1Q 2018 Performance Guide

MAY 2018

TIME Q1 2018: HIGHLIGHTS

Retail Business

- Retail sales **grew 14% QoQ** and **76% YoY** in Q1 2018
- **Retail business** continues to be the **fastest growing customer group**

Enterprise Business

- Enterprise business **grew 5% QoQ** and **9% YoY** in Q1 2018

Wholesale Business

- **Non-IRU revenue** for wholesale business **grew 3% QoQ and 6% YoY**
- **No IRU revenue** from submarine cable systems recognised in Q1 2018
- **Recurring revenues** from **submarine cables grew 17% QoQ and >100% YoY**

Data Centre

- **Data Centre revenue** (excluding non-recurring contract revenue) in Q1 2018 grew **3% QoQ** and **10% YoY**

Dividend Paid

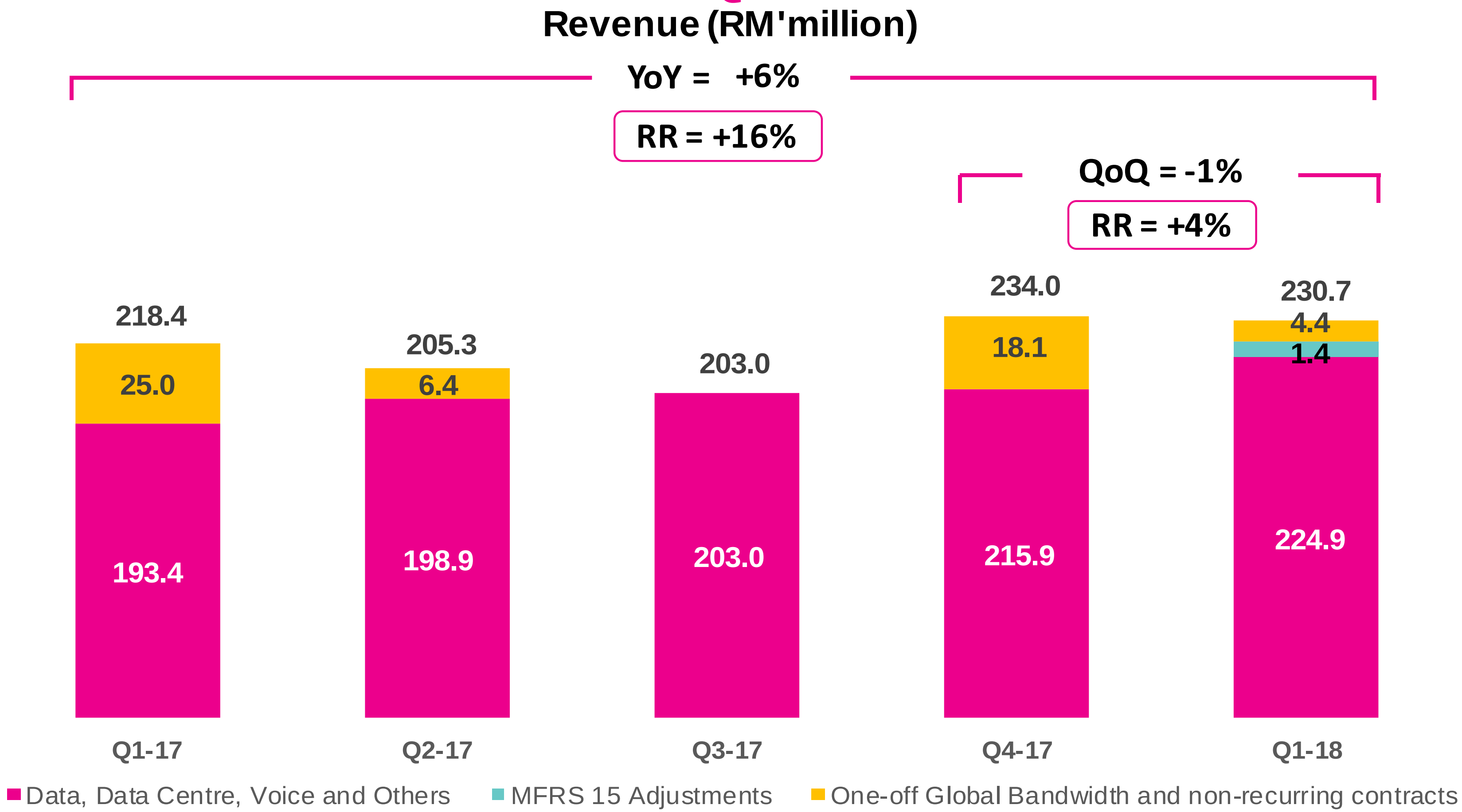
- Paid an interim ordinary and a special interim tax exempt (single tier) **dividend on 28 Mar 2018 of 5.30 sen and 11.90 sen** per ordinary share respectively in respect of the financial year ended 31 Dec 2017

Adoption of MFRS 15 (w.e.f 1 Jan 2018)

- Requires **revenue to be recognised** when (or as) a **performance obligation is satisfied**
- Adopted **cumulative effect retrospective approach** for transition where comparatives are not adjusted. **Cumulative impact from prior years** are **recognised in retained earnings as at 1 January 2018**
- **Impact of MFRS 15** implementation in Q1 2018 is a **net increase to Profit after Tax of RM6.9m** arising primarily from adjustments made to **capitalise subscriber acquisition costs** and **amortise it over the contract duration** as opposed to charging out such cost immediately when incurred done previously

Note: All analysis and comparisons to previous quarters have been done excluding the effects of MFRS 15 for better comparability

REVENUE TREND: BY QUARTER

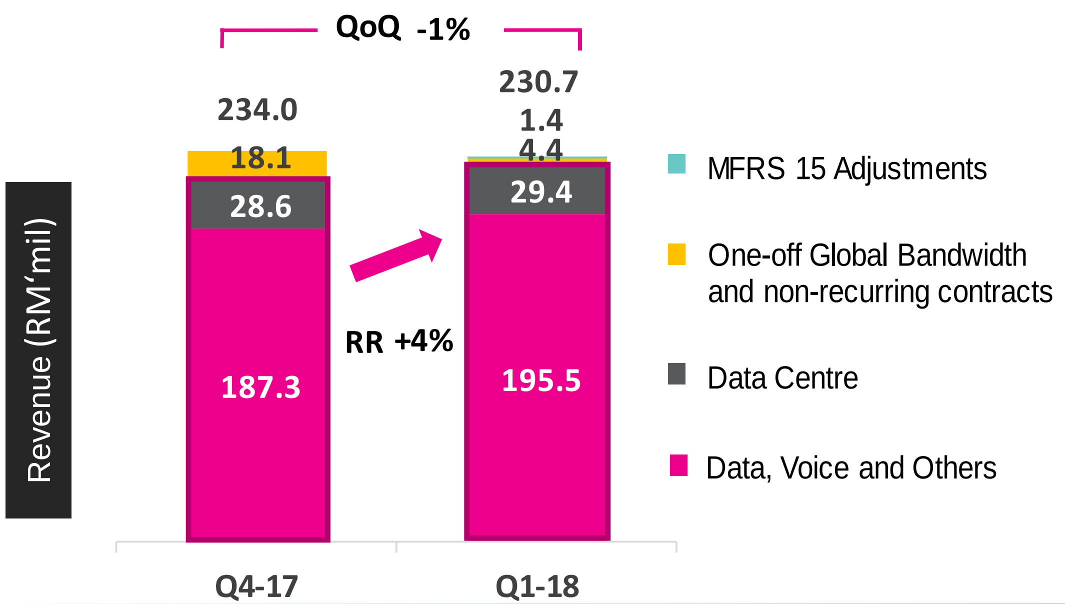


- Maintained momentum in **growth of recurring revenues** and **reduced reliance on one-off non-recurring contract revenues**.
- **Overall recurring revenues** (excluding one-off Global Bandwidth and non-recurring contracts revenues) from data, data centre, voice and other businesses **grew 4% QoQ** and **16% YoY**

RR: Recurring revenues

ANALYSIS: QUARTER-ON-QUARTER

RM'mil	Actual Pre-MFRS 15 Q4 2017	Actual Pre-MFRS 15 Q1 2018	QoQ Variance	MFRS Adjustment	Actual As reported under MFRS 15 Q1 2018
REVENUE	234.0	229.4	-2%	1.4	230.7
PROFIT BEFORE TAXATION (PBT)	57.3	59.1	+3%	6.9	66.0
Adjustments:					
Gain on disposal of PPE	(0.1)	-			-
PPE written off	0.4	-			-
Forex loss	3.5	3.5			3.5
Total	**3.9**	**3.5**			**3.5**
ADJUSTED PBT	61.1	62.6	+2%	6.9	69.5



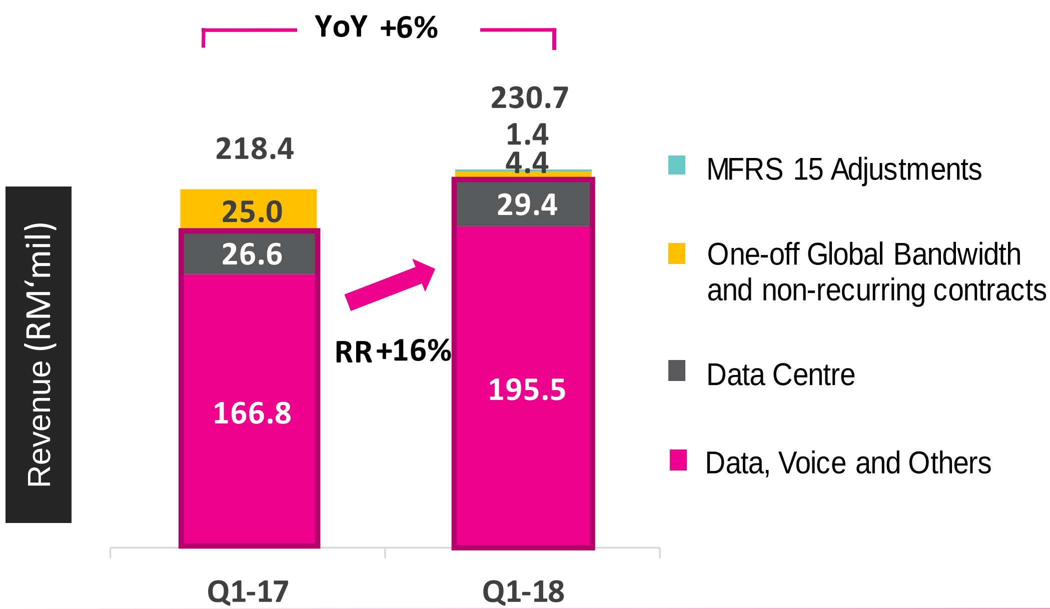
- **One-off revenues from non-recurring data contracts** amounted to **RM4.4m** in Q1 2018. One-off revenues in Q4 2017 amounting to RM18.1m comprise revenue from data sales (RM16.8m) and data centre sales (RM1.3m).
- **Pre-MFRS 15 recurring revenues** of **RM224.9m** in Q1 2018 is **4% higher** when compared to the recurring revenues of RM215.9m in Q4 2017. The growth is mainly contributed by **14% growth in retail sales** and **5% growth from enterprise sales** respectively.
- **Voice revenue reduced by 6%** in Q1 2018 due to lower voice minutes recorded during the quarter.
- **Adjusted pre-MFRS 15 PBT** in Q1 2018 recorded an **increase of 2%** mainly from **growth of recurring revenues** on the back of improved cost efficiencies, **lower depreciation and higher share of profit from investment in associates**, **off set by lower one-off non-recurring contract revenues, higher allowance of doubtful debts, and lower interest income.**

RR : Recurring revenues

Note : Q-o-Q variance to previous quarter is done excluding the impact of MFRS 15 for better comparability.

ANALYSIS: YEAR-ON-YEAR

RM'mil	Actual Pre-MFRS 15 Q1 2017	Actual Pre-MFRS 15 Q1 2018	YoY Variance	MFRS Adjustment	Actual As reported under MFRS 15 Q1 2018
REVENUE	218.4	229.4	+5%	1.4	230.7
PROFIT BEFORE TAXATION (PBT)	**55.5**	**59.1**	**+6%**	**6.9**	**66.0**
Adjustments:					
Gain on disposal of PPE	(0.1)	-			-
PPE written off/ (writeback)	-	-			-
Forex (gain)/loss	2.6	3.5			3.5
Total	**2.5**	**3.5**			**3.5**
ADJUSTED PBT	**58.0**	**62.6**	**+8%**	**6.9**	**69.5**



- **Pre-MFRS 15 recurring revenues grew 16% YoY** with **growth in all core customer groups**. **Retail** sales alone **grew 76%** while **enterprise** and **wholesale** sales saw growth of **9%** and **6% YoY** respectively.
- Revenues from **data** and **data centre businesses grew 8%** and **10% YoY** respectively.
- **Voice revenue declined 22% YoY** in Q1 2018 due to lower usage during the current quarter.
- **One-off revenues from IRU and non-recurring contracts** in Q1 2018 amounted to **RM4.4m** (Q1 2017 of RM25.0m).
- **Adjusted pre-MFRS 15 PBT** in Q1 2018 recorded an **increase of 8%** mainly contributed by **higher overall revenues on the back of improved overall cost efficiencies, higher share of profit from investment in associates, despite higher depreciation, higher interest expense, higher allowances made for doubtful debts and lower interest income.**

RR : Recurring revenues

Note : Y-o-Y variance to previous year corresponding period is done excluding the impact of MFRS 15 for better comparability.

UPDATE: ASEAN

Q1 2018

		VIETNAM (CMC Telecom Infrastructure)	THAILAND (KIRZ)	THAILAND (SYMPHONY)
Direct TIME interest RM'million		45.27%	49.00%	46.84%
As reported by Investee	Revenue	59.8	4.1	42.8
	Profit/(Loss) After Tax	5.0	(1.0)	1.7
TIME's share in proportion to its interest	Share of Profit/(Loss) on Investment of Associates	2.2	(0.5)	1.1 [N1]

1) Includes share of post-acquisition profits from SYMC (i.e. from 9 November to 31 December 2017) not taken up in Q4-17 which was deemed as immaterial.

PERFORMANCE: Q1 2018

RM 'million	Q1 2018 As reported under MFRS15	MFRS 15 adjust-ments	Q1 2018 Pre-MFRS15	Q1 2017 Pre-MFRS15	Y-o-Y Variance	Q4 2017 Pre-MFRS15	Q-o-Q Variance
Revenue	**230.7**	**(1.4)**	**229.4**	**218.4**	**+ 5%**	**234.0**	**- 2%**
EBITDA	**94.1**	**(8.1)**	**86.0**	**79.8**	**+ 8%**	**85.9**	**+ 0%**
Adjusted EBITDA	***97.6***	**(8.1)**	**89.5**	***82.3***	***+ 9%***	***89.7***	**- 0%**
PBT	**66.0**	**(6.9)**	**59.1**	**55.5**	**+ 6%**	**57.3**	**+ 3%**
Adjusted PBT	***69.5***	**(6.9)**	**62.6**	***58.0***	***+ 8%***	***61.1***	***+ 2%***
EBITDA Margin	41%		37%	37%	*+ 0 pps*	37%	*+ 0 pps*
Adjusted EBITDA Margin	*42%*		*39%*	*38%*	*+ 1 pps*	*38%*	+ 1 pps
PBT Margin	29%		26%	25%	+ 1 pps	24%	+ 2 pps
Adjusted PBT Margin	*30%*		*27%*	*27%*	*+ 0 pps*	*26%*	+ 1 pps
EPS (Sen)	10.82		9.64	9.17	+ 0.47 sen	10.01	- 0.37 sen
Adjusted EPS (Sen)	*11.43*		*10.25*	*9.60*	*+ 0.65 sen*	*10.67*	*- 0.42 sen*

Note : 1) Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes forex impact, PPE written off and other one off adjustments.
2) Y-o-Y and Q-o-Q variances to previous year corresponding periods are done excluding the impact of MFRS15 for better comparability.

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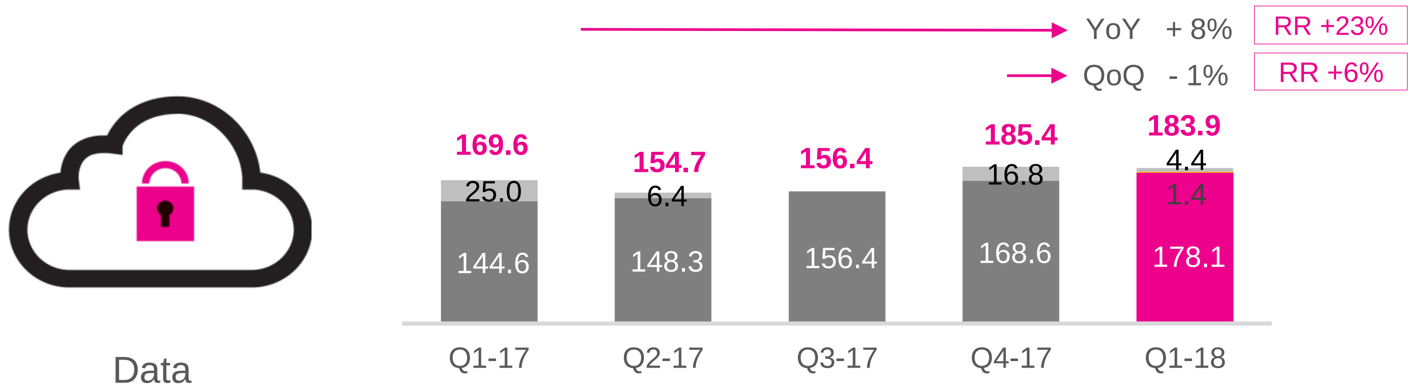
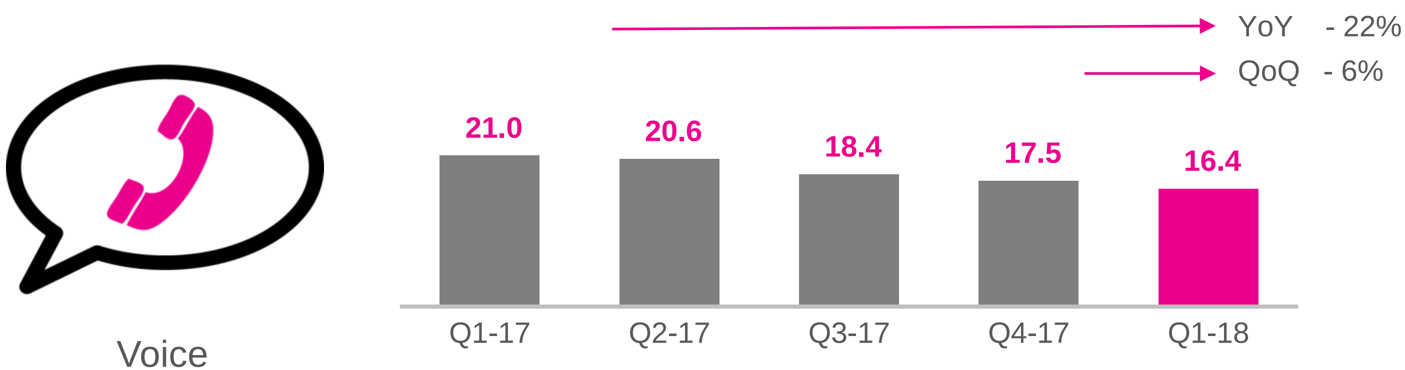
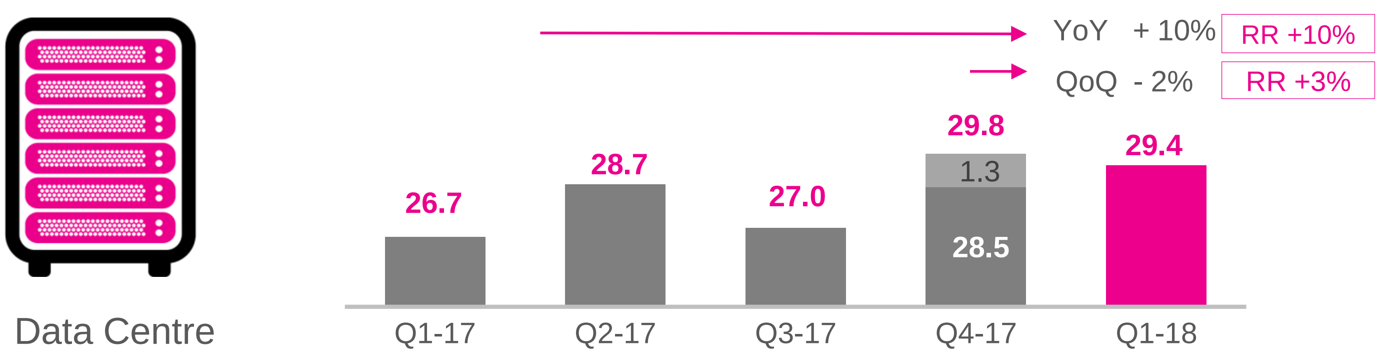
REVENUE GROWTH: BY PRODUCT







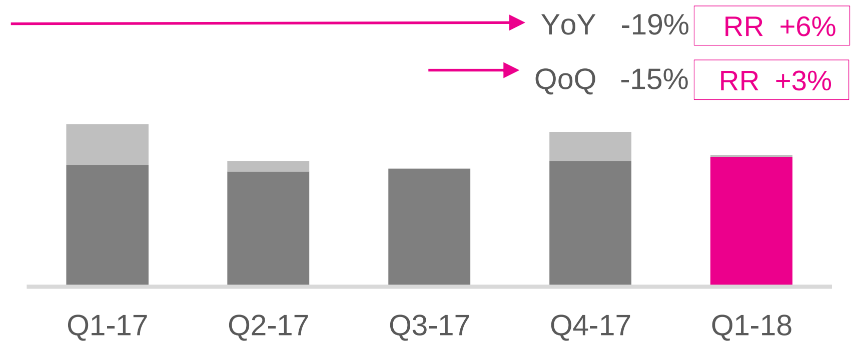
Note: Numbers are in RM millions

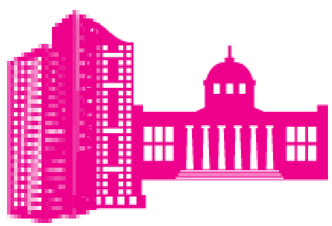
RR: Recurring revenues

Legend : Recurring Non-recurring MFRS15 Adjustments

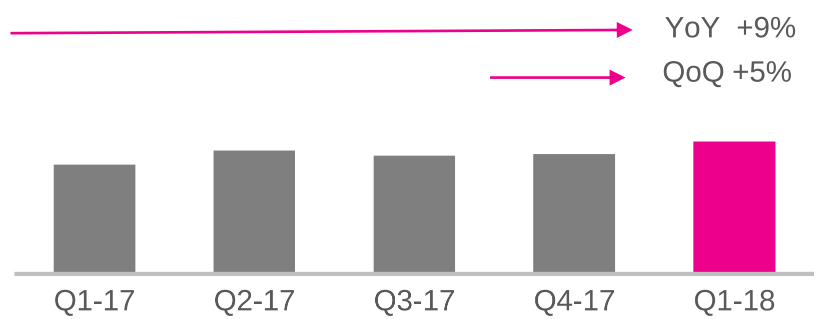
REVENUE GROWTH: BY SEGMENT

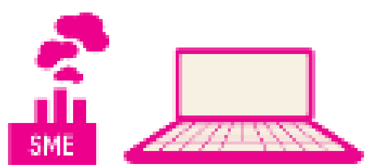
Wholesale



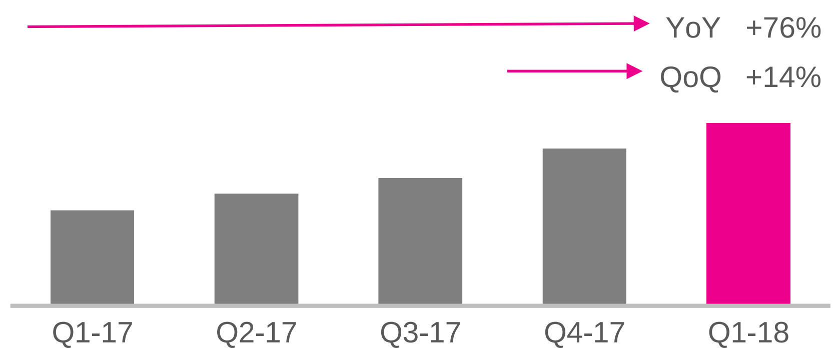


Enterprise





Retail

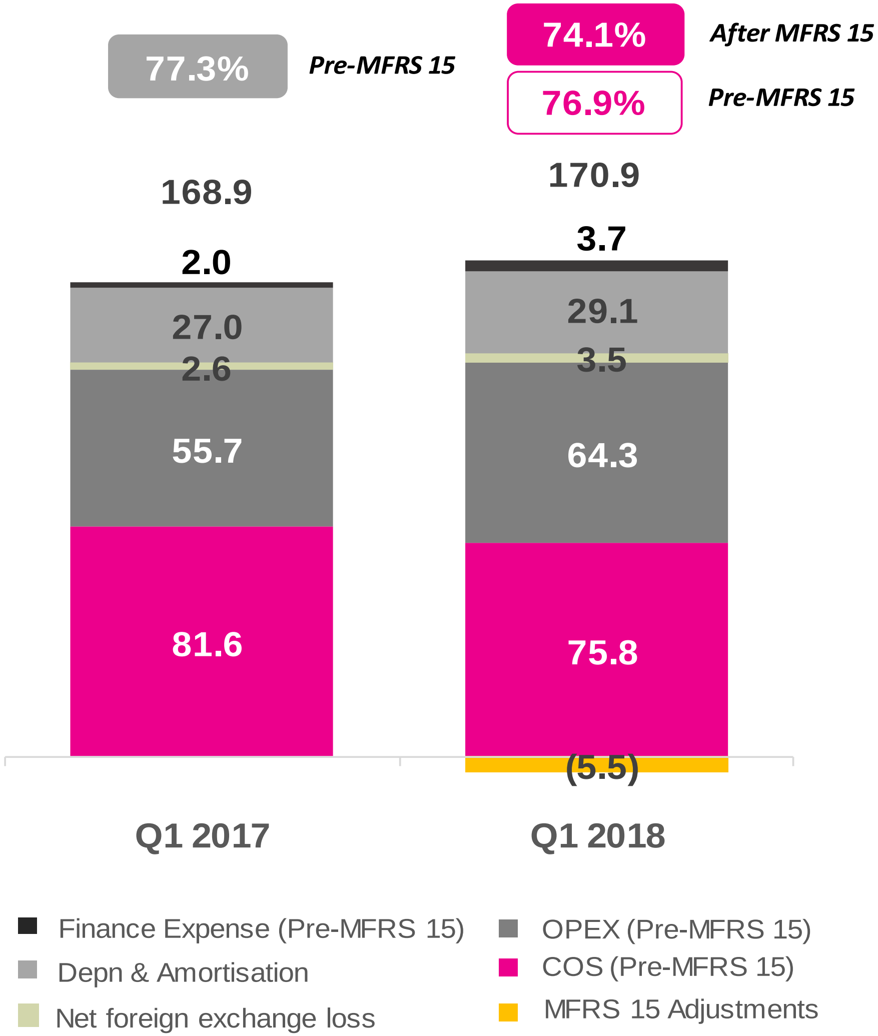


Note: Numbers are in RM millions

RR: Recurring revenues

Legend : Recurring Non-recurring

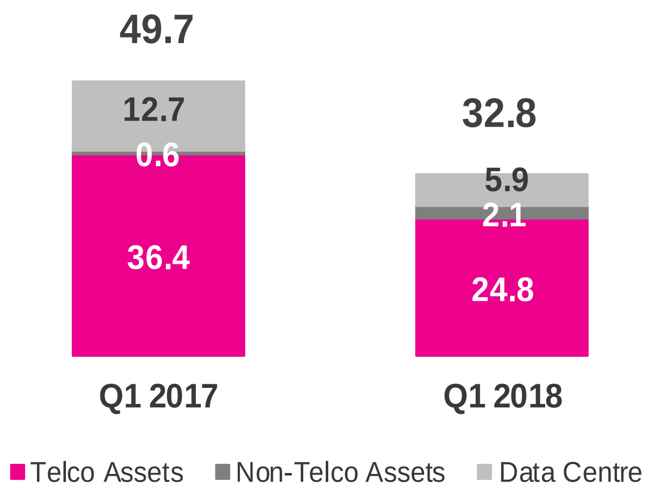
CONSOLIDATED COST TO REVENUE %

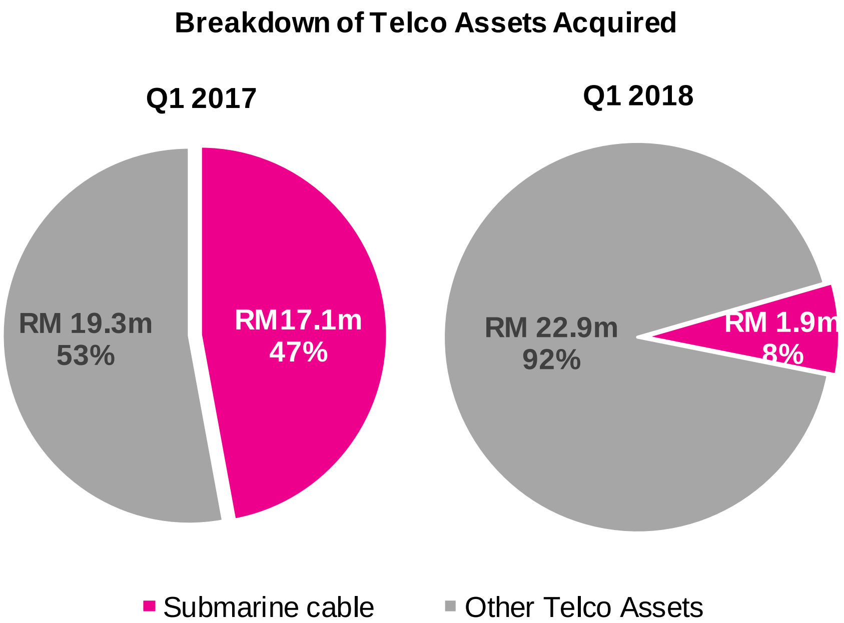


- **MFRS 15** adopted, w.e.f 1 January 2018, required **subscriber acquisition costs to be capitalised and amortised over the contract duration**. MFRS 15 also required **upfront collection to be recognised as contract liability where performance obligation are not deemed to be satisfied and accounted for based on discounted cash flows** for periods exceeding 1 year.
- **Net impact of MFRS 15 on COS is RM5.5m.** Overall **reduction in Cost to Revenue %** from **77.3% to 76.9%** (Pre-MFRS 15 adjustments) due to overall reduction in COS.
- **COS (excluding MFRS 15 adjustments) reduced by RM5.8m** mainly due to **lower costs incurred for 3rd party networks** and **lower cost incurred for interconnect voice** due to lower voice usage.
- **Depreciation charge increased 8%** in Q1 2018 pursuant to the **completion of AAE-1 and SKR1M submarine cable systems in Q2 2017 and Q3 2017** as well as expansion of **domestic network coverage.**

Note: Numbers are in RM million

CAPITAL EXPENDITURE: Q1 2018





- 76% of total Q1 2018 capital expenditure was spent on telco assets.
- Q1 2018 expenditure incurred on telco assets was mainly to expand domestic network coverage and to upgrade TIME's existing network infrastructure.
- Only RM1.9m was spent on submarine cable systems in Q1 2018.

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Note: Numbers are in RM million.

MOVING FORWARD

1. Continue to leverage on existing assets to gain market share by delivering fast and unparalleled quality network experience specifically tailored to the requirements of our customers

2. Expand the Group's coverage footprint throughout Malaysia and strengthen the backbone of our core domestic fibre network, whilst continuing to enhance operational and cost efficiencies within the Group

3. Grow our current data centre ecosystem of customers to include interconnected players from various industries while at the same time expanding our data centre market presence regionally

4. Leverage on the Group's combined global network assets to open new markets and opportunities for the Group

5. Work with our associates to tap on operational synergies and to create a seamless regional telecommunications network across Indochina, Malaysia and Singapore

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