operating Metrics

## Sustained fixed broadband subscribers



### Fixed Broadband



### unifi

- Strong growth momentum continue from 2020

### Streamyx

- Expected decline with continuous fiber rollout

Voice • Fixed Broadband • Mobile • Content

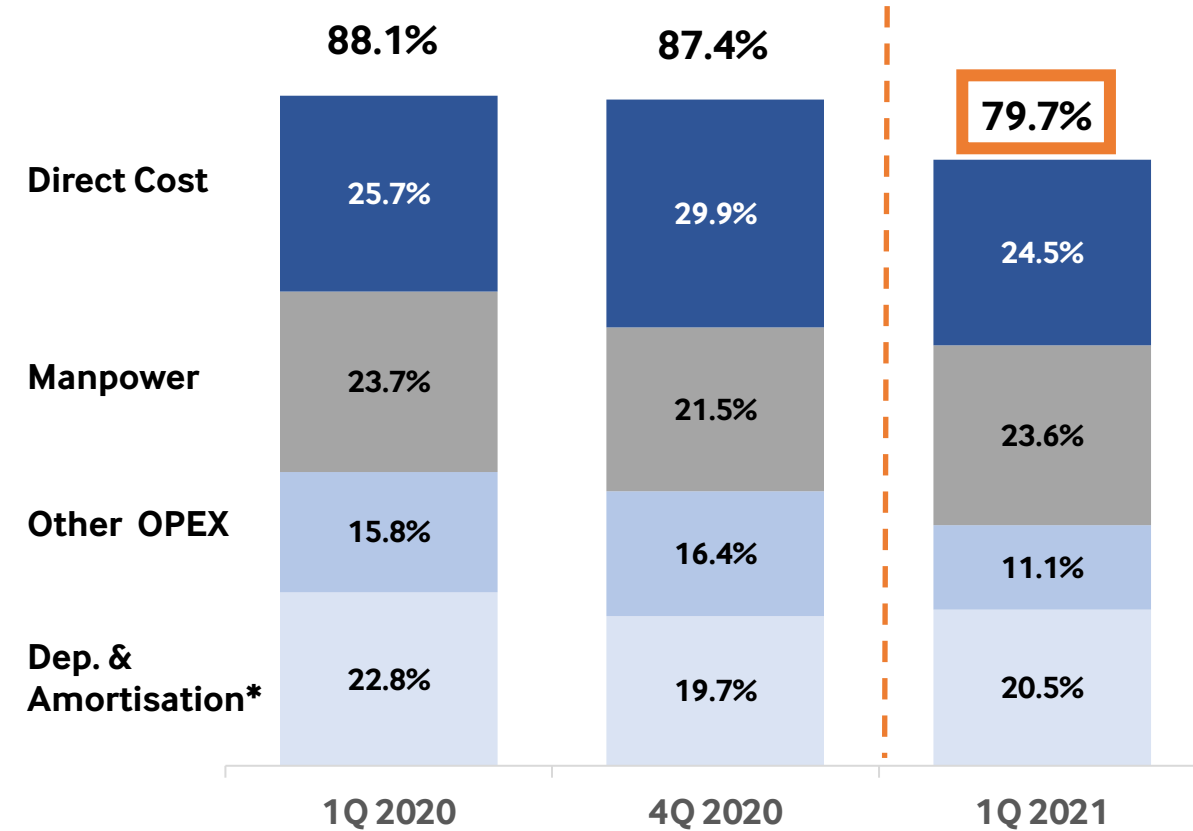
# Group OPEX

Total Cost & %Total Cost to Revenue have improved from the previous year

TM Group Cost Breakdown

RM mn	1Q 2020	4Q 2020	1Q 2021	YoY
Revenue	2,557	3,001	2,810	9.9%
Direct Cost	658	896	687	4.4%
Manpower	607	645	663	9.2%
Other OPEX	403	491	313	-22.3%
<b>Total OPEX</b>	<b>1,668</b>	<b>2,032</b>	<b>1,663</b>	<b>-0.3%</b>
Dep. & Amortisation	584	592	576	-1.4%
<b>Total Cost</b>	<b>2,252</b>	<b>2,624</b>	<b>2,239</b>	<b>-0.6%</b>

% Total Cost to Revenue



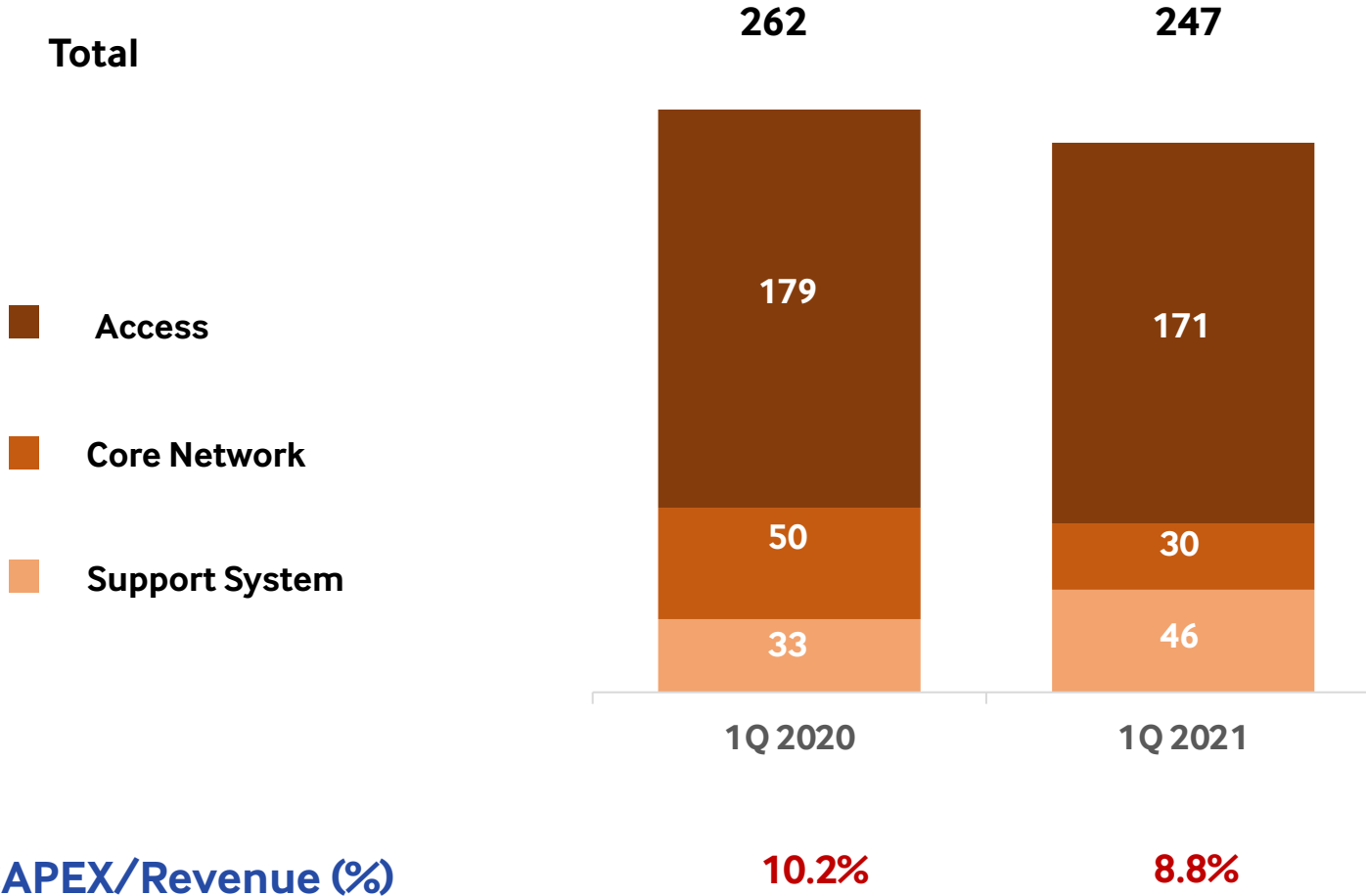
Note:  
\*Including impairment

# Group CAPEX



Actual spending at 8.8% of revenue

## TM CAPEX Breakdown (RM mn)



# Group Cash Flow & Financial Ratios



RM mn	1Q 2021	1Q 2020
<b>Cash Flows from Operating Activities</b>	527	113
<b>Cash Flows from Investing Activities</b>	(429)	(316)
<b>Cash Flows from Financing Activities</b>	(2,426)	(136)
Cash and Cash Equivalents at beginning of the Financial Period	4,146	4,786
Effect of exchange rate changes	18	8
Cash and Cash Equivalents at end of Financial Period	<b>1,836</b>	<b>4,455</b>
<i>Free Cash Flow</i> <sup>1</sup>	<b>776</b>	<b>518</b>

Financial Ratios	1Q 2021 <sup>2</sup>	FY 2020 <sup>2</sup>
<b>Return on Invested Capital</b>	9.53%	8.40%
<b>Return on Equity</b>	15.12%	13.70%
<b>Return on Assets</b>	4.55%	3.98%
<b>Current Ratio</b>	1.24	1.31
<b>WACC</b>	8.33%	7.52%
<b>Gross Debt to EBITDA</b>	2.22	2.59
<b>Net Debt/EBITDA</b>	1.42	1.41
<b>Gross Debt/Equity</b>	1.28	1.39
<b>Net Debt/Equity</b>	0.81	0.76
<b>Net Assets/Share (sen)</b>	190.0	188.8

**Notes:**

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

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

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# Environment, Social and Governance (ESG)



## Sustainably Serving the Nation

### ENVIRONMENTAL

**Emissions Management Optimisation**  
TM vehicles & electricity consumption.

**13%**  
decrease in overall carbon emission

**Environmental Monitoring**  
Monitoring air, noise and water quality of areas surrounding our activities

**100%**  
compliance to Environmental Quality Act 1974

**Green Awareness & Initiatives**  
Zero Plastic movement in Menara TM, Green Procurement, awareness series.

Integrate sustainable practice

### SOCIAL

**Safety & Health**  
Work from home, provide PPE and sanitisers to TM frontliners

**> RM6.7m**  
into nation-building initiatives during Covid 19

**Education to develop innovation**  
Thinkers to drive digital economy

**191**  
Young Leaders

**532**  
Future Leaders developed

**Entrepreneurship to equip budding entrepreneurs**  
Essential digital and future-ready skills

Established *Koperasi Bukit Kepong (KOBK)* to support the rural villagers

### GOVERNANCE

**Integrity Leadership Initiative & Training**  
Programs & awareness on Corporate Liability

**20,432**  
employees completed the training

**Gender Diversity**

**27%**  
BOD &

**27.5%**  
Management are women

**Corruption Risk Management**  
Anti Corruption Guide, Integrity Pact

TM Policies Update

# Key Takeaways

1

Digital connectivity and solutions shall be vital in keeping Malaysians safely connected during this challenging period and will continue to be essential to Malaysia's socio-economic recovery. **The rising demand for digital connectivity and solutions present new opportunities** that TM will pursue towards ensuring seamless and resilient communications for our customers across all segments.

2

**Digital adoption will play a vital role in the economic recovery and growth.** According to BNM, the information and communication and finance and insurance sub-sectors are poised to lead the recovery in the services sector as demand for digital solutions, especially in ecommerce and e-payment, continues to accelerate.

3

We remain steadfast in our efforts to realise the national digital aspiration, MyDIGITAL, which the Prime Minister officially launched in February 2021. As a significant contributor to the national fiberisation implementation (JENDELA), **TM is in a prime position to support the 10-year digital aspiration.**

4

**TM provides a comprehensive range of connectivity, ICT, and digital solutions** to support Government agencies' Cloud Transformation Plan via our enterprise and public sector business solution arm, TM ONE.

5

Starting 2021, TM has embarked on a 'New TM' Transformation Programme (2021-2023), guided by our compass of Purpose, Customers, Performance, and People. Based on the TM current performance momentum, **the Group is on track to achieve its 2021 targets and market guidance.**

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# Cost % Revenue



Revenue (RM mn)	1Q 2020	1Q 2021	YoY	Comments 1Q 2021 v 1Q 2020
	2,557	2,810		
<b>Direct Costs %</b>	<b>25.7%</b>	<b>24.5%</b>		
RM mn	658	687	4.4%	<ul style="list-style-type: none"> <li>Higher International Outpayment</li> <li>Higher Customer Installation &amp; Acquisition Costs</li> <li>Higher ICT customer projects costs</li> </ul>
<b>Manpower %</b>	<b>23.7%</b>	<b>23.6%</b>		
RM mn	607	663	9.2%	<ul style="list-style-type: none"> <li>Higher Staff Benefit</li> </ul>
<b>Other OPEX %</b>	<b>15.8%</b>	<b>11.1%</b>		
RM mn	403	313	-22.3%	<ul style="list-style-type: none"> <li>Lower Maintenance Cost</li> <li>Lower Advertising &amp; Promotion</li> <li>Lower Utilities</li> </ul>
<b>Total OPEX</b>	<b>1,668</b>	<b>1,663</b>	<b>-0.3%</b>	
<b>Dep &amp; Amortisation %</b>	<b>22.8%</b>	<b>20.5%</b>		
RM mn	584	576	-1.4%	<ul style="list-style-type: none"> <li>Lower PPE depreciation</li> </ul>
<b>Total Cost (RM mn)</b>	<b>2,252</b>	<b>2,239</b>	<b>-0.6%</b>	
<b>Total (%)</b>	<b>88.1%</b>	<b>79.7%</b>	<b>-</b>	

# Statement of Financial Position



RM mn	As At 31 Mar 2021	As At 31 Dec 2020	Var.
<b>Shareholders' Funds</b>	7,171	7,125	0.6%
<b>Non-controlling Interests</b>	(151)	(149)	1.3%
<b>Deferred &amp; Long Term Liabilities</b>	10,311	11,495	-10.3%
<i>Long Term Borrowings</i>	5,639	6,796	-17.0%
<i>Lease Liabilities</i>	1,566	1,587	-1.3%
<i>Deferred Tax</i>	1,474	1,461	0.9%
<i>Deferred Income</i>	1,573	1,590	-1.1%
<i>Others</i>	59	61	-3.3%
	<b>17,331</b>	<b>18,471</b>	<b>-6.2%</b>
<b>Current Assets</b>	5,362	7,441	-27.9%
<i>Trade and Other Receivables</i>	2,169	1,952	11.1%
<i>Cash &amp; Bank Balances</i>	1,989	4,304	-53.8%
<i>Inventories</i>	97	99	-2.0%
<i>Others</i>	1,107	1,086	1.9%
<b>Current Liabilities</b>	4,784	5,808	-17.6%
<i>Trade and Other Payables</i>	3,293	3,494	-5.8%
<i>Short Term Borrowings</i>	31	831	-96.3%
<i>Lease Liabilities</i>	326	321	1.6%
<i>Others</i>	1,134	1,162	-2.4%
<b>Net Current Assets/(Liabilities)</b>	578	1,633	-64.6%
<b>Non-Current Assets</b>	16,753	16,838	-0.5%
<i>Property Plant &amp; Equipment</i>	13,369	13,752	-2.8%
<i>Other Non-Current Assets</i>	3,384	3,086	9.7%
	<b>17,331</b>	<b>18,471</b>	<b>-6.2%</b>

