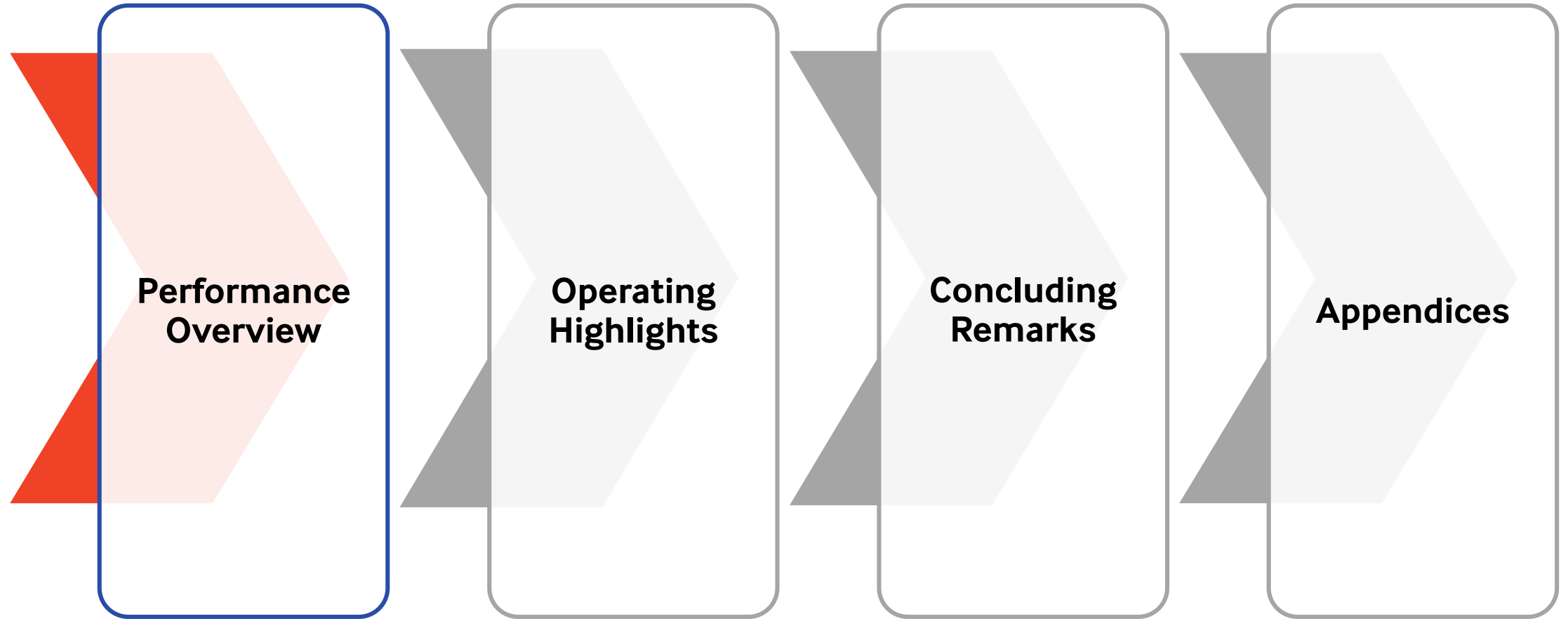


TM FY2019 RESULTS

Analyst Briefing

21 February 2020





FY 2019 Highlights

| | |
|---|---|
| <p>REVENUE RM11,434.2mn</p> | <p>EBIT RM1,568.3mn +>100.0% YTD</p> |
| <p>COST OPTIMISATION 13.1 percentage point</p> | <p>FIXED BROADBAND 2.18mn subscribers</p> |
| <p>DATA REVENUE RM2,855.0mn +16.9%</p> | <p>FINAL INTERIM DIVIDEND 10.0 sen per share</p> |



Revenue within guidance



Highest reported EBIT since 2007



Total cost to revenue ratio improved by 13.1 percentage point



Positive growth QoQ in total fixed broadband base as a result from Year End Promotion



Encouraging demand for data services



Declared 10.0 sen per share final interim dividend (60% from reported PATAMI)

Group Results FY 2019



| RM mn | Reported | | | | | | | |
|-----------------------------|----------|---------|------------|---------|------------|----------|----------|------------|
| | 4Q19 | 3Q19 | Change QoQ | 4Q18 | Change YoY | FY19 | FY18 | Change YTD |
| Revenue | 3,034.1 | 2,852.6 | 6.4% | 3,088.9 | -1.8% | 11,434.2 | 11,819.3 | -3.3% |
| Other Operating Income | 51.4 | 39.8 | 29.1% | 32.3 | 59.1% | 135.7 | 131.9 | 2.9% |
| EBITDA | 989.7 | 996.5 | -0.7% | 915.4 | 8.1% | 4,022.6 | 3,469.4 | 15.9% |
| Normalised EBITDA | 1,000.9 | 994.1 | 0.7% | 919.2 | 8.9% | 4,029.3 | 3,451.2 | 16.8% |
| Depreciation & Amortisation | 623.8 | 572.0 | 9.1% | 663.5 | -6.0% | 2,454.3 | 3,404.8 | -27.9% |
| EBIT | 365.9 | 424.5 | -13.8% | 251.9 | 45.3% | 1,568.3 | 64.6 | +>100.0% |
| Normalised EBIT | 377.1 | 422.1 | -10.7% | 322.2 | 17.0% | 1,699.6 | 1,070.8 | 58.7% |
| Other (Losses) / Gains | (254.5) | (7.3) | ->100.0% | 0.8 | ->100.0% | (268.6) | 310.9 | ->100.0% |
| Net Finance Cost* | 98.8 | 97.7 | 1.1% | 113.1 | -12.6% | 390.7 | 347.8 | 12.3% |
| FX (Loss) / Gain | 23.1 | (21.1) | +>100.0% | 2.3 | +>100.0% | 1.1 | (31.3) | +>100.0% |
| Profit Before Tax | 38.9 | 301.5 | -87.1% | 146.4 | -73.4 | 925.1 | 17.4 | +>100.0% |
| PATAMI | (51.1) | 261.3 | ->100.0% | 69.7 | ->100.0% | 632.7 | 153.2 | +>100.0% |
| Normalised PATAMI | 189.9 | 287.7 | -34.0% | 104.9 | 81.0% | 1,000.8 | 632.4 | 58.3% |

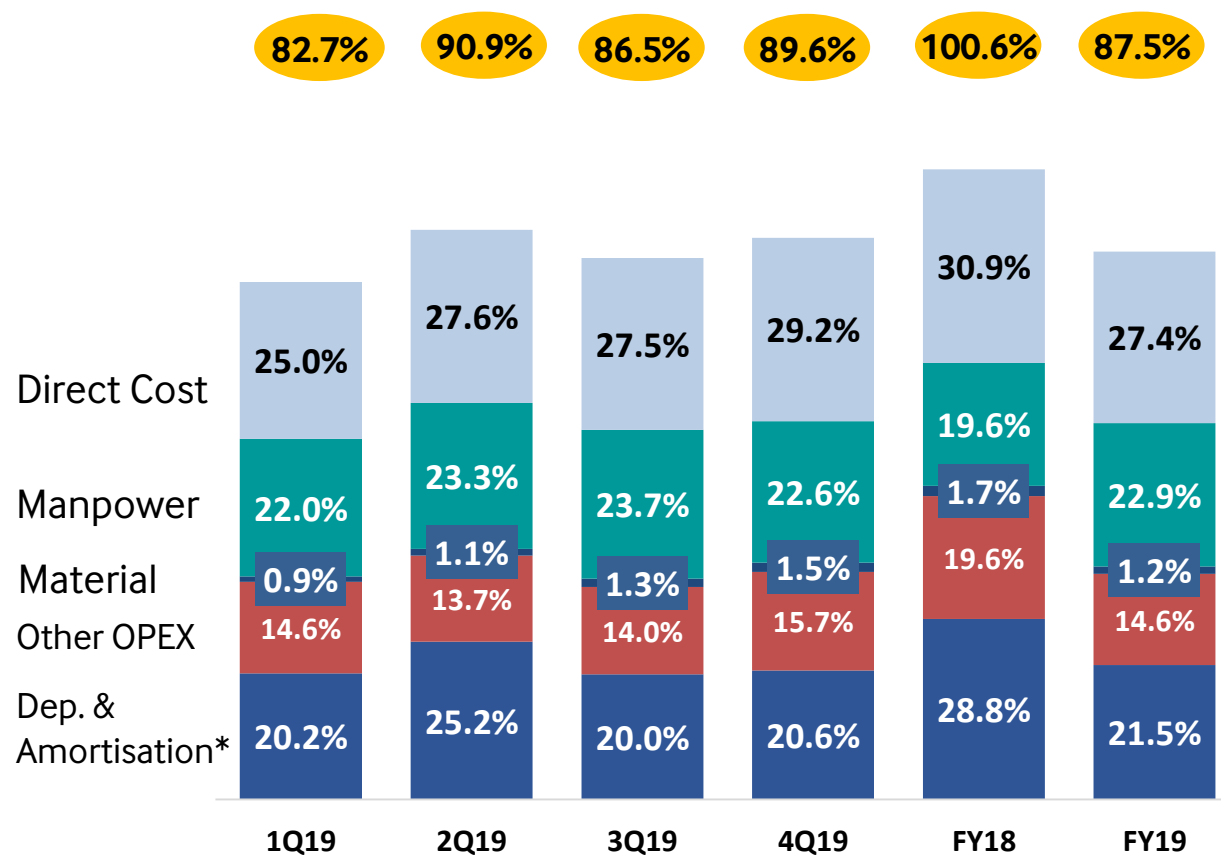
*Excludes FX Gain/(Loss)

Group OPEX

YTD 2018 included significant impairment. Save for manpower, significant cost reduction in all cost elements resulted in lower cost/revenue in 2019

| TM Group Cost Breakdown | | | | | | |
|-------------------------|--------------|--------------|--------------|--------------|---------------|---------------|
| RM mn | 1Q19 | 2Q19 | 3Q19 | 4Q19 | FY18 | FY19 |
| Revenue | 2,779 | 2,769 | 2,853 | 3,034 | 11,819 | 11,434 |
| Direct Cost | 695 | 765 | 783 | 887 | 3,653 | 3,130 |
| Manpower | 610 | 644 | 677 | 685 | 2,316 | 2,616 |
| Material | 24 | 30 | 37 | 46 | 197 | 137 |
| Other OPEX | 408 | 380 | 399 | 477 | 2,316 | 1,664 |
| Total OPEX | 1,737 | 1,819 | 1,896 | 2,095 | 8,482 | 7,547 |
| Dep. & Amortisation | 560 | 574 | 578 | 619 | 2,370 | 2,331 |
| Impairment | - | 124 | -6 | 5 | 1,035 | 123 |
| Total Cost | 2,297 | 2,517 | 2,468 | 2,719 | 11,887 | 10,001 |

% Total Cost to Revenue



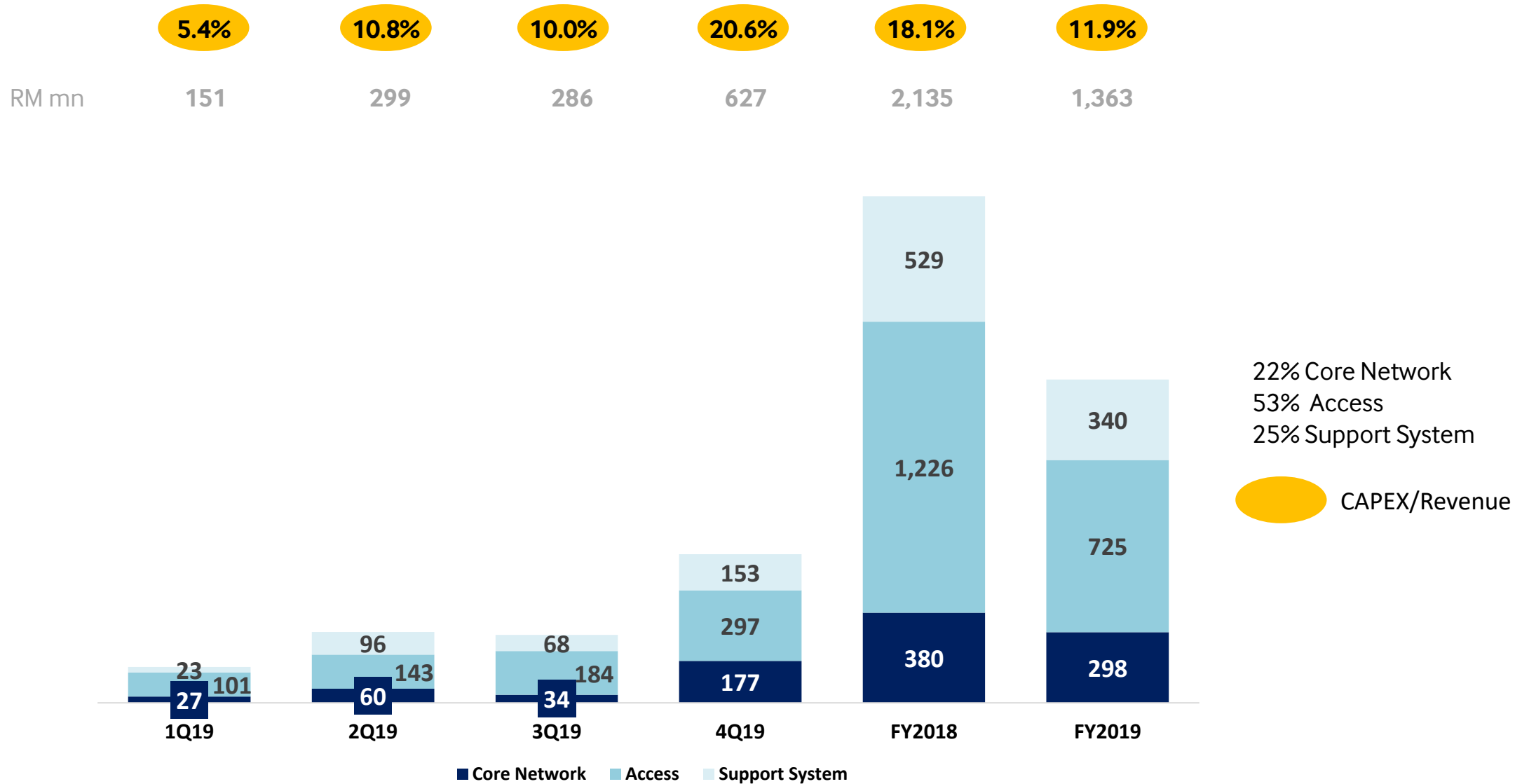
Notes:

*Including impairment

Group CAPEX



Actual spending for CAPEX FY2019 is 11.9% of revenue or RM1.36bn



Group Cash Flow

| RM mn | FY 2019 | FY 2018 |
|--|----------------|----------------|
| Cash Flows from Operating Activities | 3,502 | 2,585 |
| Cash Flows from Investing Activities | (1,184) | (1,477) |
| Cash Flows from Financing Activities | (285) | (82) |
| Cash and Cash Equivalents at Beginning of the Financial Year | 2,756 | 1,719 |
| Effect of exchange rate changes | (3) | 11 |
| Cash and Cash Equivalents at end of Financial Year | 4,786 | 2,756 |
| Free Cash Flow (EBITDA – CAPEX) | 2,660 | 1,334 |

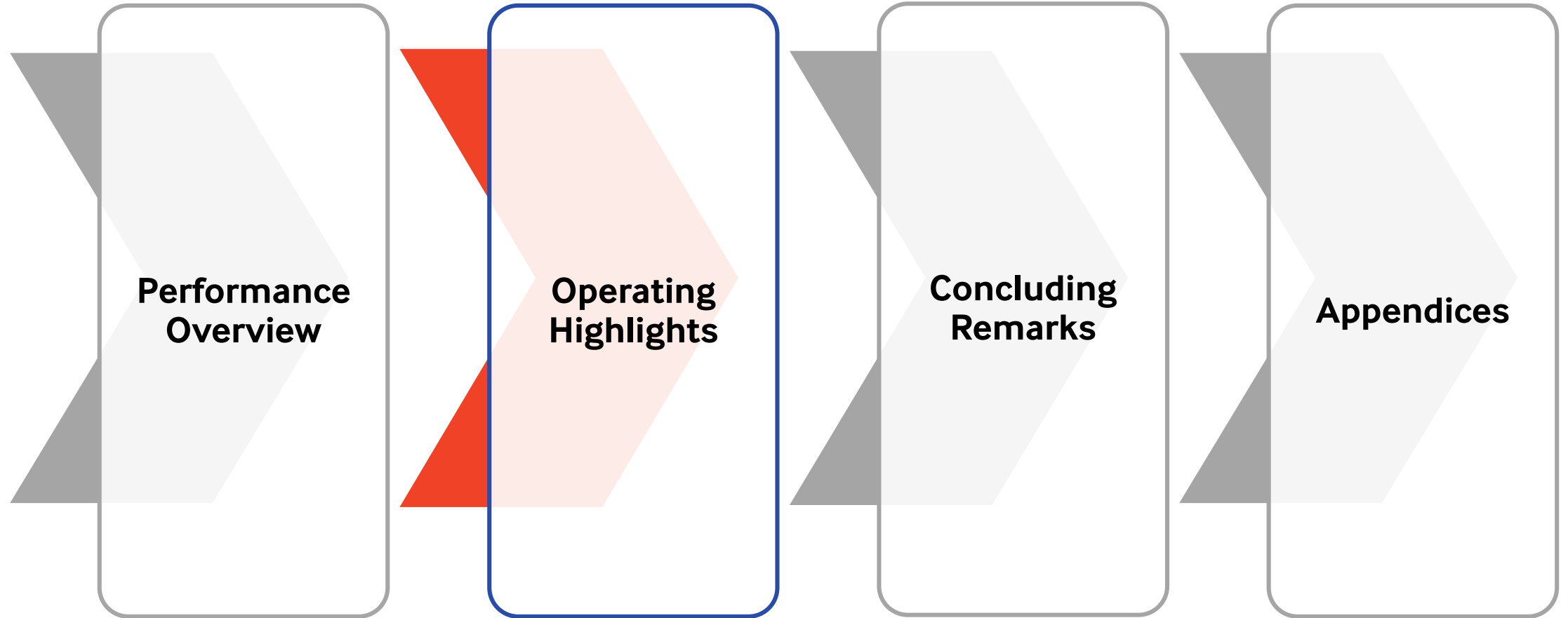
| | FY 2019 | FY 2018 |
|---|---------------|--------------|
| Return on Invested Capital | 7.99% | 5.32% |
| Return on Equity | 13.45% | 8.23% |
| Return on Assets | 4.06% | 4.42% |
| Current Ratio | 1.28 | 1.23 |
| WACC³ | 8.86% | 7.67% |
| Gross Debt to EBITDA² | 2.38 | 2.41 |
| Net Debt/EBITDA² | 1.42 | 1.75 |
| Gross Debt/Equity² | 1.29 | 1.14 |
| Net Debt/Equity² | 0.77 | 0.76 |
| Net Assets/Share (sen) | 195.3 | 200.3 |

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 | 4Q19 | 3Q19 | QoQ | 4Q18 | YoY | FY19 | FY18 | YTD |
|-----------------|-------|-------|-------|---------|--------|---------|---------|--------|
| Voice | 691.5 | 653.1 | 5.9% | 808.9 | -14.5% | 2,675.1 | 3,012.7 | -11.2% |
| Internet | 906.1 | 963.8 | -6.0% | 1,002.3 | -9.6% | 3,814.6 | 4,119.9 | -7.4% |
| Data | 844.5 | 666.2 | 26.8% | 663.3 | 27.3% | 2,855.0 | 2,442.5 | 16.9% |
| Others* | 592.1 | 569.5 | 4.0% | 614.3 | -3.6% | 2,089.5 | 2,244.1 | -6.9% |

YTD

Voice

- Lower traffic minutes and customer base across all segments

Internet

- Lower fixed broadband revenue due to Streamyx Price Adjustment and Year End Promotion campaign

Data

- Higher contributions from Domestic data at TM GLOBAL

Others

- Reduction in ICT & BPO and USP Maintenance revenue

Note:

*Others comprise of 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 | 4Q19 | 3Q19 | QoQ | 4Q18 | YoY | FY19 | FY18 | YTD |
|------------------|---------|---------|--------|---------|--------|---------|---------|--------|
| unifi | 1,109.2 | 1,179.6 | -6.0% | 1,275.9 | -13.1% | 4,713.9 | 5,285.9 | -10.8% |
| TM ONE | 1,035.1 | 993.4 | 4.2% | 1,079.5 | -4.1% | 3,931.3 | 4,097.9 | -4.1% |
| TM GLOBAL | 774.4 | 515.7 | 50.1% | 608.1 | 27.3% | 2,306.3 | 1,945.4 | 18.6% |
| Others | 115.4 | 163.9 | -29.6% | 125.4 | -7.9% | 482.7 | 490.1 | -1.5% |

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

YTD

unifi

- Revenue impact from Streamyx Price Adjustment and Year End Promotion

TM One

- Lower ICT and BPO revenue

TM Global

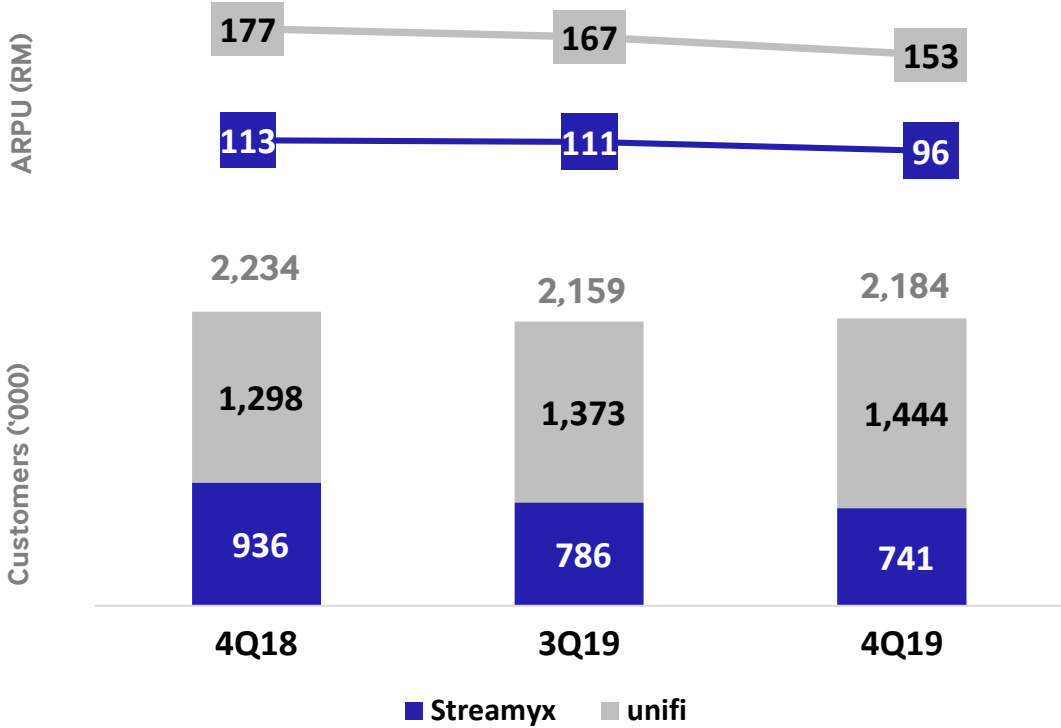
- Higher Domestic Wholesale revenue

Others

- Lower revenue from MMU

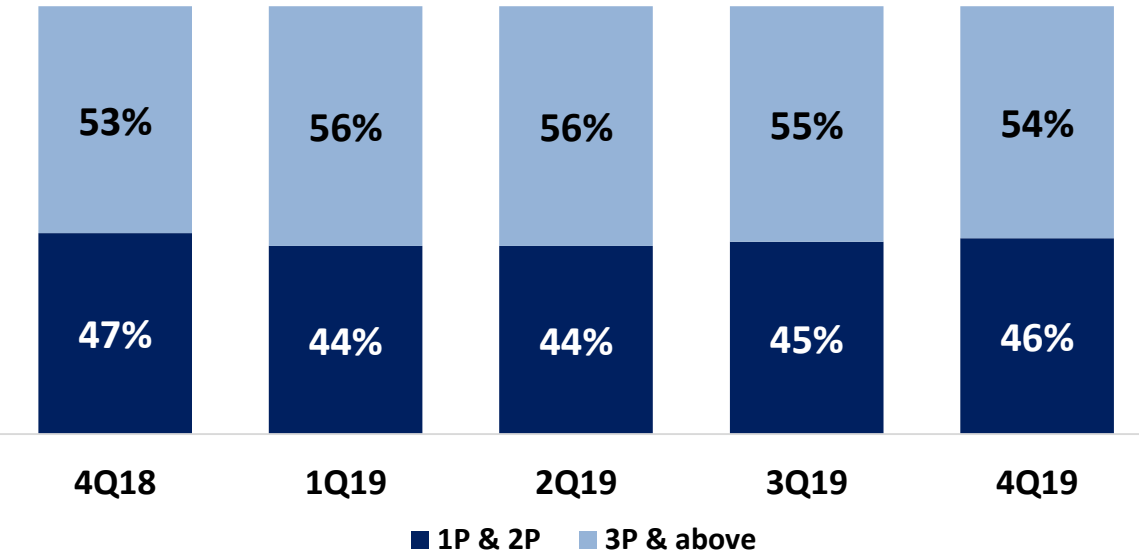
Unifi Operating Metrics

Total Fixed Broadband



- Higher net addition for total fixed broadband
- Drop in ARPU due to Streamyx Price Adjustment and Year End Promotion

Convergence HH Penetration



- Household with 3P & increased to 54% compared to 2018

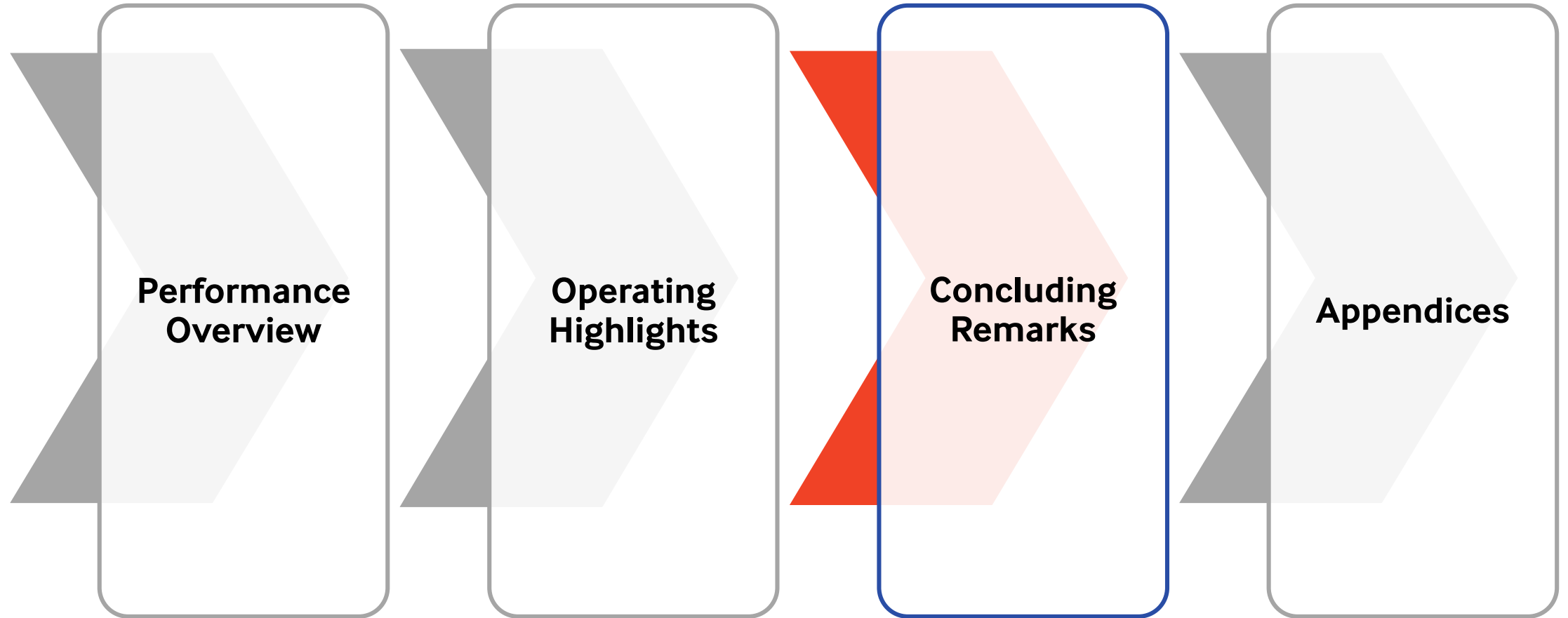
Impact of MFRS 16: Leases

Effective 1 Jan 2019

| RM mn | FY19 (pre MFRS 16) | FY19 (post MFRS 16) | Delta |
|---|-----------------------|------------------------|--------|
| Income Statement | | | |
| Revenue | 11,434.2 | 11,434.2 | - |
| OPEX | 7,946.4 | 7,547.3 | -399.1 |
| EBITDA | 3,623.5 | 4,022.6 | 399.1 |
| Depreciation, Impairment & Amortisation | 2,269.6 | 2,454.3 | 184.7 |
| Net Finance Cost | 264.6 | 390.7 | 126.1 |
| PATAMI | 568.7 | 632.7 | 64.0 |

| RM mn | FY19 (pre MFRS 16) | FY19 (post MFRS 16) | Delta |
|--|-----------------------|------------------------|---------|
| Statement of Financial Position | | | |
| Total Assets | 24,484.5 | 25,599.7 | 1,115.2 |
| Total Liabilities | 17,131.7 | 19,046.6 | 1,914.9 |
| Gross Debt | 8,733.1 | 10,648.0 | 1,914.9 |
| Retained Earnings | 4,510.9 | 3,733.8 | -777.1 |

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.



Updates on 5G



1st in the World 
 Simultaneous 700 MHz & 3.5 GHz
 on Standalone 5G Network

1st in the Country

- 5G CORE (5GC)
- 700 MHz Standalone 5G Network
- 3.5 GHz Standalone 5G Network
- 5G Centralised Radio Access Network

Most use cases for Langkawi 5G Trial
 (11 out of 35)

5G INFRASTRUCTURE PROVIDER & SUPPORT FOR



- 5G Network Sharing
- 5G Mobile Services
- 5G Use Case Monitoring

SERVICE PROVIDER TO LOCAL ENTREPRENEURS



AGENCIES



IN COLLABORATION WITH THE GOVERNMENT



2020 Guidance

| Guidance | 2020 |
|-------------------------------|---------------------------------|
| Revenue Growth (%) | Low to mid single digit decline |
| EBIT (RM bn) | More than RM1.0bn |
| Capex Guidance (% of Revenue) | Low to mid 20s |

Key Takeaways

1 We expect the industry to continue to adjust to new market dynamics and declining revenue from traditional segments

2 TM is forging ahead as the National Telecommunications Infrastructure Provider for 5G and enabler of NFCP

3 Moving forward, TM will focus on 4 strategic pillars:



Customer Excellence



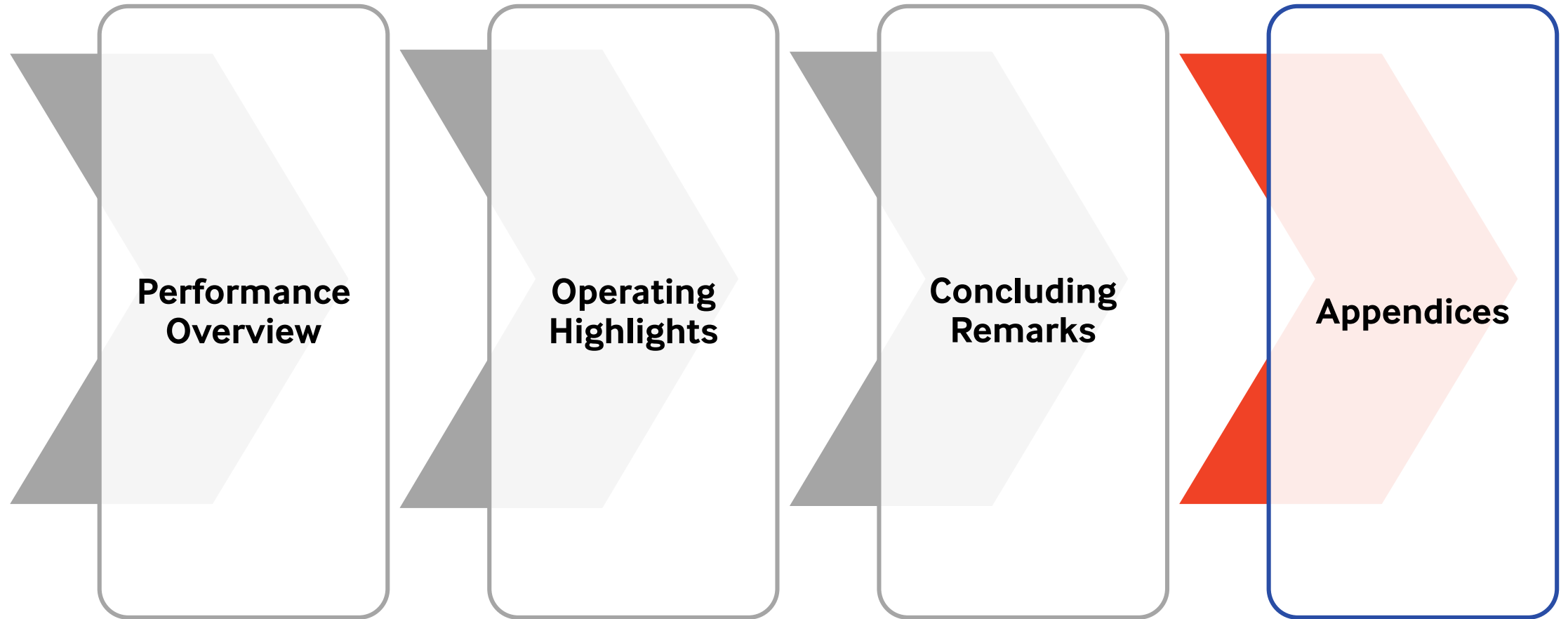
Revenue Generation



Manpower Optimisation



Superior Network



Cost%Revenue



| Revenue (RM mn) | 4Q19 | 3Q19 | 4Q18 | FY19 | FY18 | Comments FY19 v FY18 |
|---------------------------------|-------|-------|-------|--------|--------|--|
| | 3,034 | 2,852 | 3,089 | 11,434 | 11,819 | |
| Direct Costs % | 29.2% | 27.5% | 33.1% | 27.4% | 30.9% | Lower international outpayment, domestic roaming and content |
| RM mn | 887 | 783 | 1,023 | 3,130 | 3,653 | |
| Manpower % | 22.6% | 23.7% | 16.9% | 22.9% | 19.6% | Higher staff benefits |
| RM mn | 685 | 677 | 522 | 2,616 | 2,316 | |
| Materials % | 1.5% | 1.3% | 1.4% | 1.2% | 1.7% | Lower CPE equipment and cables |
| RM mn | 46 | 37 | 43 | 137 | 197 | |
| Other OPEX % | 15.7% | 14.0% | 20.0% | 14.6% | 19.6% | Lower maintenance and A&P |
| RM mn | 477 | 399 | 617 | 1,664 | 2,316 | |
| Dep & Amortisation % | 20.4% | 20.3% | 20.2% | 20.4% | 20.1% | Lower asset write-off |
| RM mn | 619 | 578 | 624 | 2,331 | 2,370 | |
| Impairment % | 0.2% | -0.3% | 1.3% | 1.1% | 8.8% | |
| RM mn | 5 | -6 | 39 | 123 | 1,035 | |
| Total Cost (RM mn) | 2,719 | 2,468 | 2,869 | 10,001 | 11,887 | |
| Total (%) | 89.6% | 86.5% | 92.9% | 87.5% | 100.6% | |

Statement of Financial Position

| RM mn | As At 31 Dec 2019 | As At 31 Dec 2018 |
|---|----------------------|----------------------|
| Shareholders' Funds | 7,353.3 | 7,525.2 |
| Non-Controlling Interests | (800.2) | (509.7) |
| Deferred & Long Term Liabilities | 12,570.2 | 11,490.9 |
| <i>Long Term Borrowings</i> | 7,698.8 | 8,337.2 |
| <i>Lease Liabilities</i> | 1,619.1 | - |
| <i>Deferred Tax</i> | 1,424.1 | 1,661.3 |
| <i>Deferred Income</i> | 1,744.1 | 1,470.9 |
| <i>Others</i> | 84.1 | 21.5 |
| | 19,123.3 | 18,506.4 |
| Current Assets | 8,591.4 | 6,402.8 |
| <i>Trade and Other Receivables</i> | 2,434.5 | 2,405.2 |
| <i>Cash & Bank Balances</i> | 4,918.4 | 2,826.3 |
| <i>Inventories</i> | 102.0 | 134.6 |
| <i>Others</i> | 1,136.5 | 1,036.7 |
| Current Liabilities | 6,476.4 | 5,198.1 |
| <i>Trade and Other Payables</i> | 3,604.4 | 3,610.3 |
| <i>Short Term Borrowings</i> | 1,034.3 | 234.1 |
| <i>Lease Liabilities</i> | 295.8 | - |
| <i>Others</i> | 1,541.9 | 1,353.7 |
| Net Current Assets/(Liabilities) | 2,115.0 | 1,204.7 |
| Non-Current Assets | 17,008.3 | 17,301.7 |
| <i>Property Plant & Equipment</i> | 14,259.5 | 15,263.3 |
| <i>Other Non-Current Assets</i> | 2,748.8 | 2,038.4 |
| | 19,123.3 | 18,506.4 |

Thank you

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