

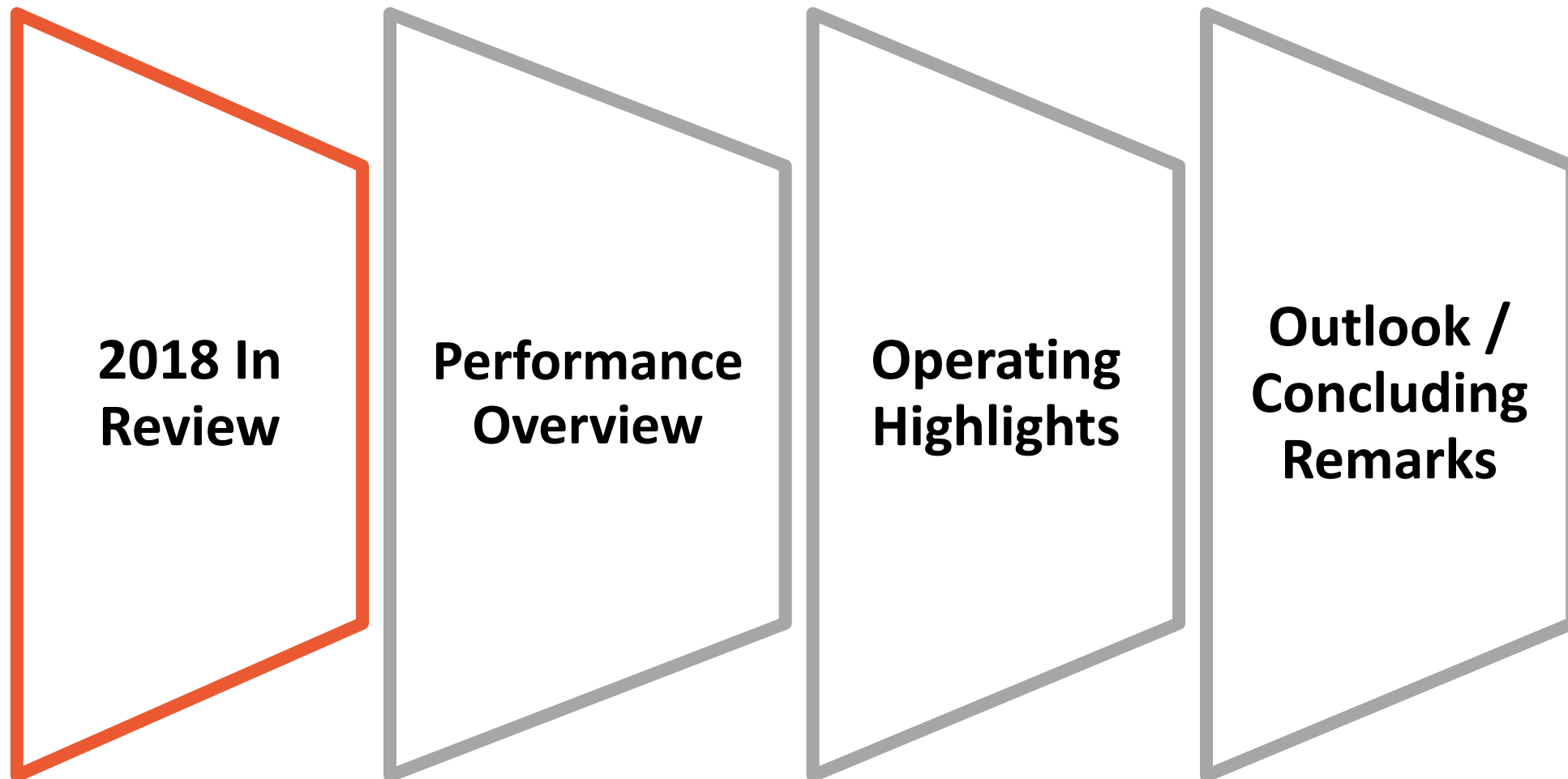
FY 2018 RESULTS

Analyst Briefing

26 February 2019

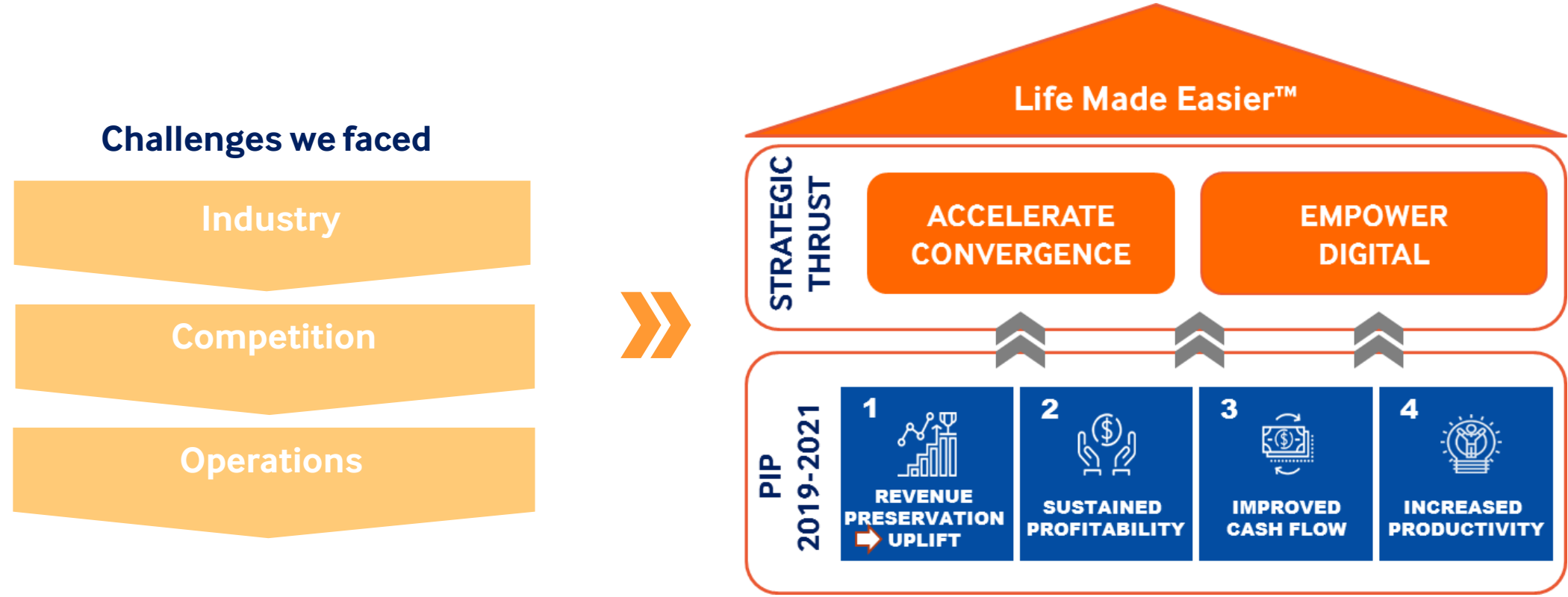
Life
Made
Easier™

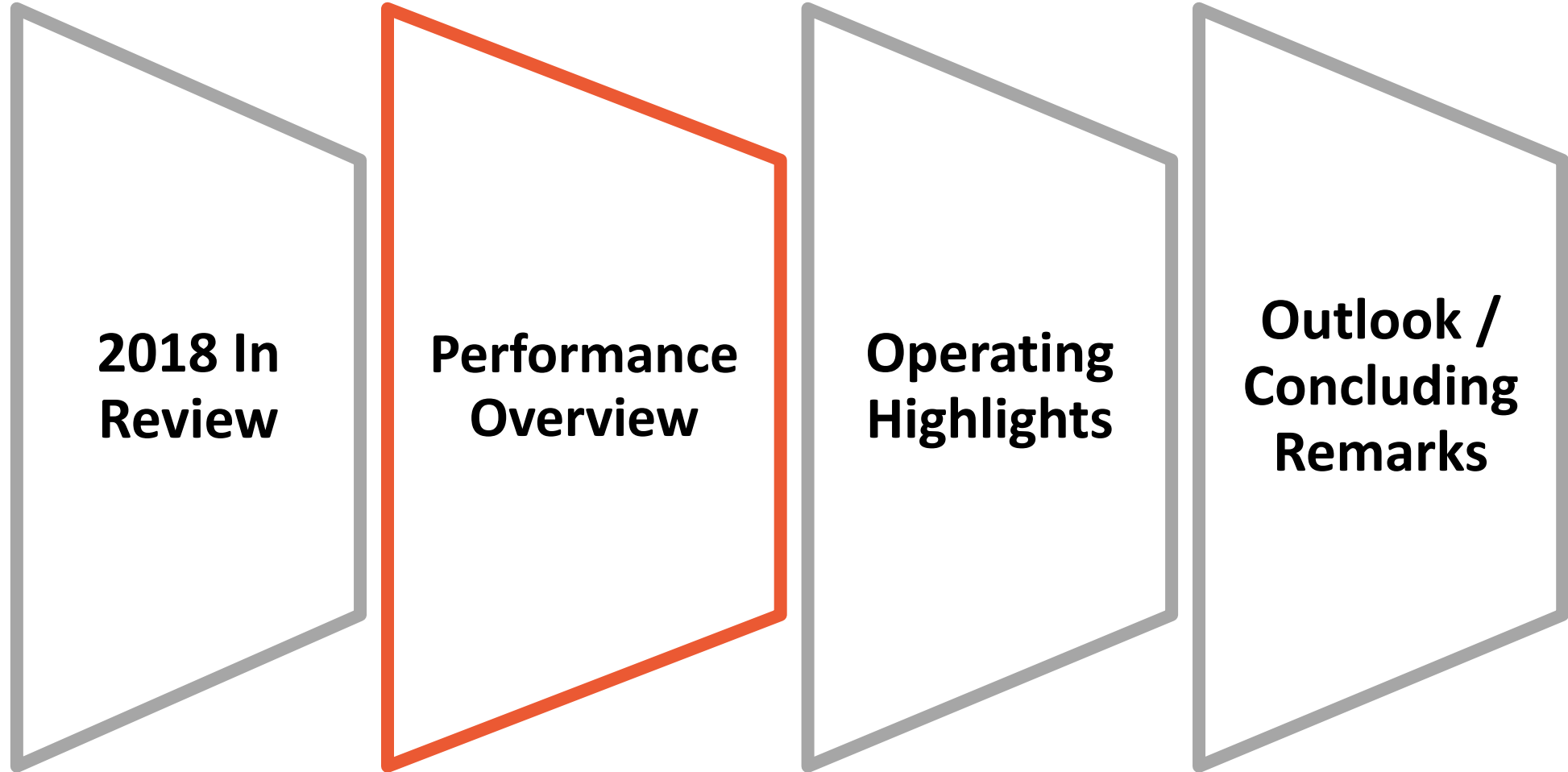




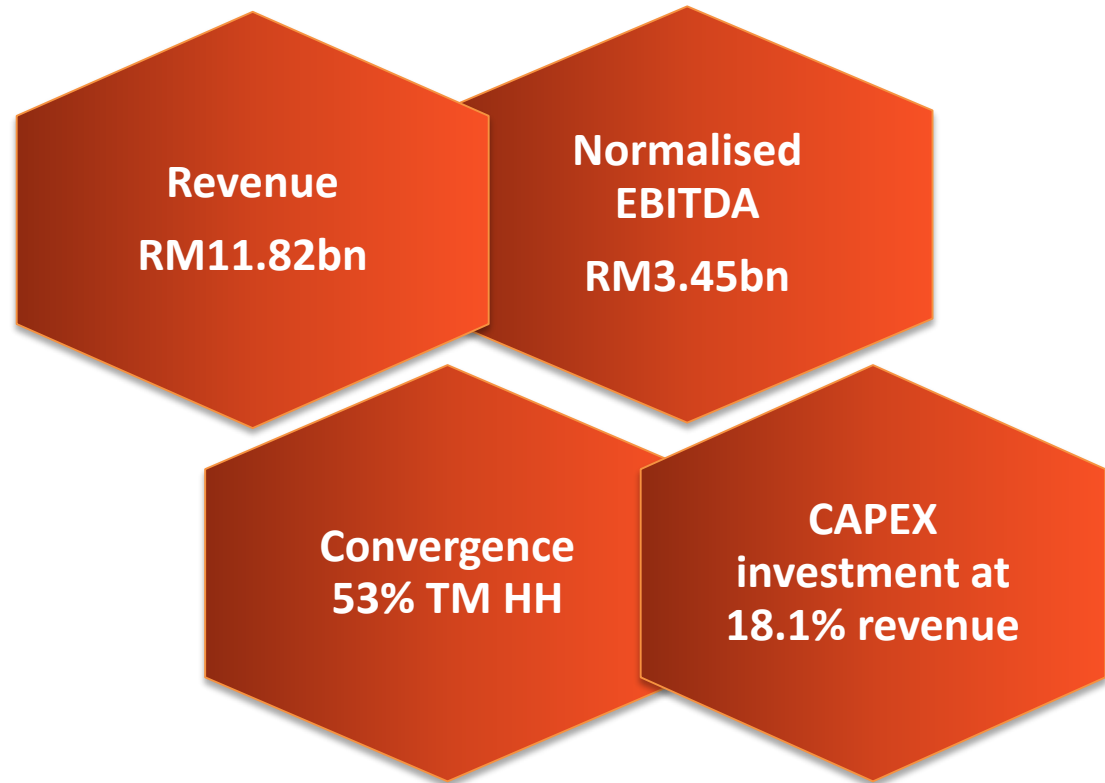
2018 in review:

TM Strategy and focus on *Accelerate Convergence* & *Empower Digital* remained, though we faced unprecedented challenges that impacted our performance





FY 2018 Highlights



- **Moving up the value chain: increased Convergence penetration**
- **Challenges on broadband and wholesale pricing impacted revenue**
- **Impairment of network assets impacted earnings**
- **Capex lower than guidance**
- **Interim dividend of 2.0 sen per share or RM75mn**

Group Results FY 2018

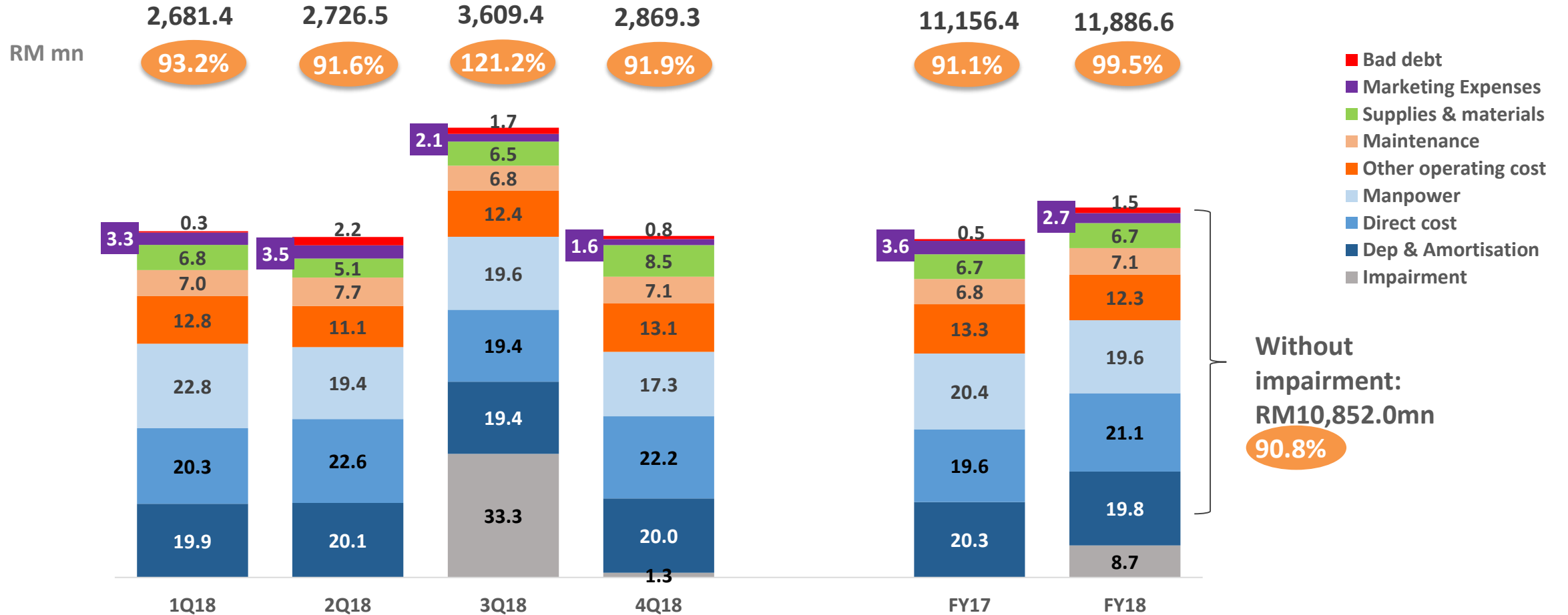


RM mn	Reported							
	4Q18	3Q18	Change QoQ	4Q17	Change YoY	FY18	FY17	Change YTD
Revenue	3,088.9	2,946.0	+4.9%	3,199.9	-3.5%	11,819.3	12,085.1	-2.2%
Other Operating Income	32.3	31.6	+2.2%	25.6	+26.2%	131.9	164.0	-19.6%
EBITDA	915.4	941.4	-2.8%	893.5	+2.5%	3,469.4	3,576.4	-3.0%
Normalised EBITDA	919.2	930.9	-1.3%	922.3	-0.3%	3,451.2	3,671.1	-6.0%
Depn & Amort.	663.5	1,573.2	-57.8%	623.2	+6.5%	3,404.8	2,483.7	+37.1%
<i>Impairment</i>	39.2	995.4	-96.1%	0.2	+>100.0%	1,034.6	-	+>100.0%
EBIT / (LBIT)	251.9	(631.8)	+>100.0%	270.3	-6.8%	64.6	1,092.7	-94.1%
Normalised EBIT	322.2	315.6	+2.1%	299.1	+7.7%	1,070.8	1,187.4	-9.8%
Other Gains / (Losses)	0.8	312.0	-99.7%	14.0	-94.3%	310.9	8.5	+>100.0%
Net Finance Cost*	113.1	80.0	+41.4%	56.8	+99.1%	347.8	255.3	+36.2%
FX Gain / (Loss)	2.3	(37.3)	+>100.0%	74.8	-96.9%	(31.3)	174.5	->100.0%
Profit / (Loss) Before Tax	146.4	(431.6)	+>100.0%	307.6	-52.4%	17.4	1,048.0	-98.3%
PATAMI	69.7	(175.6)	+>100.0%	277.0	-74.8%	153.2	929.7	-83.5%
Normalised PATAMI	104.9	266.4	-60.6%	222.0	-53.8%	632.4	863.2	-26.7%

*Excludes FX Gain/(Loss)

Cost % Revenue¹

By excluding impairment, FY18 opex stood at 90.8%



Without impairment:
RM10,852.0mn
90.8%

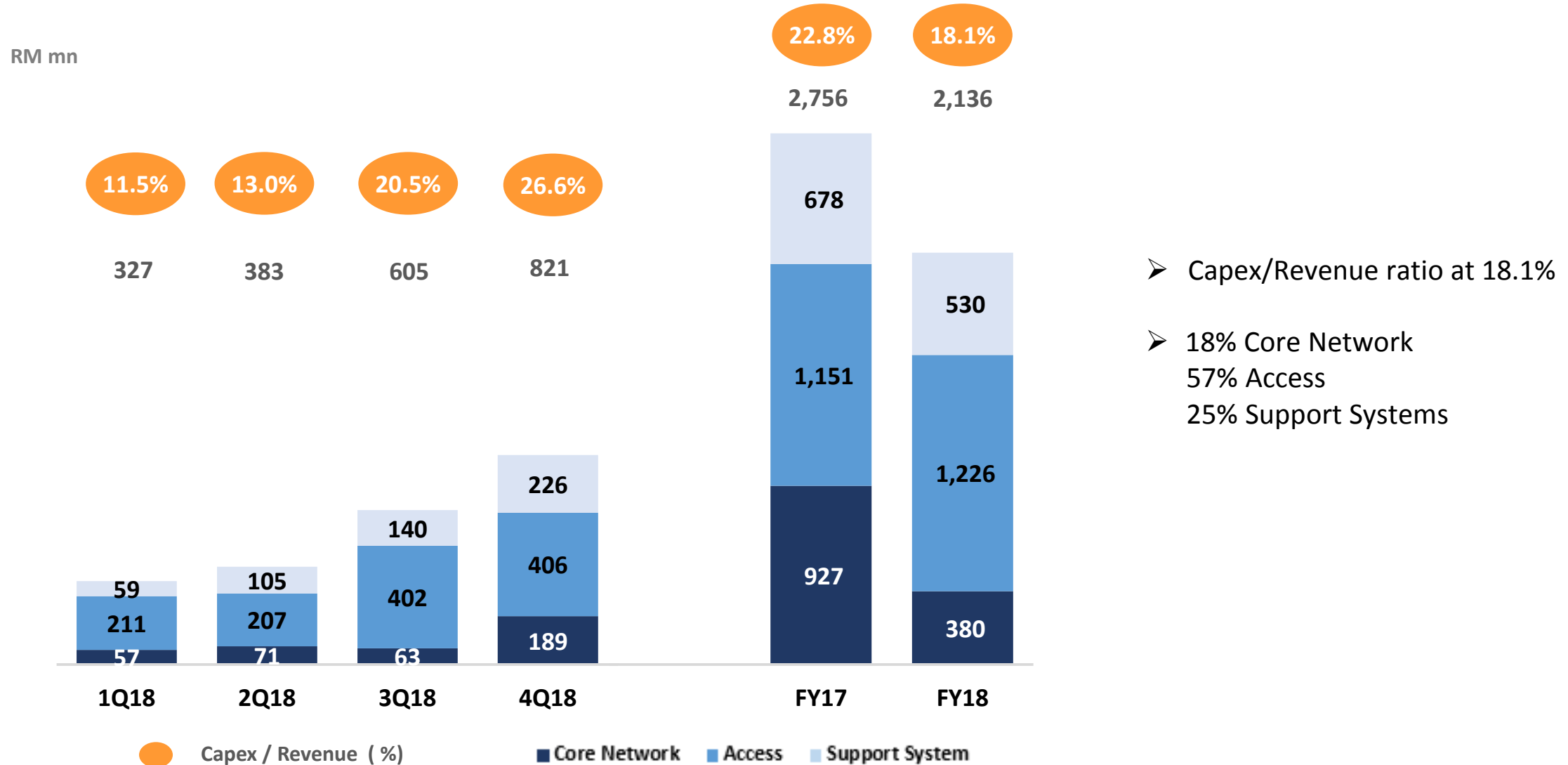
Total Cost / Revenue (%)

¹ Revenue = Operating Revenue + Other Operating Income

Note: The classification of cost is as per financial reporting

Group Capital Expenditure

Capex spent was lower than guidance at 18.1%



Group Cash Flow

Cash flow remains stable

RM mn	FY18	FY17
Cash & cash equivalent at start	1,719.0	2,925.2
Cash flows from operating activities	2,585.1	2,417.6
Cash flows used in investing activities	(1,476.9)	(2,783.2)
Capex	2,135.7	2,755.8
Cash flows used in financing activities	(82.1)	(802.8)
Effect of exchange rate changes	11.4	(37.8)
Cash & cash equivalent at end	2,756.5	1,719.0
Free cash-flow (EBITDA – Capex)	1,333.7	820.6

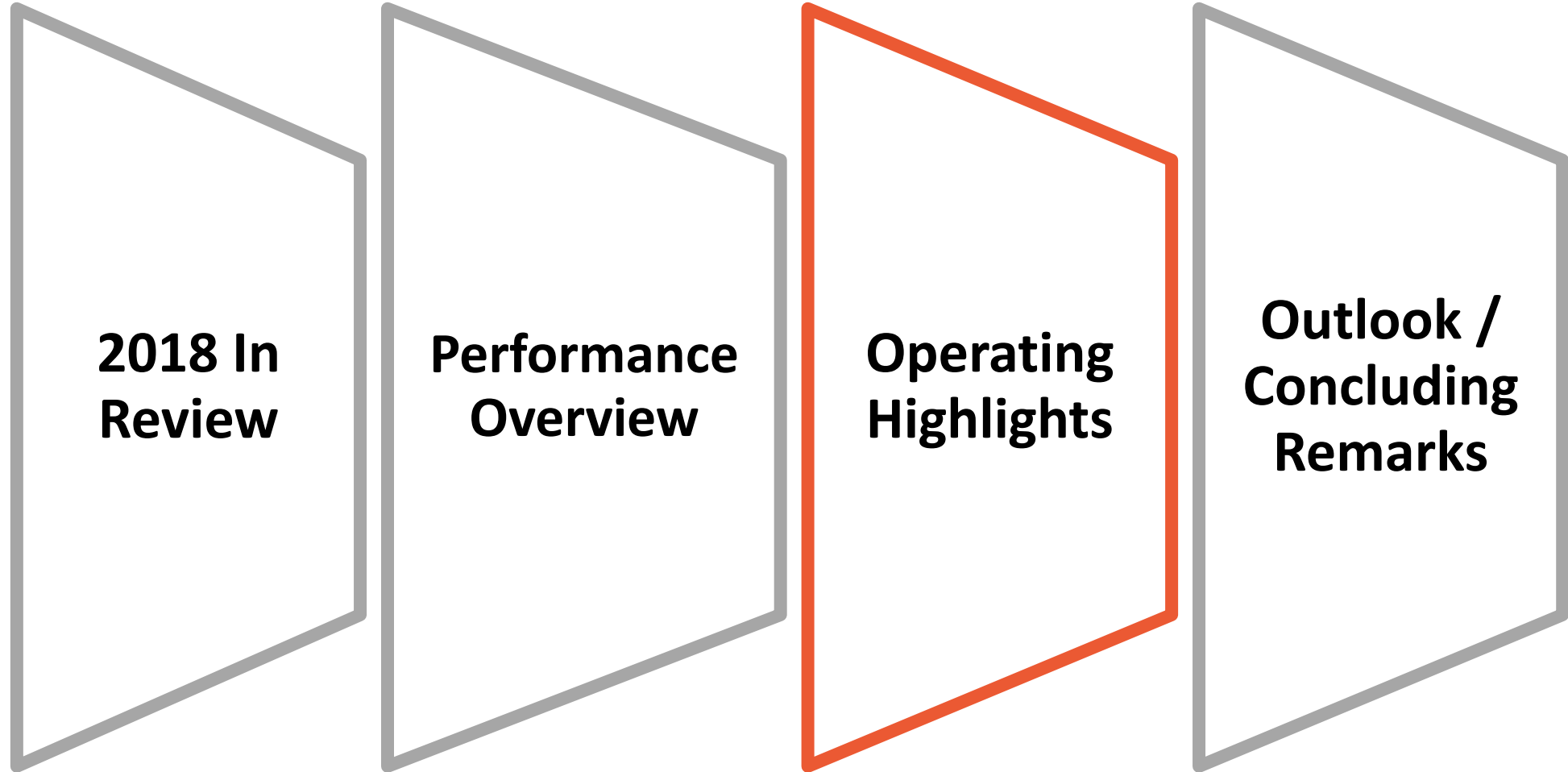
2nd interim cash dividend of 12.1 sen per share amounting to RM454.7 million in respect of financial year ended 31 December 2017 was paid on 13 April 2018.

	FY18	FY17
Return on Invested Capital ¹	5.32%	5.80%
Return on Equity ²	8.23%	11.11%
Return on Assets ¹	4.42%	4.77%
Current Ratio ³	1.23	0.98
WACC	7.67%	6.61%

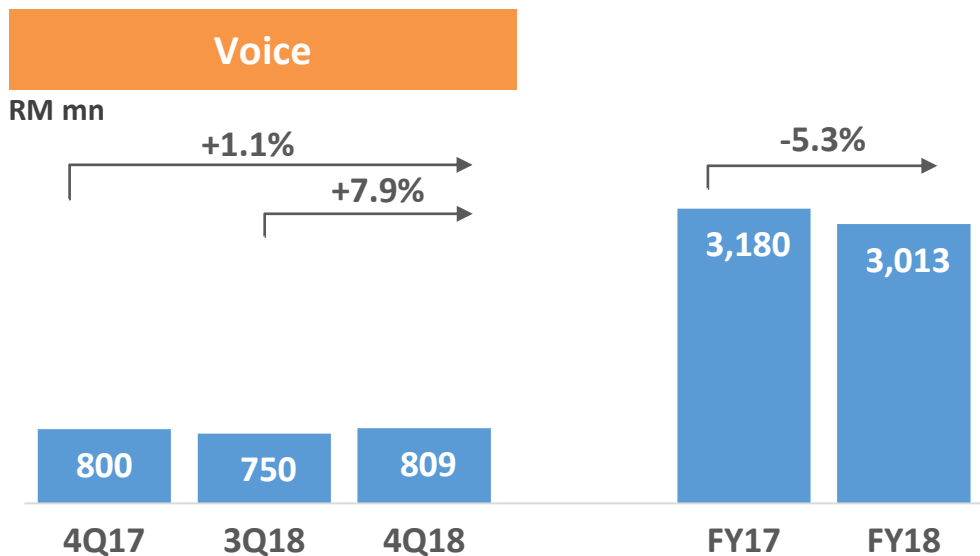
	FY18	FY17
Gross Debt to EBITDA	2.41	2.31
Net Debt/EBITDA	1.75	1.66
Gross Debt/Equity	1.14	1.04
Net Debt/Equity	0.76	0.82
Net Assets/Share (sen)	200.25	208.7

¹ Based on Normalised EBIT

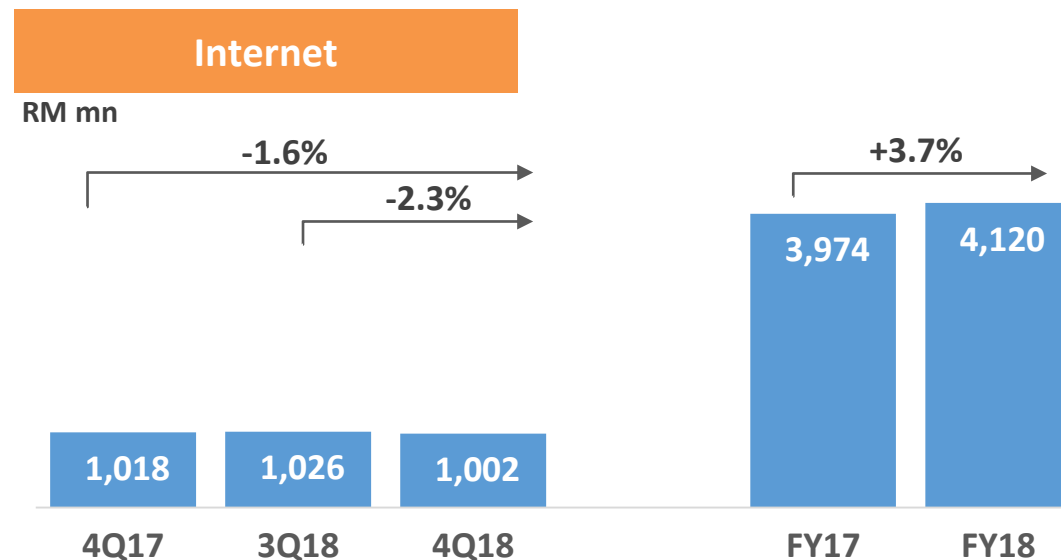
² Based on Normalised PATAMI



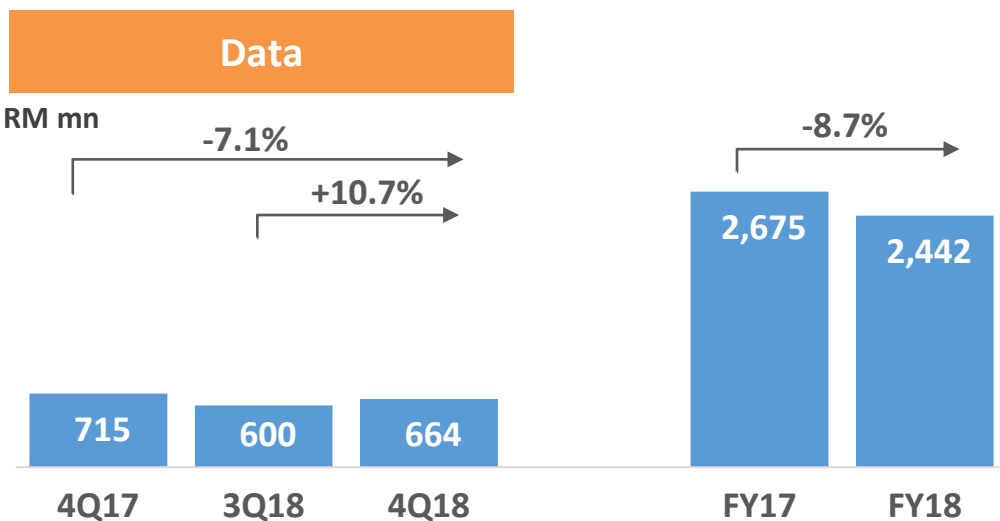
Group Total Revenue by Product



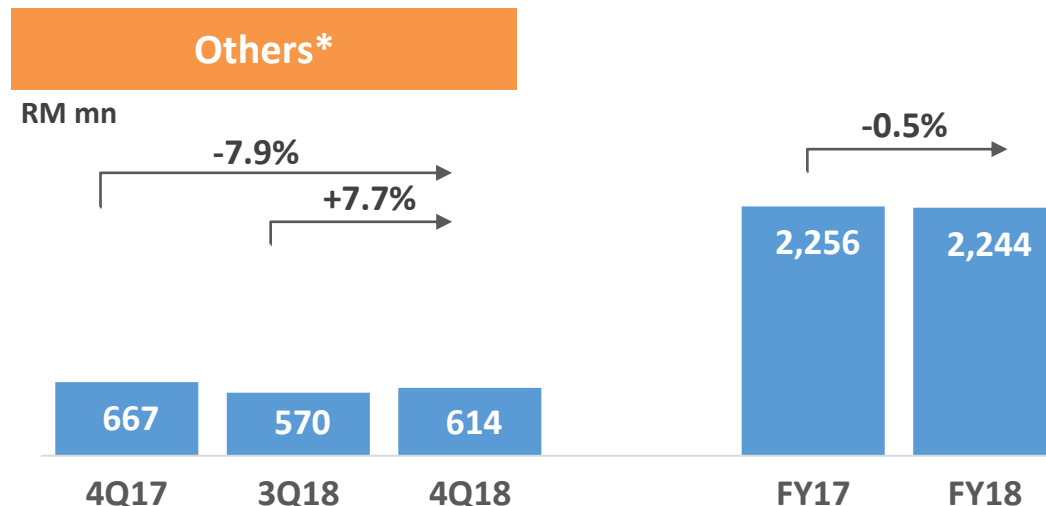
➤ YTD: Lower traffic minutes in line with lower customer base



➤ YTD: Higher unifi customer base and higher buys in unifi TV content



➤ YTD: Lower data and leased services at TM GLOBAL due to MSAP



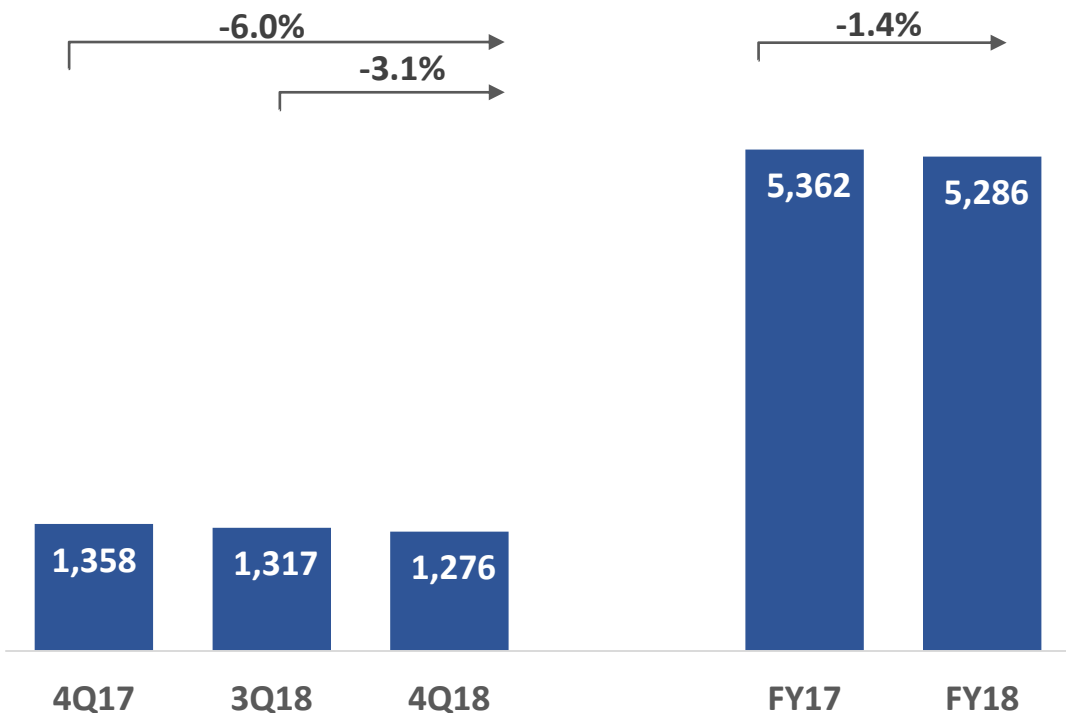
➤ YTD: Lower share of GDV from property development and lower tuition fees

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

Revenue by Customer Clusters

unifi

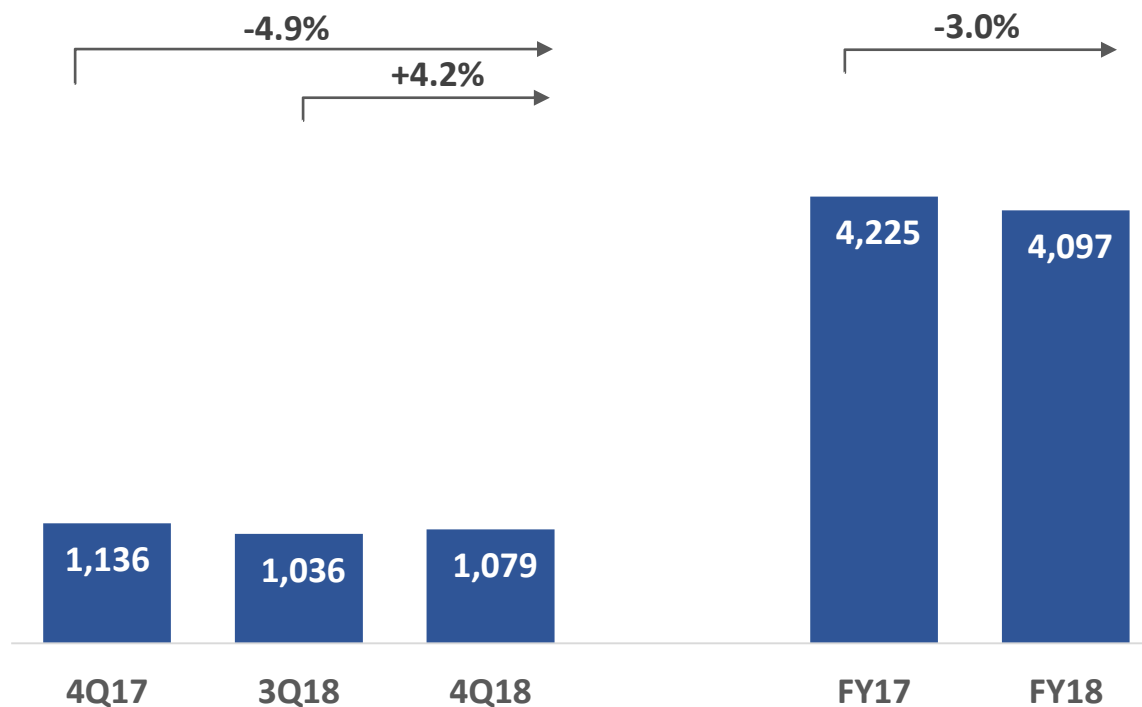
RM mn



- YTD: Higher unifi TV and unifi, offset by the decline in Streamyx

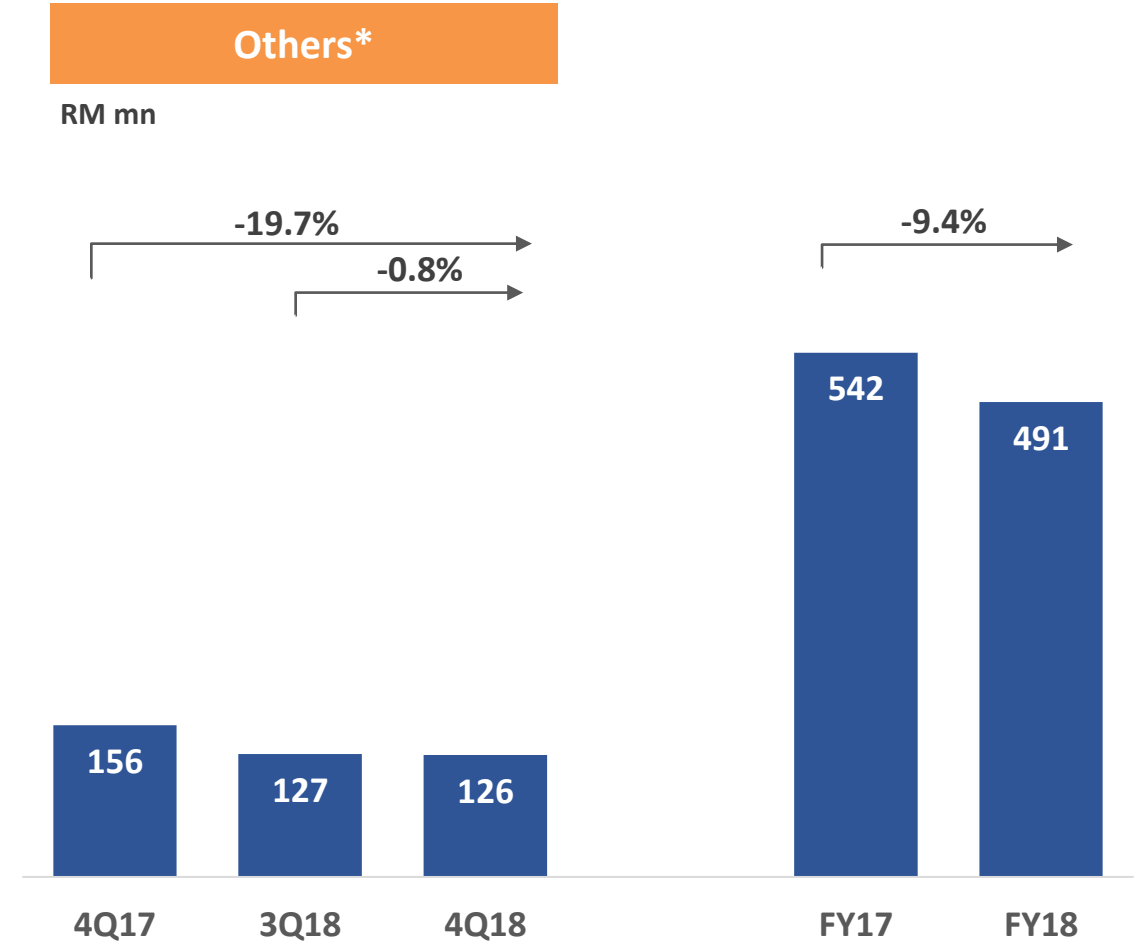
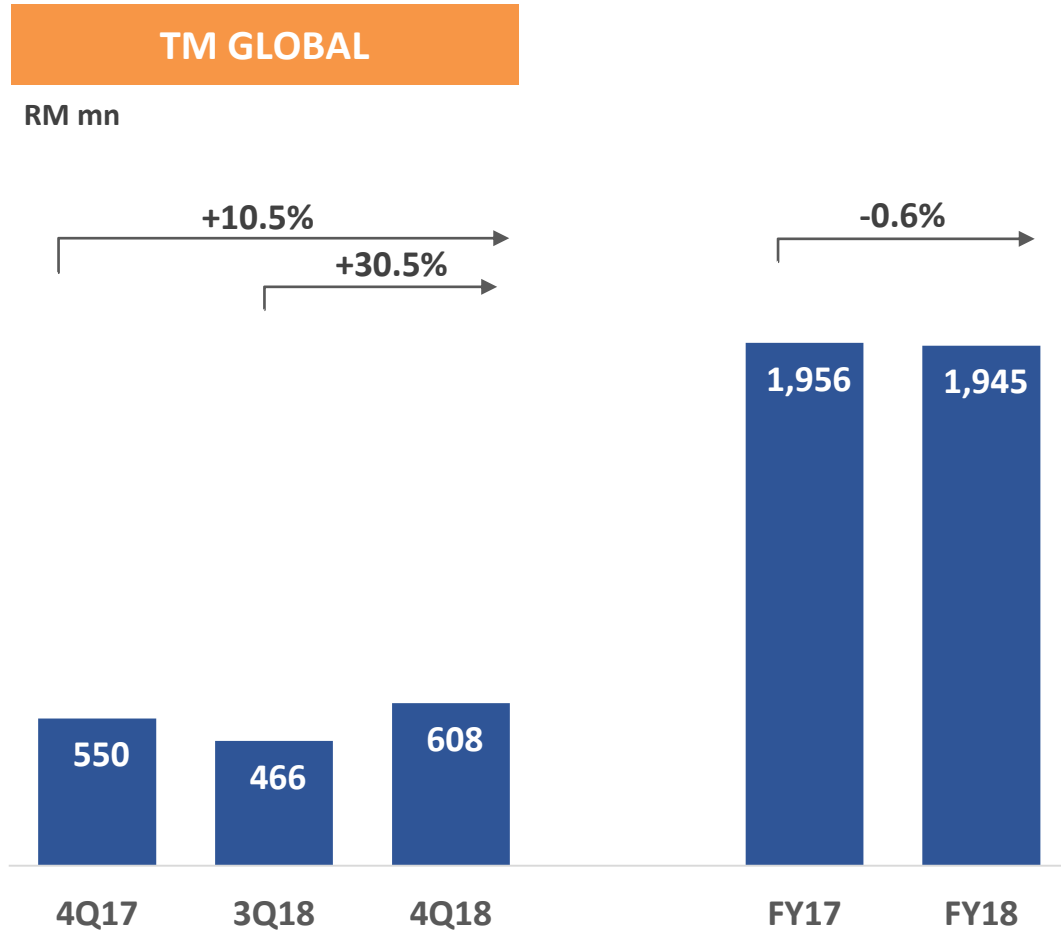
TM ONE

RM mn



- YTD: Lower USP revenue recognised and lower voice revenue

Revenue by Customer Clusters

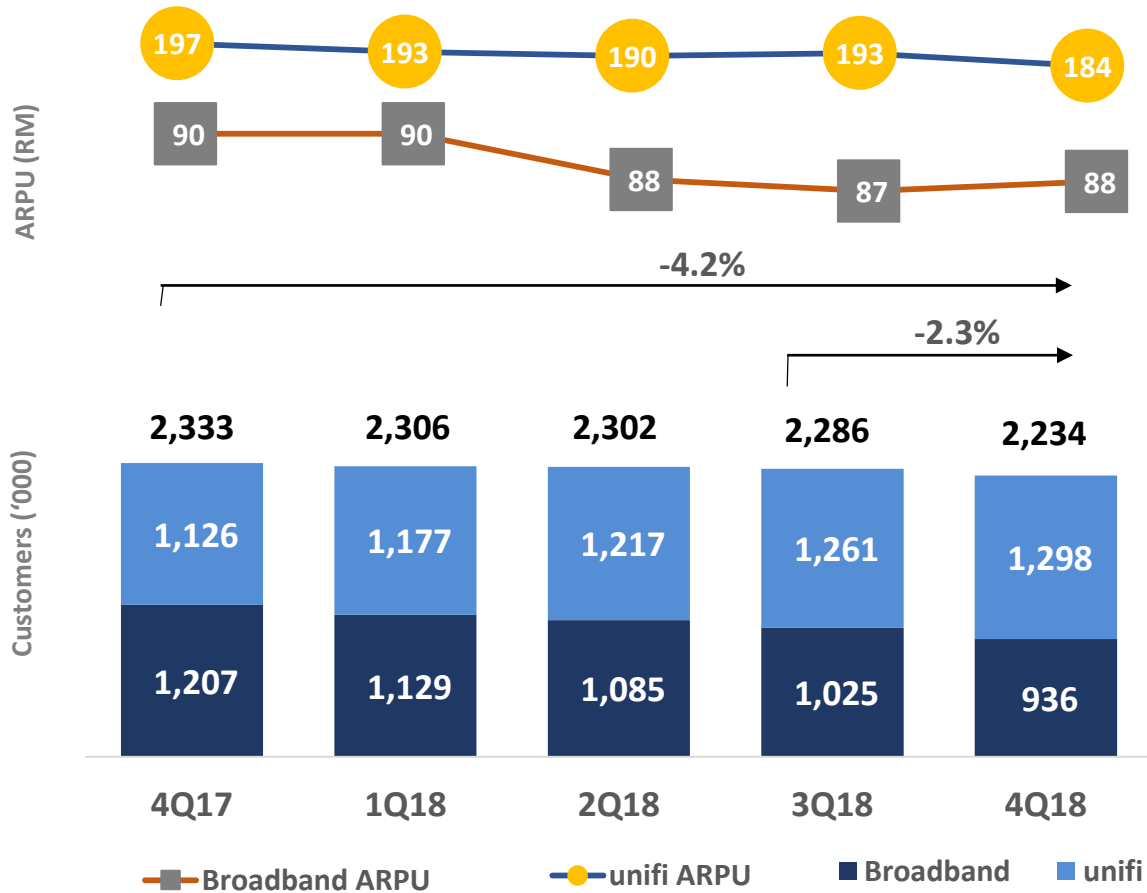


➤ YTD: Lower data and leased services due to MSAP impact

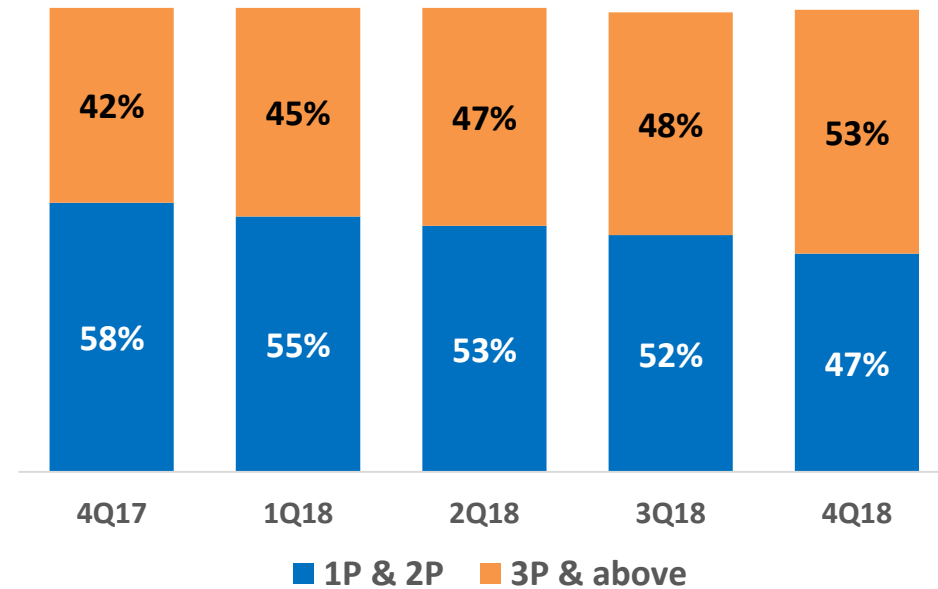
➤ YTD: Lower share of GDV revenue recognition and lower tuition fees

Unifi Operating Metrics

Total Fixed Broadband Performance

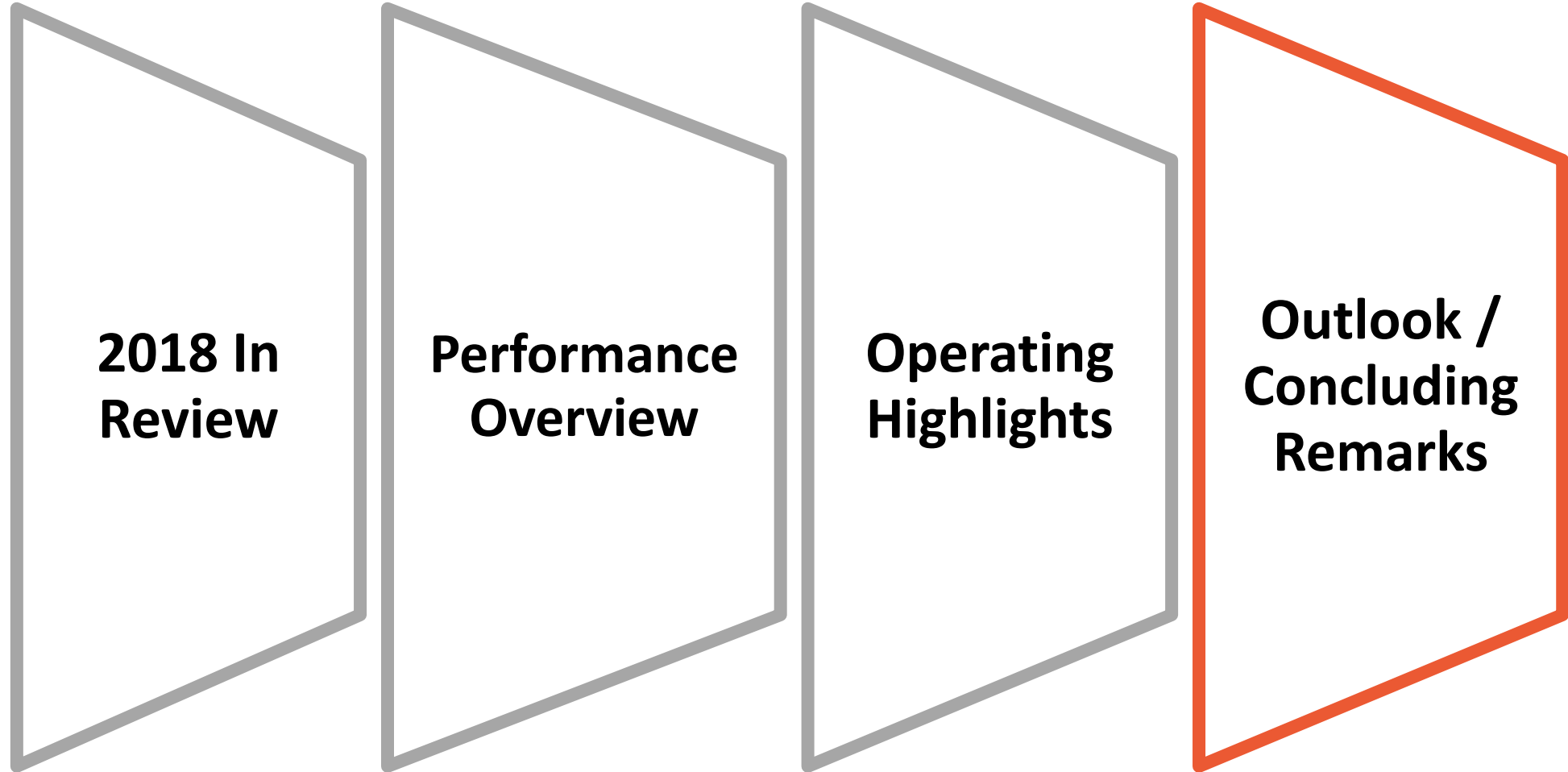


Convergence HH Penetration



➤ unifi customer base continues to grow

➤ Increasing convergence / TM households now at 53%



TM has continuously evolved on the road towards building a digital nation

2011

Broadband Champion

- High speed broadband



2016

Convergence Champion

- Fixed and mobile
- Beyond connectivity



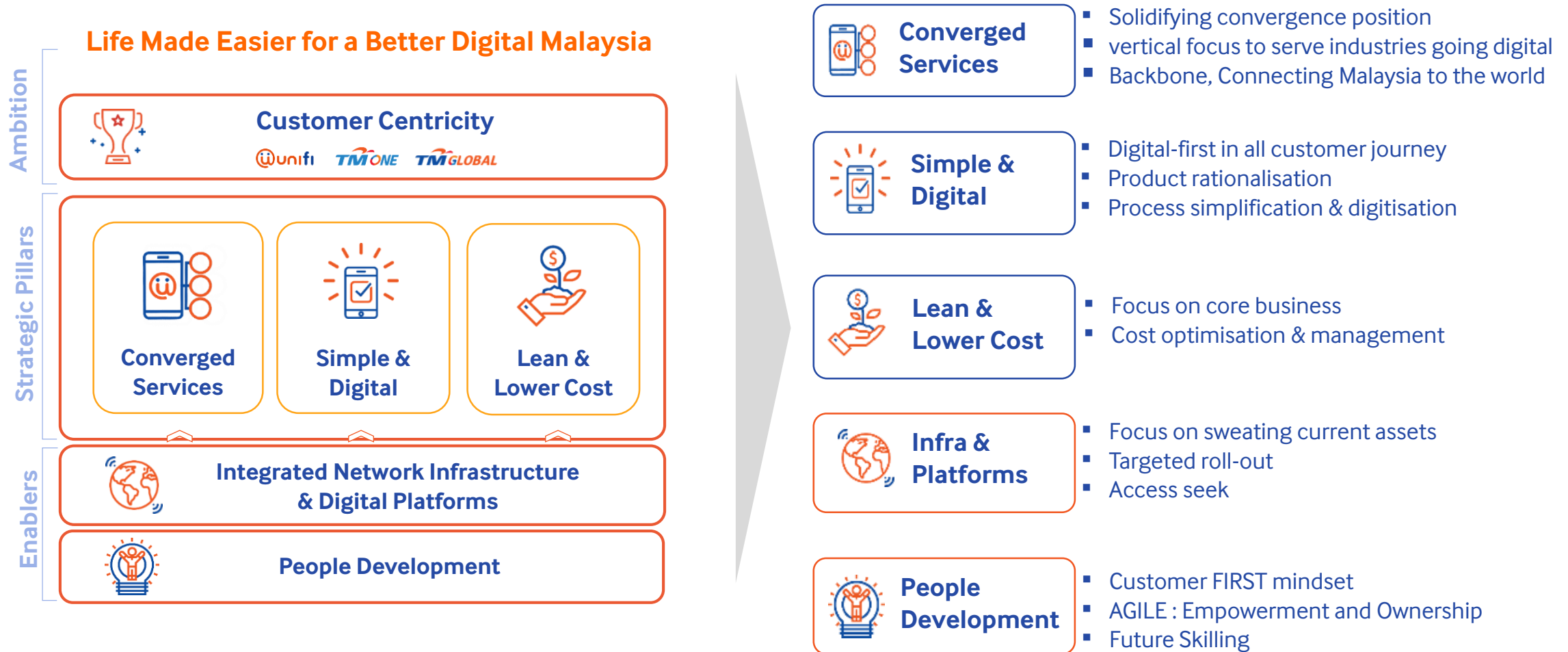
2019

Building A Digital Nation

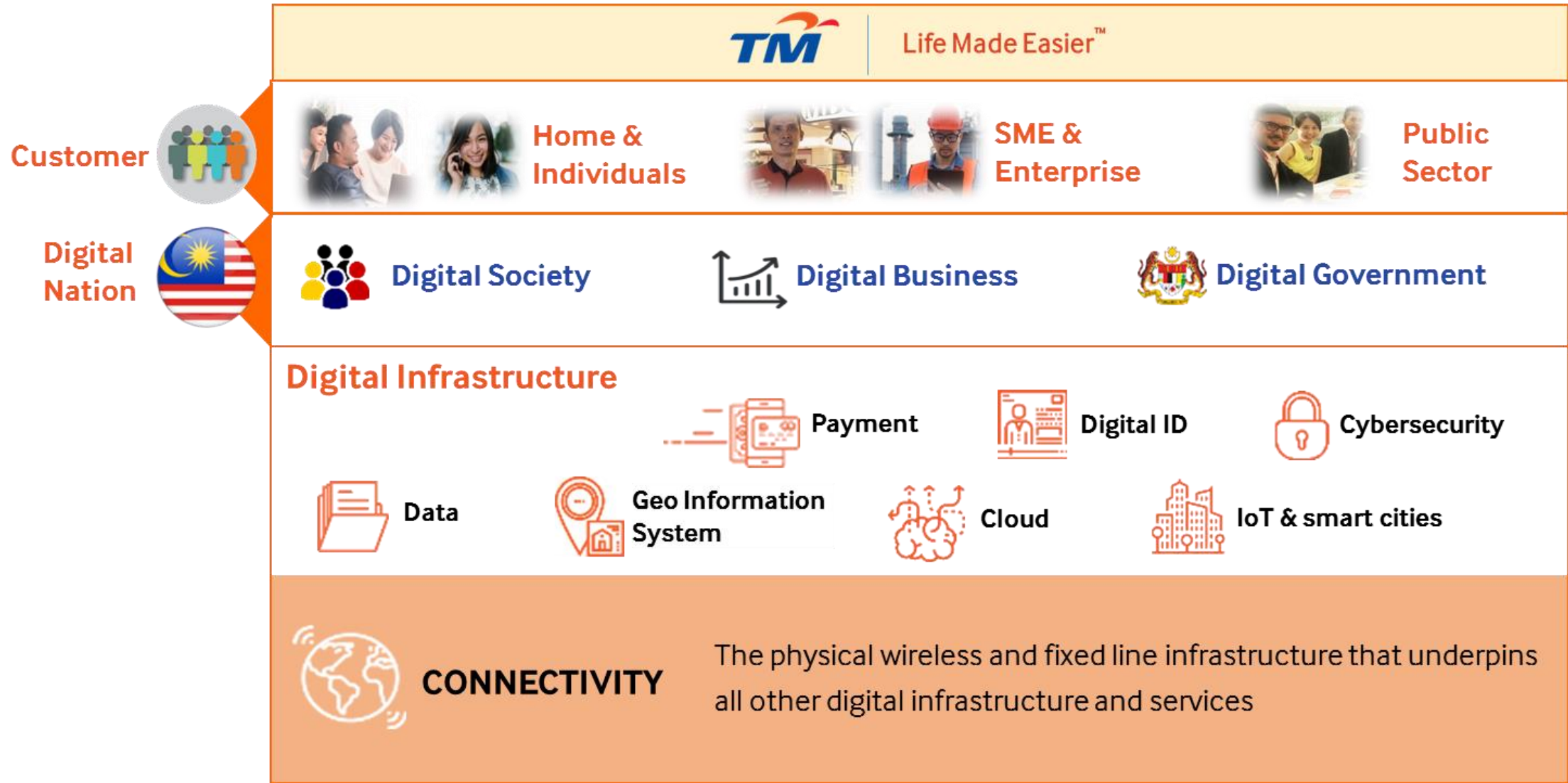
- Connectivity (Fixed and mobile) and Digital infrastructure
 - Digital society, business and government



TM Strategy and focus on Accelerate **Convergence & Empower Digital** remains, now strengthened to transform into 'New TM' that reinforces **Customer Centricity**



TM as a key partner and enabler of Malaysia's Digital Nation aspirations through Connectivity and Digital Infrastructure



2019 Guidance

Guidance	2019
Revenue (Growth)	Low to mid single digit decline
EBIT (RM Bn)	Higher than 2018 level
Customer Satisfaction Measure (TRiM index)	74

**Customer Satisfaction will be measured using TRI*M index measuring end to end customer experience on products and all touch points. TRI*M (Measuring, Managing and Monitoring) is a standardised indicator system. It analyses, measures and portrays stakeholder relationships on the basis of standardised indicators. The TRI*M Index is an indicator of the status quo of a particular relationship. The index is made up of four points of view on the stakeholder relationship, e.g. for customer loyalty: overall ratings, recommendation, repeat purchasing of product/services, and a company's competitive advantage. The information is based on surveys/interviews on a sample customer base.*

Key Takeaways

2018 IN REVIEW

- ✓ We took a hit in 2018 . The changing landscape has resulted in the need to transform
- ✓ Revenue declined to RM11.82 bn but PIP program brought Normalised EBIT of RM1.07 bn to within guideline, with Normalised PATAMI at RM632.4 mn
- ✓ CAPEX at 18.1% of revenue was lower than guidance of 19-20% of revenue
- ✓ Declares interim cash dividend of 2.0 sen per share or RM75 million

2019 PLANS & GUIDANCE

- ✓ TM Strategy of Accelerate Convergence & Empower Digital remains, now strengthened to transform into “New TM” that reinforces Customer Centricity leading towards Digital Malaysia
- ✓ unifi: Focus on bringing a convergence digital lifestyle to all Malaysians
- ✓ TM ONE: Focus on industry verticals enabling enterprises and public sector realise their full digital potential
- ✓ TM GLOBAL: Continue to be the industry backbone, connecting Malaysia to the world
- ✓ 2019 Guidance: Revenue between low to single digit decline, EBIT to be higher than 2018 level; Customer Satisfaction Measure of 74

Appendices

Cost % Revenue



	4Q18	3Q18	4Q17	FY18	FY17	Comments
Total Revenue* (RM mn)	3,121.2	2,977.6	3,225.5	11,915.2	12,249.1	
Direct Costs %	22.2	19.4	20.7	21.1	19.6	Higher International Outpayment and higher network related cost for mobile
RM mn	691.6	577.0	668.7	2,524.5	2,400.5	
Manpower %	17.3	19.6	18.0	19.6	20.4	Lower staff benefits
RM mn	540.4	584.1	579.2	2,343.4	2,497.4	
Supplies & Materials %	8.5	6.5	7.3	6.7	6.7	Lower cable & other materials' expenses
RM mn	265.3	192.2	236.3	805.1	815.4	
Bad & Doubtful Debts %	0.8	1.7	0.6	1.5	0.5	Higher impairment of trade receivables
RM mn	26.0	49.6	18.1	177.2	57.6	
Marketing Expenses %	1.6	2.1	3.7	2.7	3.6	Lower Dealer's Commission and lower A&P spent
RM mn	50.8	63.0	119.0	315.2	440.4	
Maintenance Cost %	7.1	6.8	7.4	7.1	6.8	Higher Engineering and Customer Project Cost
RM mn	223.0	201.5	238.0	854.3	832.9	
Other Operating Costs %	13.1	12.4	14.7	12.3	13.3	Lower FOREX loss and lower submarine cable charges
RM mn	408.7	368.8	472.7	1,462.1	1,628.5	
Depreciation & Amortisation %	20.0	19.4	19.3	19.8	20.3	Lower CAPEX spent
RM mn	624.3	577.8	623.3	2,370.2	2,483.7	
Impairment %	1.3	33.3	-	8.7	-	Provisions made for network assets
RM mn	39.2	995.4	0.2	1,034.6	-	
Total Cost (RM mn)	2,869.3	3,609.4	2,955.2	11,886.6	11,156.4	
Total (%)	91.9	121.2	91.6	99.5	91.1	

*Total Revenue = Operating Revenue + Other Operating Income
By normalising impairment impact, cost % revenue was at 90.8% for FY18

Statement of Financial Position

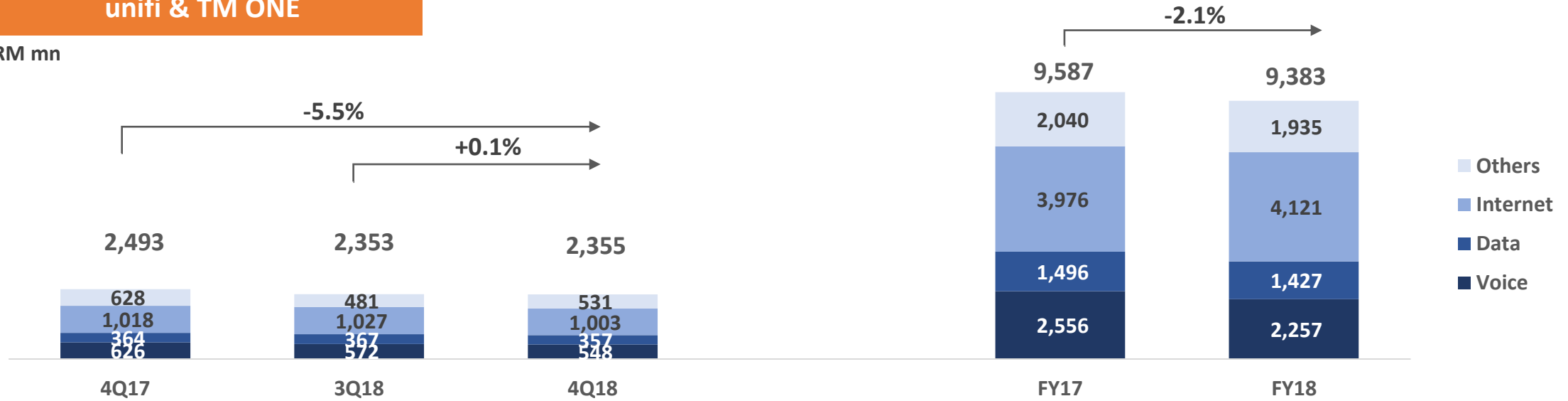


RM mn	As At FY 2018	As At FY 2017
Shareholders' Funds	7,525.2	7,843.5
Non-Controlling Interests	(509.7)	(76.7)
Deferred & Long Term Liabilities	11,490.9	10,712.2
<i>Long Term Borrowings</i>	<i>8,337.2</i>	<i>7,031.2</i>
<i>Derivative Financial Instruments</i>	<i>-</i>	<i>287.7</i>
<i>Deferred Tax</i>	<i>1,661.3</i>	<i>1,591.3</i>
<i>Deferred Income</i>	<i>1,470.9</i>	<i>1,796.5</i>
<i>Others</i>	<i>21.5</i>	<i>5.5</i>
	18,506.4	18,479.0
Current Assets	6,402.8	6,133.1
<i>Trade and Other Receivables</i>	<i>3,254.2</i>	<i>3,710.2</i>
<i>Cash & Bank Balances</i>	<i>2,826.3</i>	<i>1,719.8</i>
<i>Inventories</i>	<i>134.6</i>	<i>258.5</i>
<i>Others</i>	<i>187.7</i>	<i>444.6</i>
Current Liabilities	5,198.1	6,282.8
<i>Trade and Other Payables</i>	<i>4,518.2</i>	<i>3,934.2</i>
<i>Short Term Borrowings</i>	<i>234.1</i>	<i>1,119.0</i>
<i>Others</i>	<i>445.8</i>	<i>1,229.6</i>
Net Current Assets/(Liabilities)	1,204.7	(149.7)
Non-Current Assets	17,301.7	18,628.7
<i>Property Plant & Equipment</i>	<i>15,263.3</i>	<i>16,540.7</i>
<i>Other Non-Current Assets</i>	<i>2,038.4</i>	<i>2,088.0</i>
	18,506.4	18,479.0

Revenue by Customer Clusters

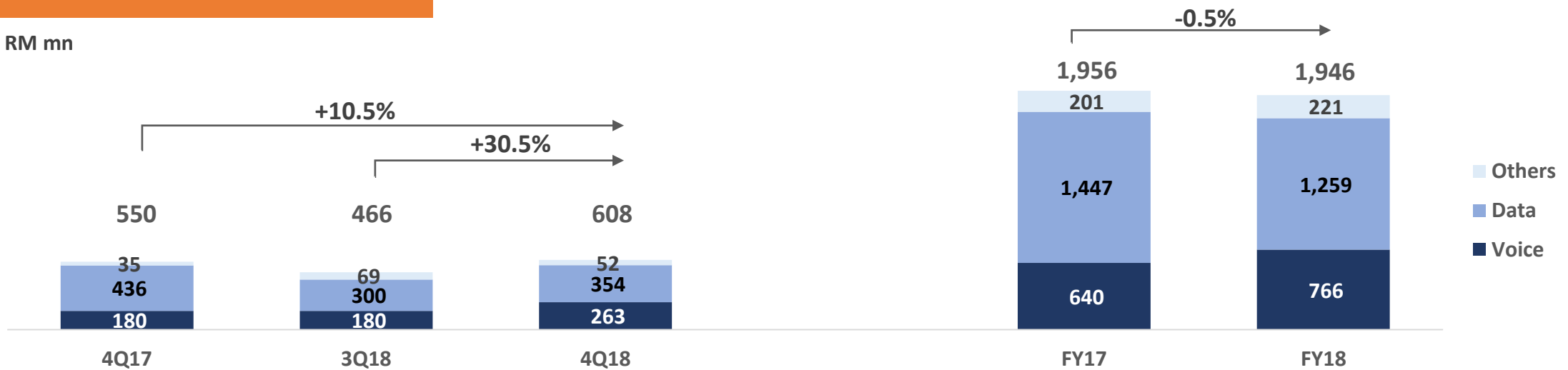
unifi & TM ONE

RM mn



TM GLOBAL

RM mn



Note: Total revenue is after inter-co elimination. Revenue by product is before inter-co elimination



> **2.5mil**  homes

Digital makes everything possible




53%  **Convergence**
household penetration


> **400,000**  **SMEs**


Empowering SMEs to go digital




Broadband progress, as at end Jan 2019

 > **911K**
unifi customers upgraded to 10x speed

 > **239K**
Streamyx customers in unifi areas upgraded to unifi

 > **181K**
Streamyx customers upgraded to 2x speed

 The above speed upgrades had contributed to Malaysia's **10 spots jump** to **26th fastest** country in the world for internet speed at average speeds of 62Mbps.



> 7,000

Enterprise customers



> 4,000

Public Sector customers



Experience Centre

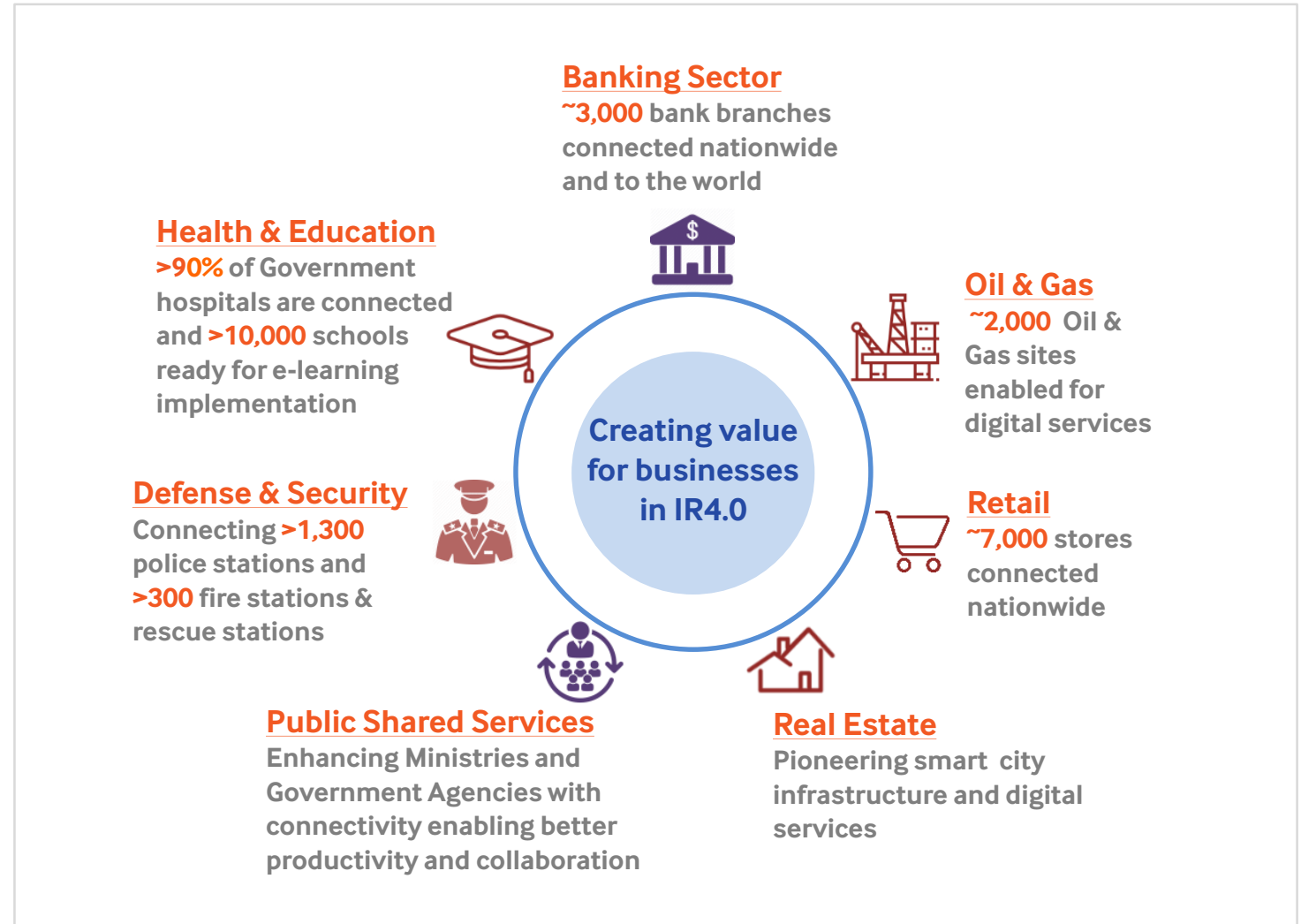
A 20,000-square feet with state-of-the-art technologies



Data Centres

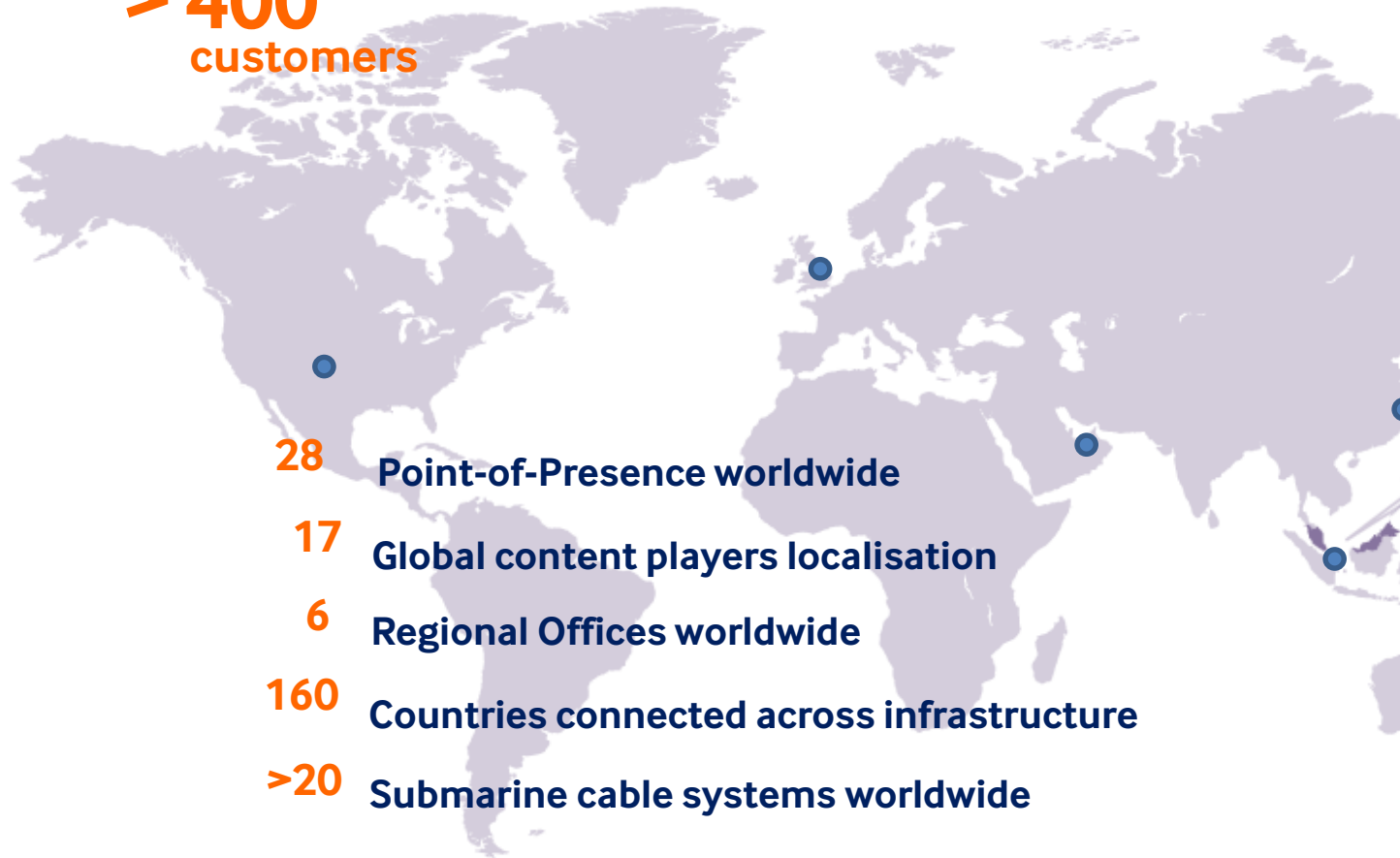
2 state-of-the-art **Tier III** certified twin core data centres to fulfil hosting, cloud & Smart services needs

Solidifying our strength in industry verticals



INTERNATIONAL : CONNECTING MALAYSIA TO THE WORLD

> 400
customers



- 28** Point-of-Presence worldwide
- 17** Global content players localisation
- 6** Regional Offices worldwide
- 160** Countries connected across infrastructure
- >20** Submarine cable systems worldwide

NATIONAL : INDUSTRY BACKBONE



> 100
customers

- 98%** Population coverage from fixed and wireless infrastructure
- >350,000km** Fibre Cables
- 3,800km** Submarine Cables connecting Peninsular & East Malaysia
- >5,000** LTE 4G mobile backhaul including Partners
- 14** LTE 4G common mobile infrastructure (Smart C-RAN) for industry sharing in Putrajaya

Thank you!

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