

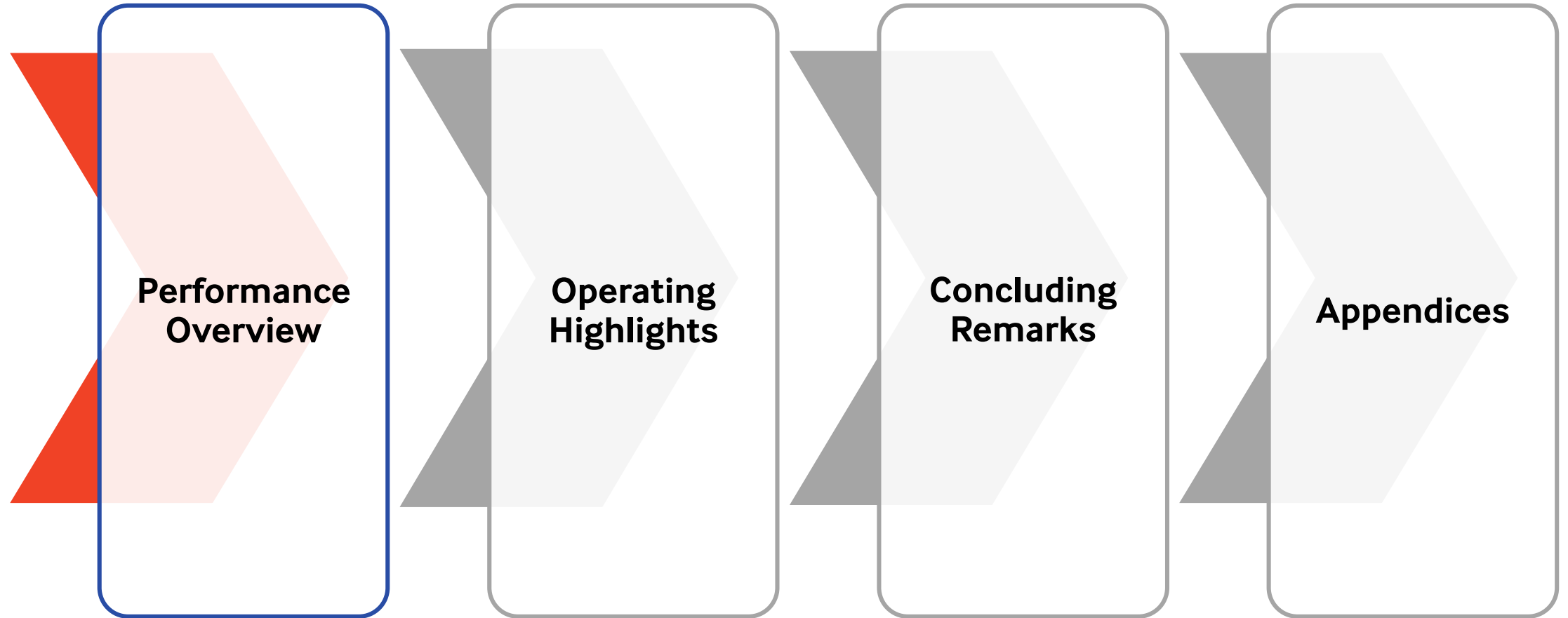
TM 3Q2019 RESULTS

Analyst Briefing

26 November 2019



Life Made Easier™



3Q 2019 Highlights

REVENUE
RM8,400.1mn

EBIT
RM1,202.4mn
+>100.0% YTD

8.8%
**CAPEX/
REVENUE**

55%
**CONVERGENCE
PENETRATION**



Continued challenges on retail revenue



Improved operational efficiency & profitability: lower YTD OPEX/revenue



Lower CAPEX, in line with guidance

Group Results 3Q 2019



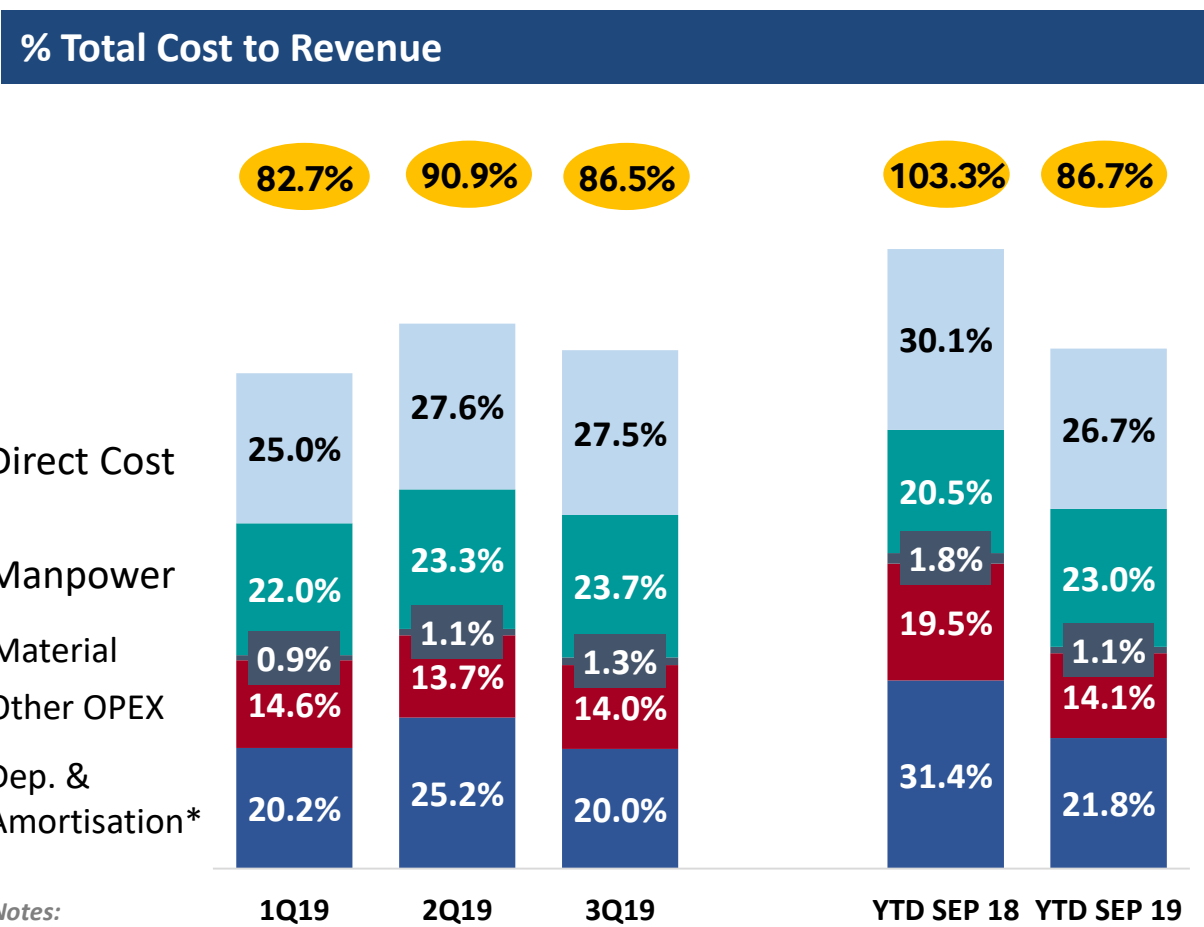
RM mn	Reported							
	3Q19	2Q19	Change QoQ	3Q18	Change YoY	YTD SEP 19	YTD SEP 18	Change YTD
Revenue	2,852.6	2,768.6	3.0%	2,946.0	-3.2%	8,400.1	8,730.4	-3.8%
Other Operating Income	39.8	21.6	84.3%	31.6	25.9%	84.3	99.6	-15.4%
EBITDA	996.5	971.2	2.6%	941.4	5.9%	3,032.9	2,554.0	18.8%
Normalised EBITDA	994.1	960.9	3.5%	930.9	6.8%	3,028.4	2,532.0	19.6%
Depreciation & Amortisation	572.0	698.1	-18.1%	1,573.2	-63.6%	1,830.5	2,741.3	-33.2%
EBIT	424.5	273.1	55.4%	(631.8)	>100.0%	1,202.4	(187.3)	>100.0%
Normalised EBIT	422.1	387.4	9.0%	315.6	33.7%	1,322.5	748.6	76.7%
Other (Losses) / Gains	(7.3)	(7.6)	-3.9%	312.0	->100.0%	(14.1)	310.1	->100.0%
Net Finance Cost*	97.7	102.2	-4.4%	80.0	22.1%	291.9	234.7	24.4%
FX Loss	(21.1)	(18.9)	11.6%	(37.3)	-43.4%	(22.0)	(33.6)	-34.5%
Profit/(Loss) Before Tax	301.5	147.5	>100.0%	(431.6)	>100.0%	886.2	(129.0)	>100.0%
PATAMI	261.3	114.2	>100.0%	(175.6)	>100.0%	683.8	83.5	>100.0%
Normalised PATAMI	287.7	226.8	26.9%	266.4	8.0%	810.9	527.5	53.7%

*Excludes FX Gain/(Loss)

Group OPEX

- YTD 2018 included significant impairment. Cost reduction seen across almost all cost elements resulting in lower OPEX/revenue

TM Group Cost Breakdown					
RM mn	1Q19	2Q19	3Q19	YTD SEP 18	YTD SEP 19
Revenue	2,779	2,769	2,852	8,730	8,400
Direct Cost	695	765	783	2,629	2,243
Manpower	610	644	677	1,794	1,931
Material	24	30	37	154	91
Other OPEX	408	380	399	1,699	1,187
Total OPEX	1737	1,819	1,896	6,276	5,452
Dep. & Amortisation	560	574	578	1,746	1,712
Impairment	0	124	-6	995	118
Total Cost	2,297	2,517	2,468	9,017	7,282

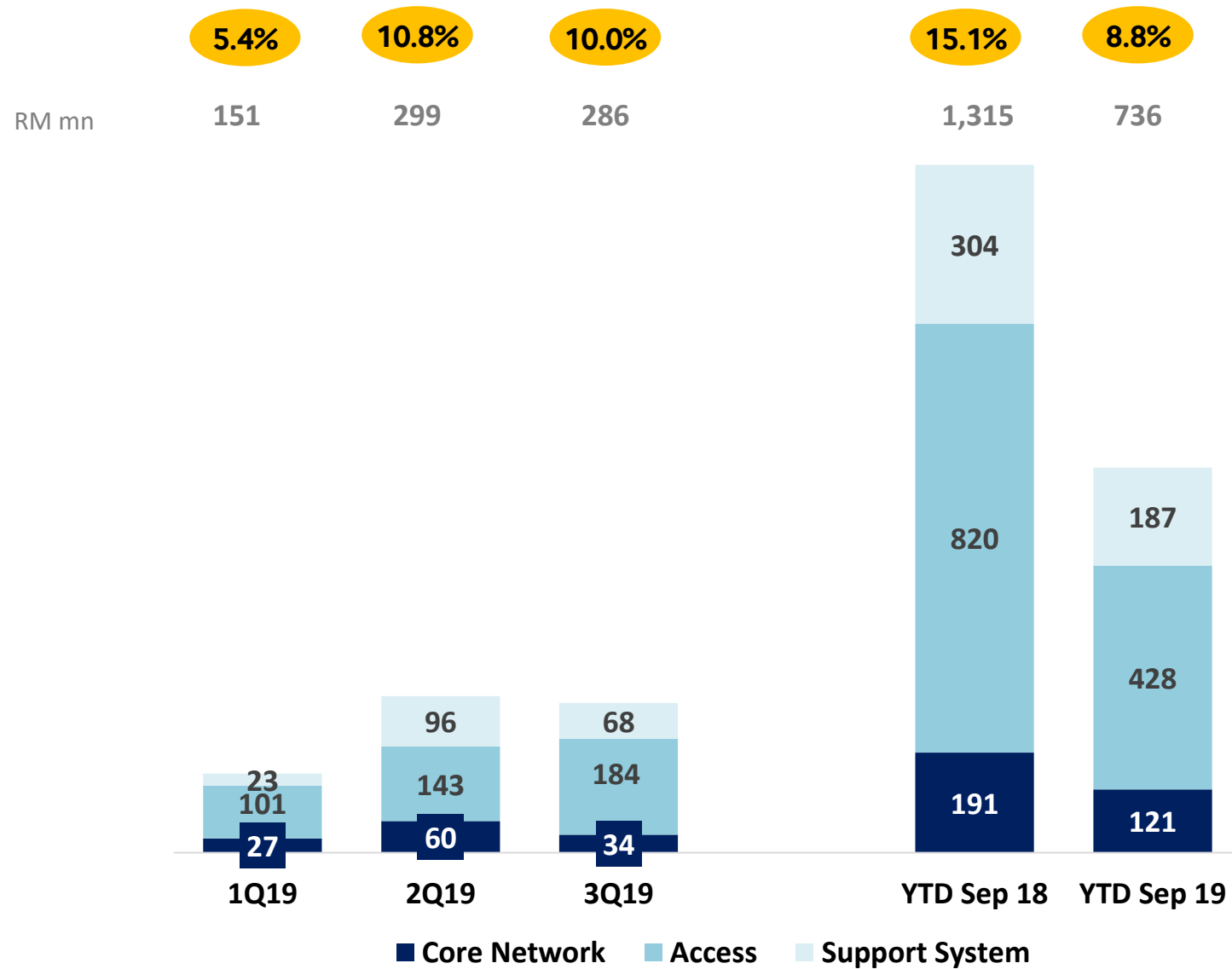


Notes:
*Including impairment

Group CAPEX



- CAPEX was within guidance



- YTD Sept 2019 CAPEX/Revenue ratio at 8.8%
- 16% Core Network
58% Access
26% Support Systems

● CAPEX / Revenue (%)

Group Cash Flow

RM mn	YTD SEP 19	YTD SEP 18
Cash Flows from Operating Activities	1,941	1,084
Cash Flows from Investing Activities	(738)	(846)
Cash Flows from Financing Activities	(282)	220
Cash and Cash Equivalents at Beginning of the Financial Year	2,757	1,719
Effect of exchange rate changes	2	14
Cash and Cash Equivalents at end of Financial Year	3,680	2,191
Free Cash Flow (EBITDA – CAPEX)	2,247	1,239

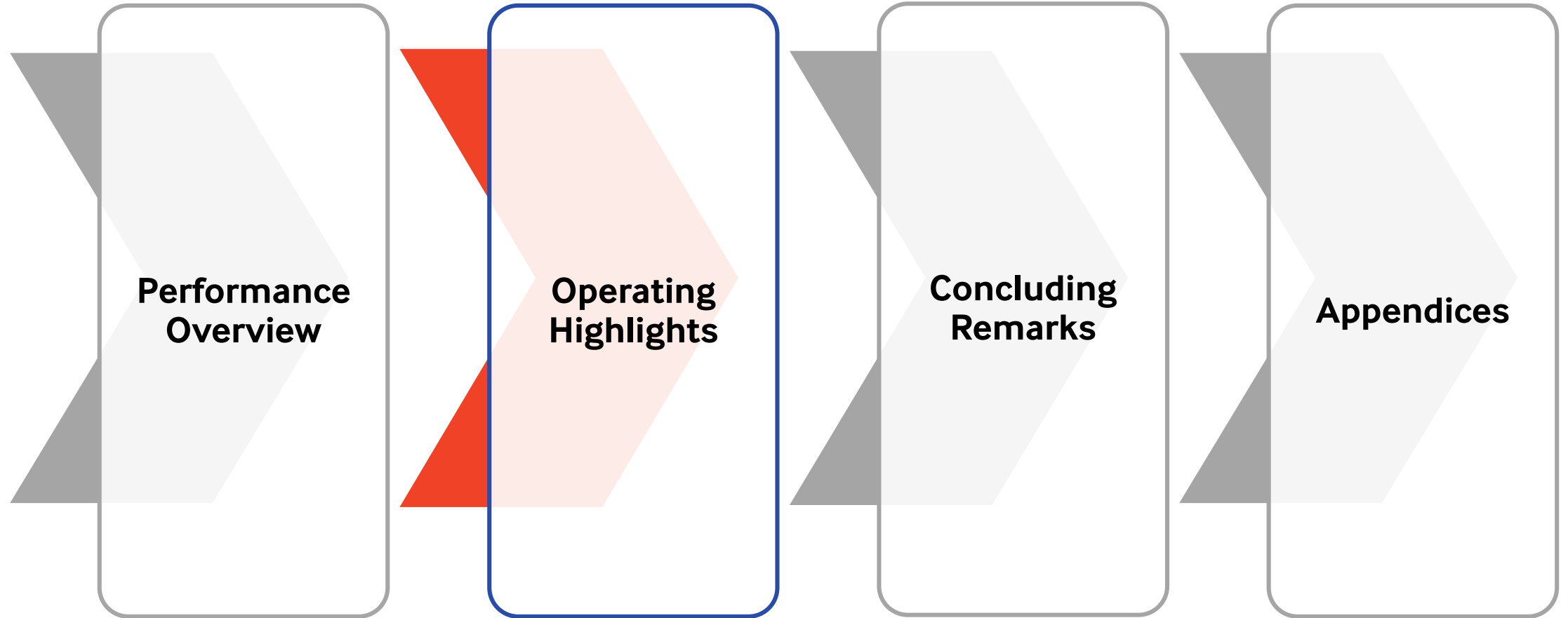
	YTD SEP 19 ¹	FY18
Return on Invested Capital	7.51%	5.32%
Return on Equity	12.27%	8.23%
Return on Assets	3.75%	4.42%
Current Ratio	1.39	1.23
WACC³	8.89%	7.67%
Gross Debt to EBITDA²	2.43	2.41
Net Debt/EBITDA²	1.60	1.75
Gross Debt/Equity²	1.28	1.14
Net Debt/Equity²	0.85	0.76
Net Assets/Share (sen)	196.70	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	3Q19	2Q19	QoQ	3Q18	YoY	YTD SEP 19	YTD SEP 18	YTD
Voice	653.1	656.2	-0.5%	749.9	-12.9%	1,983.5	2,203.8	-10.0%
Internet	963.8	967.7	-0.4%	1,026.5	-6.1%	2,908.5	3,117.6	-6.7%
Data	666.2	678.7	-1.9%	599.4	11.1%	2,010.5	1,779.2	13.0%
Others*	569.5	466.0	22.2%	570.2	-0.1%	1,497.6	1,629.8	-8.1%

YTD

Voice

- Lower usage and customer base across segments

Data

- Higher contributions from Domestic Wholesale at TM GLOBAL

Internet

- Lower revenue from Streamyx due to lower subscribers

Others

- Lower ICT & BPO, offset by additional revenue at TMF

Notes:

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

Segmental Revenue by Cluster

- Higher contribution at TM GLOBAL

RM mn	3Q19	2Q19	QoQ	3Q18	YoY	YTD SEP 19	YTD SEP 18	YTD
unifi	1,179.6	1,199.7	-1.7%	1,317.9	-10.5%	3,604.7	4,010.9	-10.1%
TM ONE	993.4	957.3	3.8%	1,036.2	-4.1%	2,896.8	3,018.7	-4.0%
TM GLOBAL	515.7	520.5	-0.9%	465.7	10.7%	1,532.1	1,337.3	14.6%
Others	163.9	91.1	80.1%	126.2	29.9%	366.5	363.5	0.8%

Notes: Revenue by segment is after inter-co elimination, including latest cluster re-alignment

YTD

➤ unifi

Lower customer base for Streamyx

➤ TM One

Lower ICT & BPO

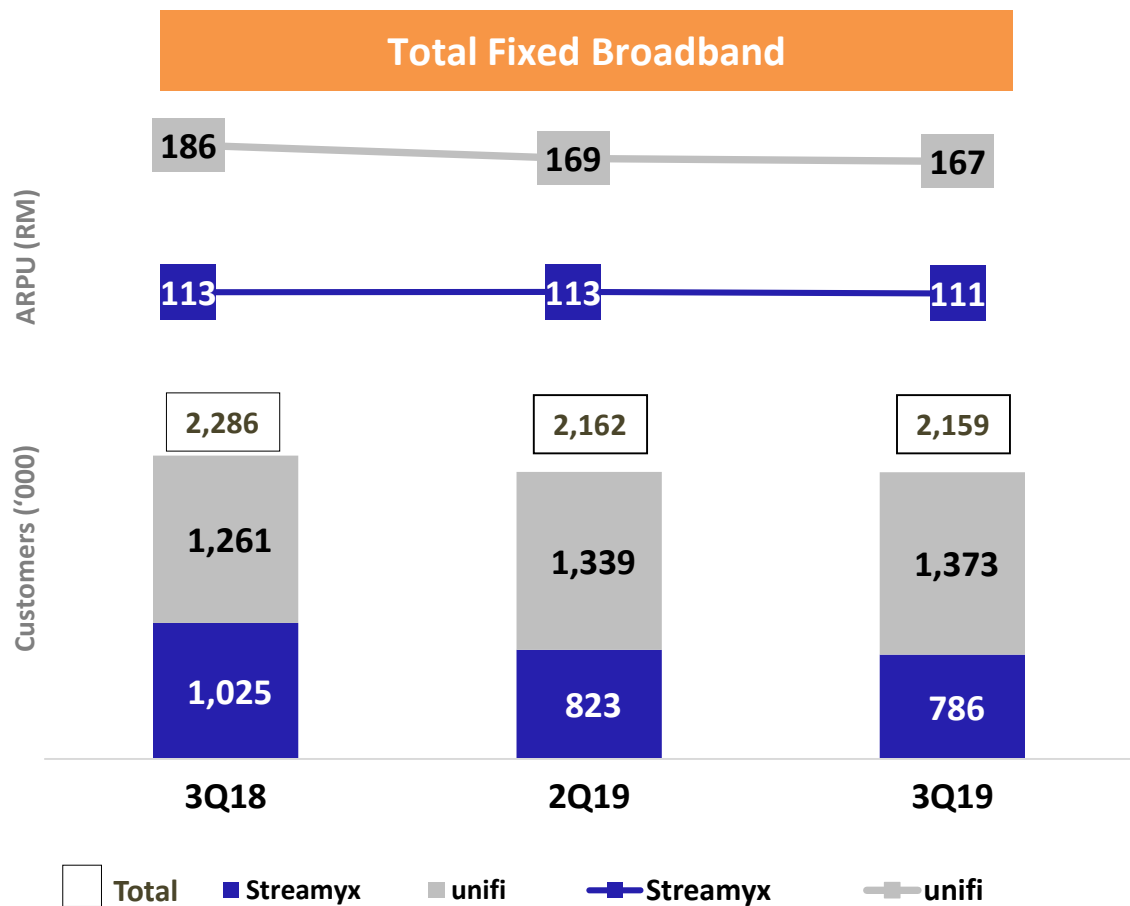
➤ TM GLOBAL

Higher Domestic Wholesale, Ethernet Leased and HSBA

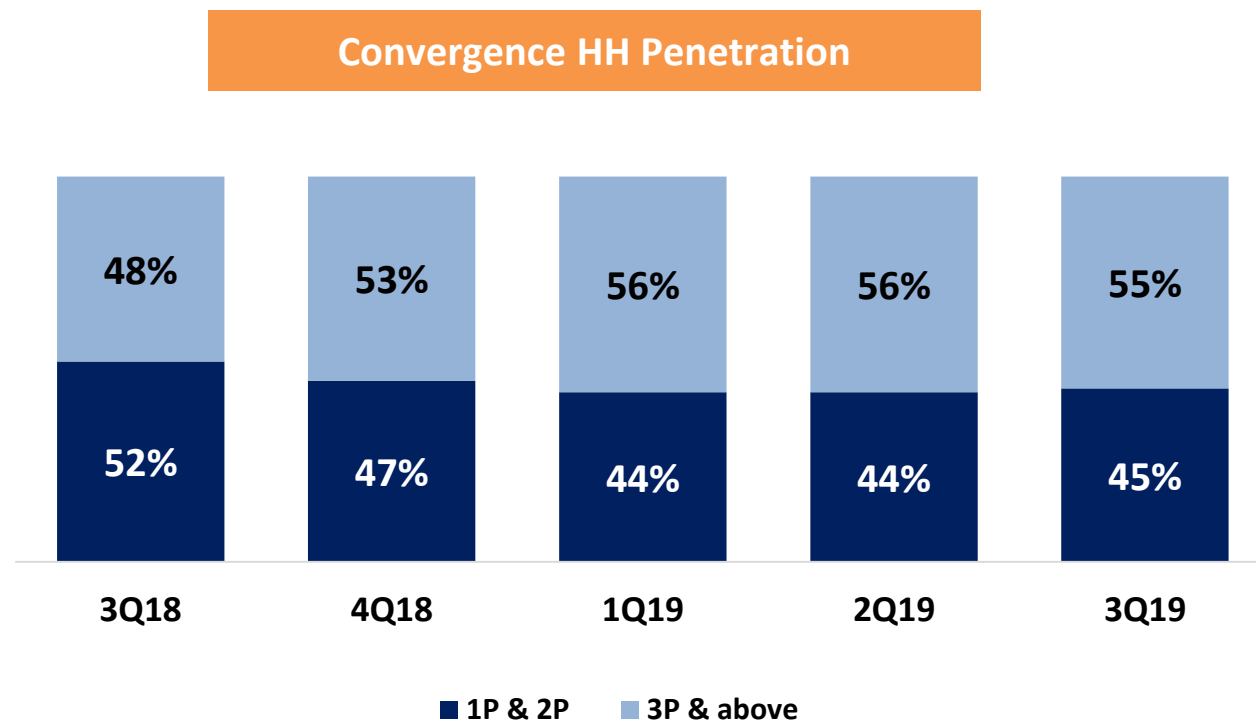
➤ Others

Higher revenue at TMF and MKL

Unifi Operating Metrics



- Lower net addition for total fixed broadband
- Drop in Streamyx was partly due to migration to unifi
- Note: Revision in Streamyx ARPU basis calculation to include voice



➤ Household with 3P & above was at 55%.

Impact of MFRS 16: Leases

Effective 1 Jan 2019

RM mn	YTD SEP 19 (pre MFRS 16)	YTD SEP 19 (post MFRS 16)	Delta
Income Statement			
Revenue	8,400.1	8,400.1	-
OPEX	5,745.2	5,451.5	-293.7
EBITDA	2,739.2	3,032.9	293.7
Depreciation, Impairment & Amortisation	1,698.3	1,830.5	132.2
Net Finance Cost	197.7	219.9	94.3
PATAMI	635.9	683.8	47.9

RM mn	YTD SEP 19 (pre MFRS 16)	YTD SEP 19 (post MFRS 16)	Delta
Statement of Financial Position			
Total Assets	24,049.5	25,123.6	1,074.1
Total Liabilities	16,589.9	18,500.4	1,910.5
Gross Debt	8,670.8	10,581.3	1,910.5
Gross Debt/EBITDA	2.36	2.43	0.3
Retained Earnings	4,578.1	3,784.9	-793.2

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.*

Updates...



Unifi mobile RM59 unlimited plan



TM Global-Digi MOU signing



Pay Nothing campaign



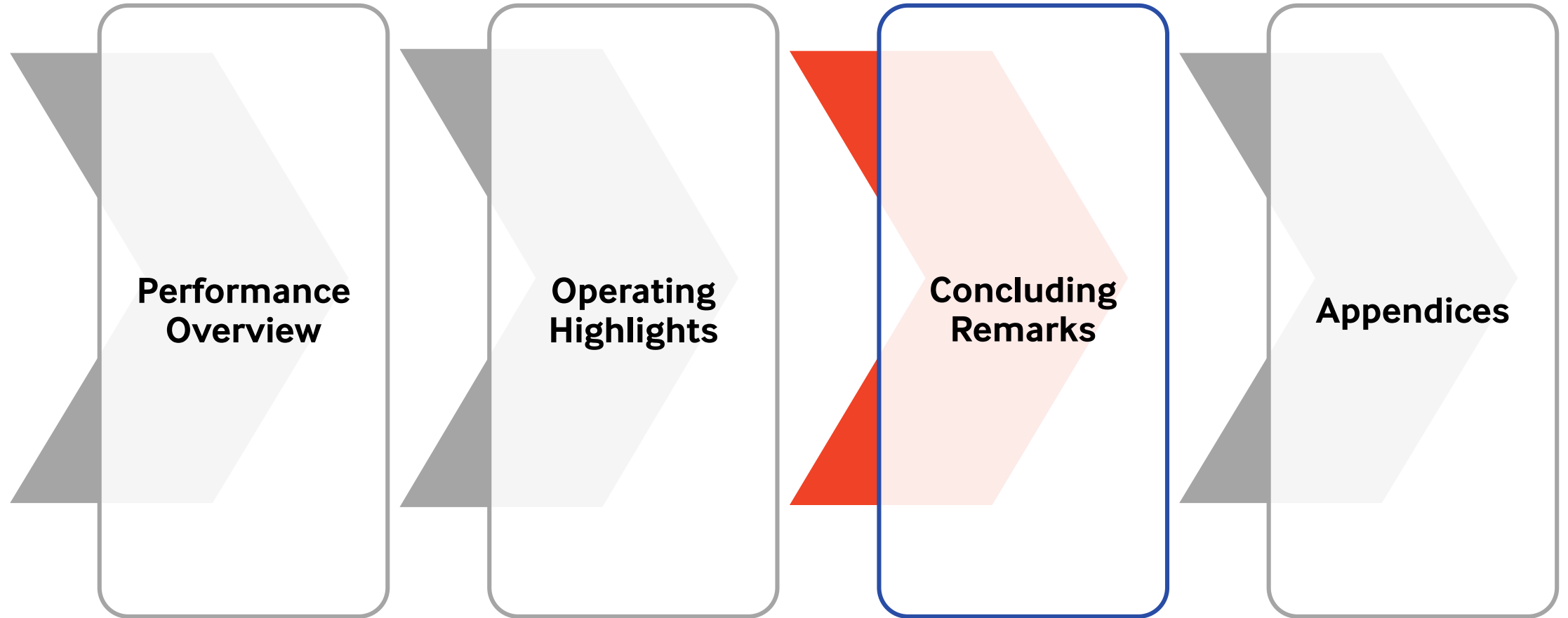
TM-Huawei MOU on 5G collaboration

5G Demonstration Projects



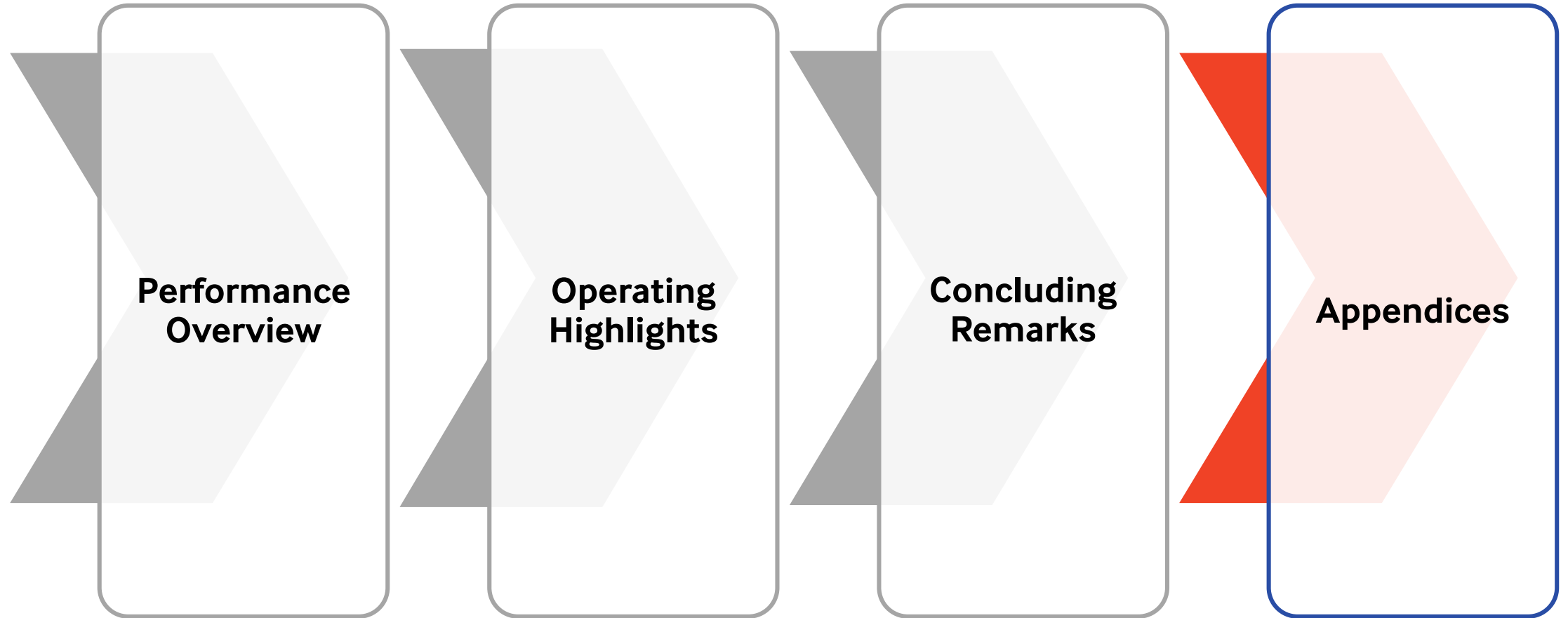
Smart City





Key Takeaways

- Revenue challenges persist in retail, but within our expectations and 2019 market guidance
- Cost optimization initiatives under PIP2019 continues to yield results with sequential profitability improvement
- Attractive unifi products and promotions to acquire more customers, whilst we address Streamyx customer and coverage pain points, with price adjustment and wireless offering
- Participation in 5G through demonstration projects and building infrastructure readiness



Cost % Revenue



	3Q19	2Q19	3Q18	YTD SEP 19	YTD SEP 18	Comments YTD SEP 19 v YTD SEP 18
Revenue (RM mn)	2,852	2,769	2,946	8,400	8,730	
Direct Costs %	27.5%	27.6%	28.8%	26.7%	30.1%	Lower domestic roaming, international outpayment & content cost
RM mn	783	765	850	2,243	2,629	
Manpower %	23.7%	23.3%	19.6%	23.0%	20.5%	Higher staff benefits
RM mn	677	644	578	1,931	1,794	
Materials %	1.3%	1.1%	1.5%	1.1%	1.8%	Lower CPE equipment, copper cables and spare parts
RM mn	37	30	43	91	154	
Other OPEX %	14.0%	13.7%	19.2%	14.1%	19.5%	Lower A&P, maintenance & miscellaneous
RM mn	399	380	565	1,187	1,699	
Dep & Amortisation %	20.2%	20.7%	19.6%	20.4%	20.0%	Reclass of rental lease to depreciation as part of MFRS 16
RM mn	578	574	578	1,712	1,746	
Impairment %	-0.2%	4.5%	33.8%	1.4%	11.4%	
RM mn	-6	124	995	118	995	
Total Cost (RM mn)	2,468	2,517	3,609	7,282	9,017	
Total (%)	86.5%	90.9%	122.5%	86.7%	103.3%	

Statement of Financial Position



RM mn	As at 30 Sept 2019	As at 31 Dec 2018
Shareholders' Funds	7,407.0	7,525.2
Non-Controlling Interests	(783.8)	(509.7)
Deferred & Long Term Liabilities	13,418.9	11,490.9
<i>Long Term Borrowings</i>	<i>8,342.0</i>	<i>8,337.2</i>
<i>Lease Liabilities</i>	<i>1,623.7</i>	<i>-</i>
<i>Deferred Tax</i>	<i>1,571.3</i>	<i>1,661.3</i>
<i>Deferred Income</i>	<i>1,795.1</i>	<i>1,470.9</i>
<i>Others</i>	<i>86.8</i>	<i>21.5</i>
	20,042.1	18,506.4
Current Assets	7,899.9	6,402.8
<i>Trade and Other Receivables</i>	<i>3,105.6</i>	<i>2,405.2</i>
<i>Cash & Bank Balances</i>	<i>3,689.1</i>	<i>2,826.3</i>
<i>Inventories</i>	<i>109.6</i>	<i>134.6</i>
<i>Others</i>	<i>995.6</i>	<i>1,036.7</i>
Current Liabilities	5,081.5	5,198.1
<i>Trade and Other Payables</i>	<i>3,071.1</i>	<i>3,610.3</i>
<i>Short Term Borrowings</i>	<i>328.8</i>	<i>234.1</i>
<i>Lease Liabilities</i>	<i>286.8</i>	<i>-</i>
<i>Others</i>	<i>1,394.8</i>	<i>1,353.7</i>
Net Current Assets/(Liabilities)	2,818.4	1,204.7
Non-Current Assets	17,223.7	17,301.7
<i>Property Plant & Equipment</i>	<i>14,176.5</i>	<i>15,263.3</i>
<i>Other Non-Current Assets</i>	<i>3,047.2</i>	<i>2,038.4</i>
	20,042.1	18,506.4

Thank you!

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