



3Q 2016 Performance Guide

November 2016

TIME Q3 2016: HIGHLIGHTS

Subsea Cables



- **APG READY FOR SERVICE (RFS)** w.e.f. 28 Oct 2016.
- Recorded **first IRU sales from FASTER** cable system in Q3 2016.

Products

- Overall recurring revenues from all **core product** segments grew **11% YoY** in Q3 2016 led by **recurring data revenues** which grew **12% YoY**.
- **Data centre** performed well with a **RM5.5m** or **27% YoY growth** in revenues underpinned by revenues from a **non-recurring contract** amounting to **RM3.3m** in Q3 2016.
- Q3 2016 **voice** revenues **grew** by **10% YoY**

Retail Business

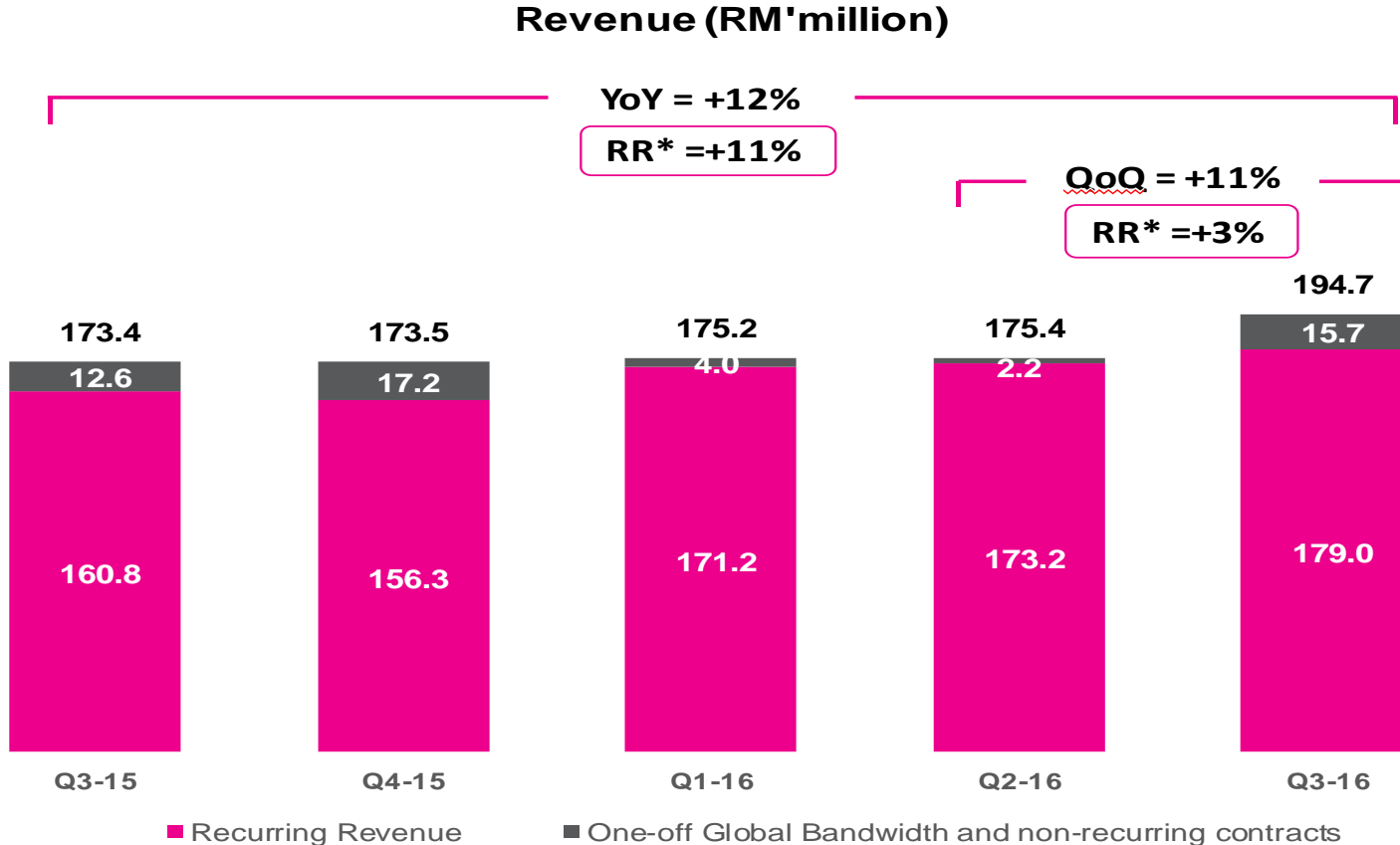


- Retail sales **grew 15% QoQ** and **71% YoY** in Q3 2016.
- **Retail** business continues to **spearhead** the overall revenue growth during the quarter.
- Q3 2016 **retail sales orders** grew **145% YoY**.

Shareholder Matters

- On 30 September 2016, the Group paid a special interim tax exempt (single tier) **dividend** of **13.30 sen per ordinary share** for the financial year ending 31 December 2016.
- On 29 July 2016, TIME **vested and issued 2,694,165 ordinary shares** to eligible employees under the Company's **Share Grant Plan**.

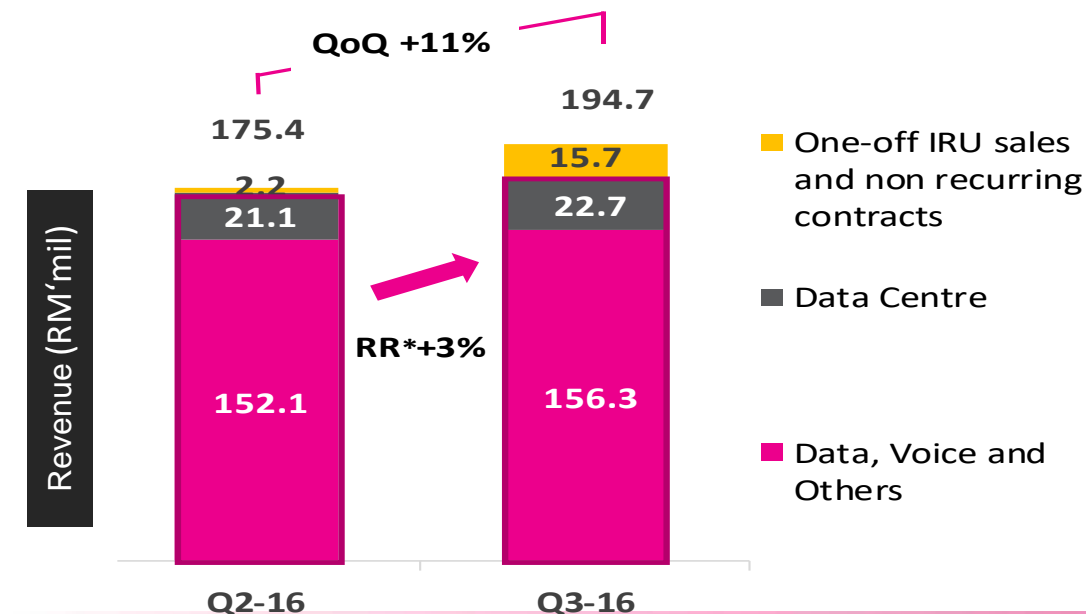
REVENUE TREND: BY QUARTER



- Continued stable growth in **recurring revenues** (excluding one-off revenues) from data, data centre, voice and other businesses from both domestic and international clients.
- **Recurring revenues** grew **+3%** QoQ and **+11%** YoY.

ANALYSIS: QUARTER-ON-QUARTER

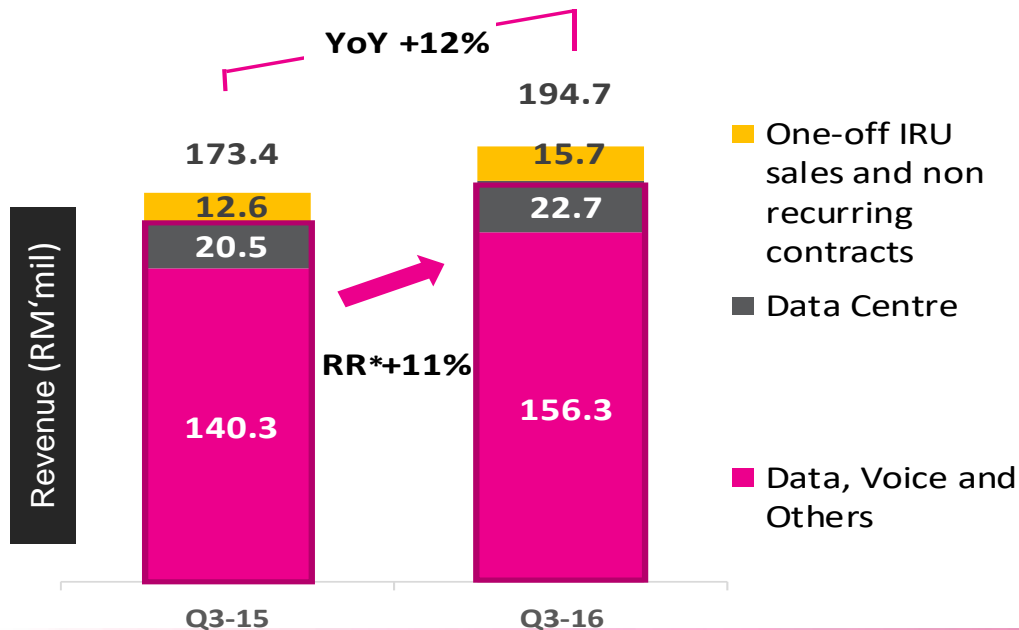
RM'mil	Actual Q2-16	Actual Q3-16	QoQ Variance
REVENUE	175.4	194.7	+11.0%
PROFIT BEFORE TAXATION (PBT)	201.2	57.8	-71%
Adjustments:			
Realisation of FV gain from AFS	(157.4)	-	
Gain on disposal of PPE	(4.8)	(0.7)	
Gain on disposal of investment in Campana	(2.5)	-	
Forex Loss/(Gain)	(0.3)	(2.7)	
Total	(165.0)	(3.4)	
ADJUSTED PBT	36.2	54.4	+50%



- **Encouraging results** continues to be seen in Q3 2016 from broadband sales to home users. In Q3 2016, **revenue from retail customers** alone **grew 15% QoQ**.
- **One-off revenues** from IRU sales and a non-recurring contract amounted to **RM12.4m of total data revenue** (Q2 2016:RM2.2m) and **RM3.3m of data center revenue** respectively in Q3 2016. IRU sales were recorded mainly from UNITY and the newly completed FASTER submarine cable system.
- **Adjusted PBT** in Q3 2016 recorded a **growth of 50%** attributed to **higher overall sales, despite higher depreciation charges and net allowance for doubtful debts and a lower gain on disposal of property, plant and equipment** compared to Q2 2016.
- Growth in **home broadband sales** are expected to bring **long-term benefit** to the Group despite **short term margin compression** from initial subscriber acquisition costs during early periods of rapid development.

ANALYSIS: YEAR-ON-YEAR

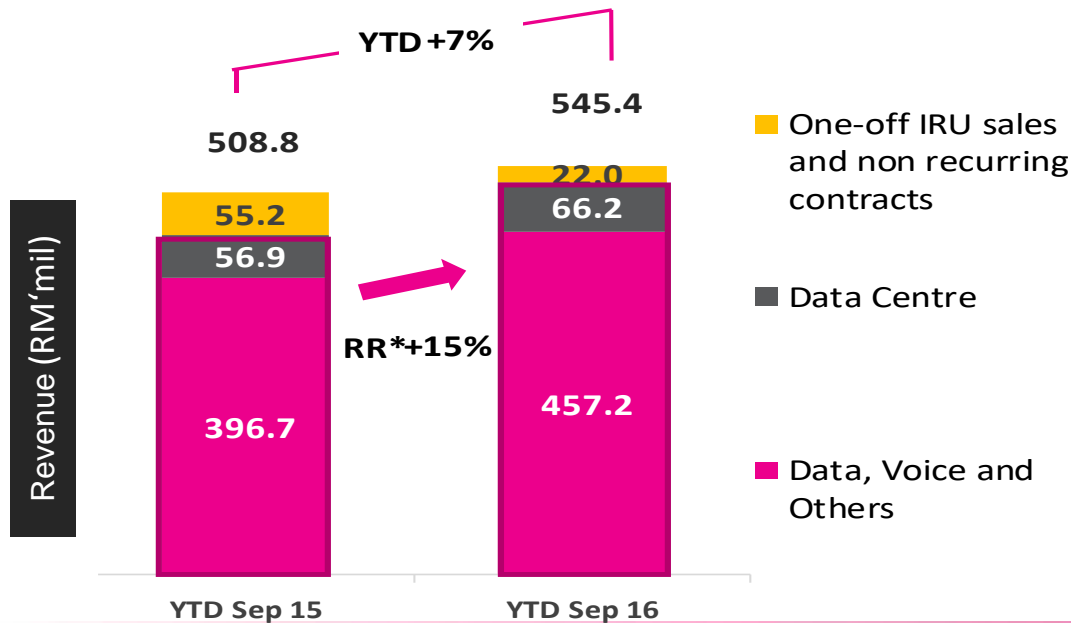
RM'mil	Actual Q3-15	Actual Q3-16	YoY Variance
REVENUE	173.4	194.7	+12%
PROFIT BEFORE TAXATION (PBT)	59.7	57.8	-3%
Adjustments:			
Dividend income	(4.1)	-	
Gain on disposal of PPE	-	(0.7)	
Forex (Gain)/Loss	(19.0)	(2.7)	
Total	(23.1)	(3.4)	
ADJUSTED PBT	36.6	54.4	+49%



- Revenue increased YoY by 12% as compared to Q3 2015.
- One-off revenues from IRU sales and a non-recurring contracts accounted for RM12.4m of total data revenue (Q3 2015: RM12.6m) and RM3.3m of data center revenue in Q3 2016. Excluding these, revenues would have shown a YoY growth of 11% coming mainly from enterprise and retail customers.
- Retail customers alone contributed 71% YoY growth while enterprise customers contributed 16% YoY growth in recurring revenues.
- Adjusted PBT (after normalisation) recorded a 49% YoY increase mainly due to revenue growth from all core product segments on the back of higher interest income, improved cost efficiencies, lower depreciation and interest expense, offset by higher subscriber acquisition cost in the current quarter.

ANALYSIS: YEAR-TO-DATE

RM'mil	Actual YTD Sep 15	Actual YTD Sep 16	YTD Variance
REVENUE	508.8	545.4	+7%
PROFIT BEFORE TAXATION (PBT)	434.2	298.3	-31%
Adjustments:			
Dividend income	(18.1)	(3.4)	
Gain on disposal of PPE	(2.4)	(5.6)	
Gain on disposal of investment in Campana	-	(2.5)	
Realisation of FV gain from AFS	(274.0)	(157.4)	
Forex Gain/(Loss)	(31.8)	5.2	
Total	(326.3)	(163.7)	
ADJUSTED PBT	107.9	134.6	+25%



- Revenue increased 7% compared to YTD Sep 2015.
- One-off revenues from IRU sales and a non recurring contract accounted for RM22.0m of total revenue for YTD Sep 2016 (YTD Sep 2015: RM55.2m). Excluding these, revenues would have shown a growth of 15%.
- All product segments recorded higher revenues in YTD Sep 2016 led by a RM53.6m increase in data revenues (excluding one-off revenues) followed by data centre (RM9.3m) and voice (RM6.6m).
- Adjusted PBT (after normalisation) recorded growth of 25% YoY mainly attributed by strong revenue growth on the back of improved cost efficiencies, lower depreciation and interest expense and increased share of profit from equity accounted investments offset by higher subscriber acquisition costs from rapid deployment of home broadband services and lower interest income.

UPDATE: ASEAN



Direct TIME interest

45.27%

49.00%

RM 'million

YTD Sep 2016

YTD Sep 2016

As reported by Investee	Revenue	134.2	11.2
	Profit/(Loss) After Tax	8.5	(3.9)
TIME's share in proportion to its interest	Share of Profit/(Loss) on Investment of Associates	3.7	(1.9)

PERFORMANCE: Q3, 2016

RM 'million	Q3, 2016	Q3, 2015	Y-o-Y	Q2, 2016	Q-o-Q
Revenue	194.7	173.4	+ 12%	175.4	+ 11%
EBITDA	77.2	78.1	- 1%	64.4	+ 20%
Adjusted EBITDA	73.8	59.1	+ 25%	56.8	+ 30%
PBT	57.8	59.7	- 3%	201.2	- 71%
Adjusted PBT	54.4	36.6	+ 49%	36.2	+ 50%
EBITDA Margin	40%	45%	- 5 pps	37%	+ 3 pps
Adjusted EBITDA Margin	38%	34%	+ 4 pps	32%	+ 6 pps
PBT Margin	30%	34%	- 4 pps	115%	- 85 pps
Adjusted PBT Margin	28%	21%	+ 7 pps	21%	+ 7 pps
EPS (Sen)	9.59	10.26	- 0.67 sen	34.71	- 25.12 sen
Adjusted EPS (Sen) ^{Note 1}	9.00	6.26	+ 2.74 sen	6.05	+ 2.95 sen

Note 1: Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes dividend income, forex, one off adjustments and realisation of fair value gain on AFS reserve

PERFORMANCE: YTD SEP 2016

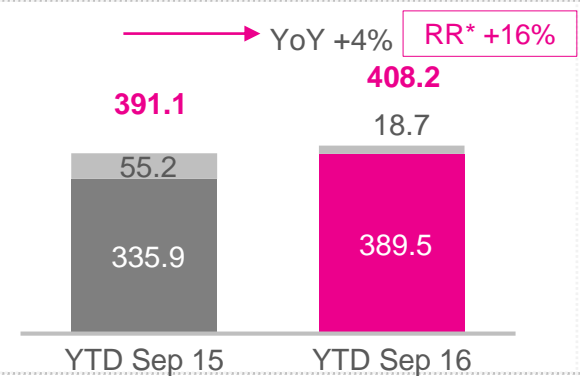
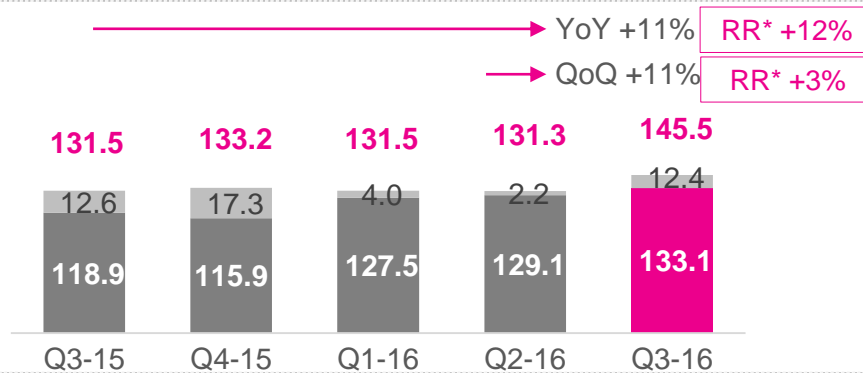
RM 'million	YTD Sep 2016	YTD Sep 2015	Y-o-Y
Revenue	545.4	508.8	7%
EBITDA	199.1	207.2	-4%
Adjusted EBITDA	196.2	173.0	13%
PBT	298.3	434.2	-31%
Adjusted PBT	134.6	107.8	25%
EBITDA Margin	37%	41%	-4 pps
Adjusted EBITDA Margin	36%	34%	2 pps
PBT Margin	55%	85%	-30 pps
Adjusted PBT Margin	25%	21%	4 pps
EPS (Sen)	50.81	75.05	-24.24 sen
Adjusted EPS (Sen) ^{Note 1}	22.41	18.23	4.18 sen

Note 1: Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes dividend income, forex, one off adjustments and realisation of fair value gain on AFS reserve

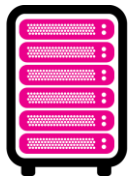
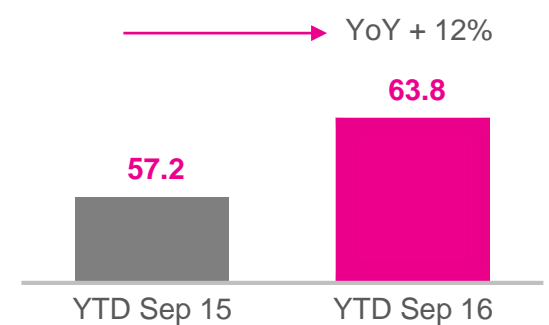
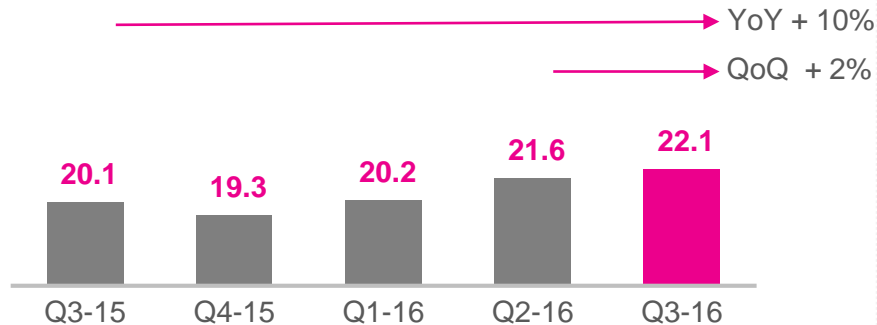
REVENUE GROWTH: BY PRODUCTS



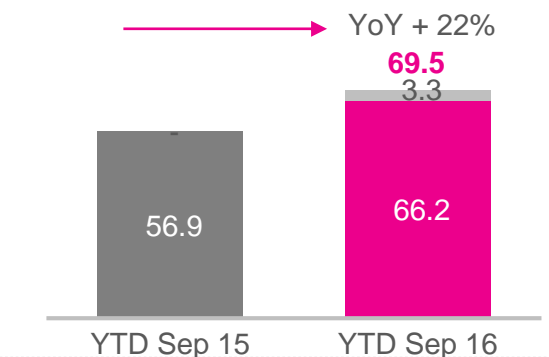
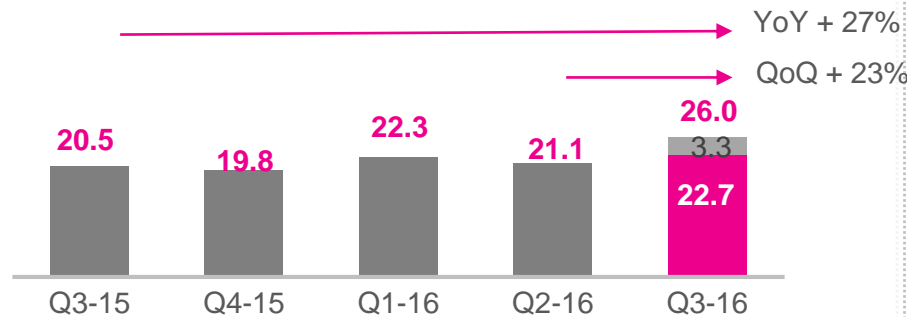
Data



Voice



Data Centre

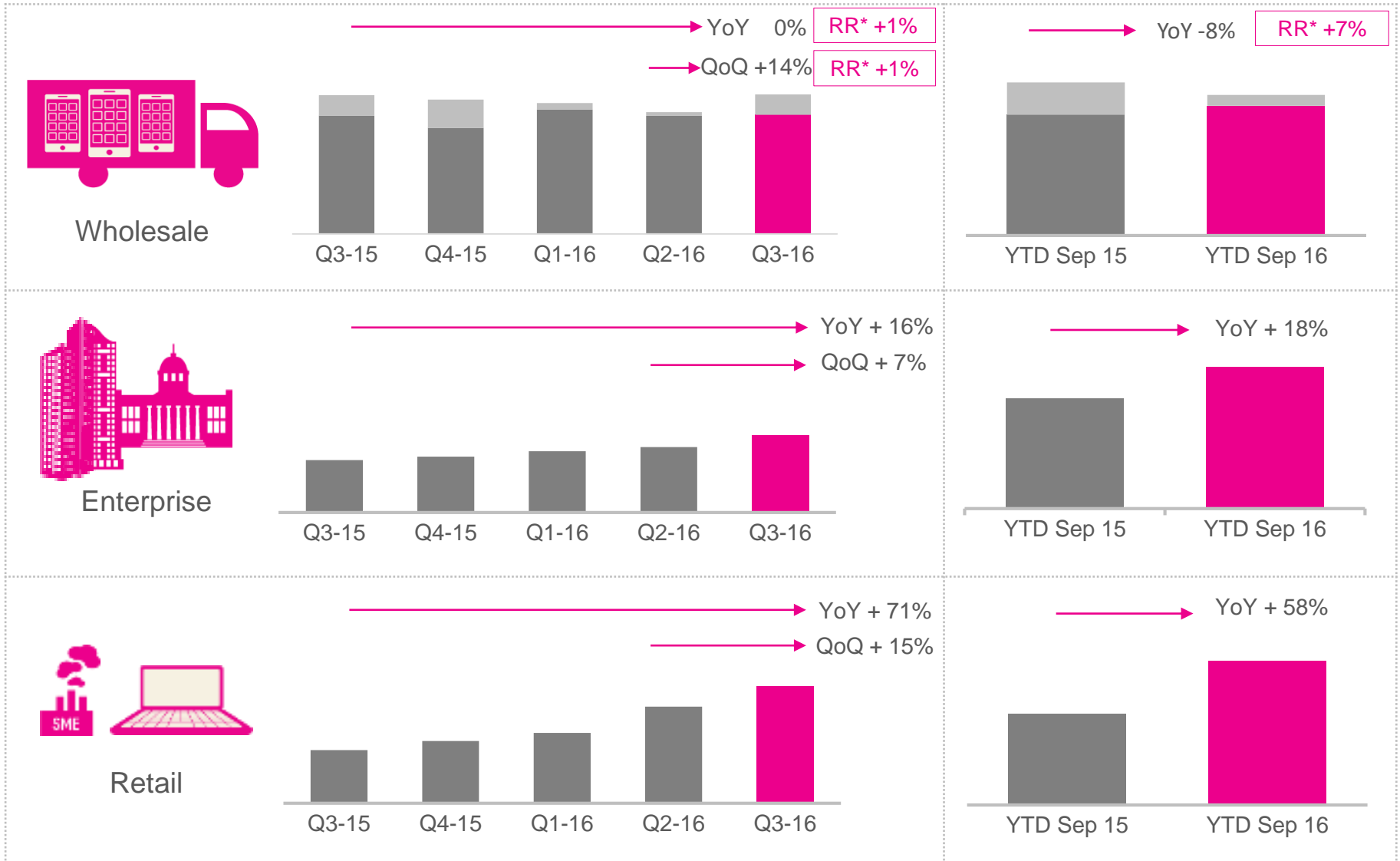


Note: Numbers are in RM million

Legend : ■ Recurring ■ Non-recurring

RR*: Recurring revenues

REVENUE GROWTH: BY SEGMENTS

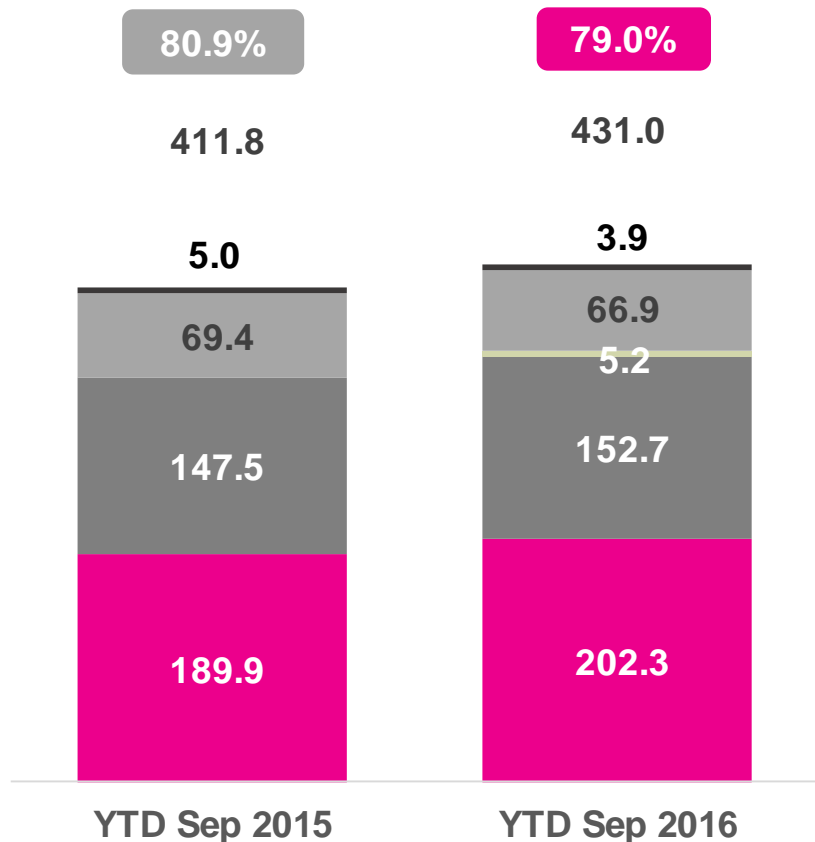


Note: Numbers are in RM million

Legend : ■ Recurring ■ Non-recurring

RR*: Recurring revenues

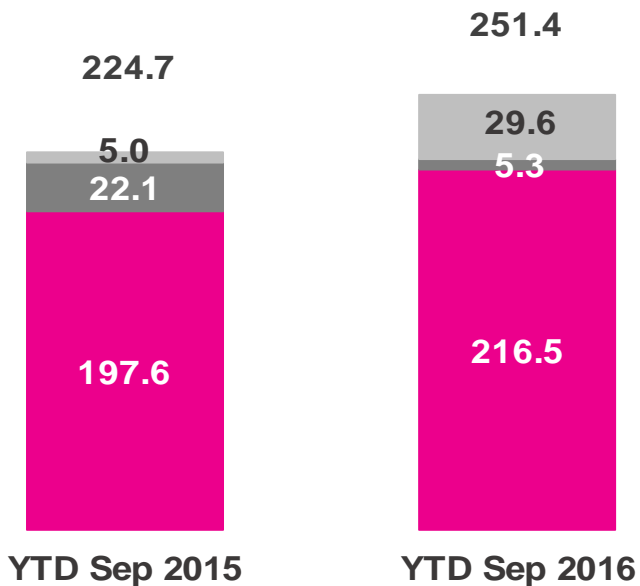
CONSOLIDATED COST TO REVENUE %



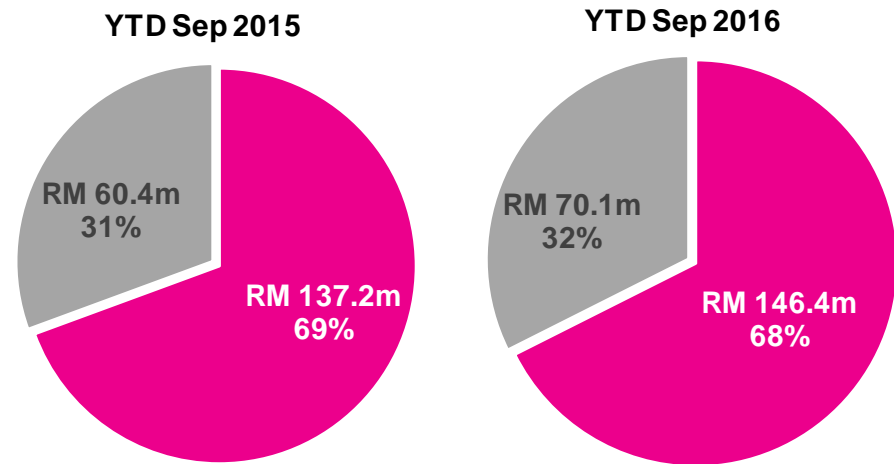
- COS
- OPEX
- Net forex exchange loss
- Depn & Amortisation
- Finance Expense

- Overall YTD Sep 2016 costs have grown in tandem with the growth in revenues, with cost-to-revenue % at 79.0%. However, excluding net foreign exchange losses during the period of RM5.2m, the YTD Sep 2016 cost-to-revenue % would be 78.1%.
- Overall, the absolute COS in YTD Sep 2016 increased 6.5% mainly due to higher subscriber acquisition costs arising from increased demand for TIME Fiber Home Broadband services since later March 2016.
- Whilst the higher subscriber acquisition costs may have resulted in some short term margin compression, overall YTD Sep 2016 cost-to-revenue continues to remain stable due to cost efficiencies on the back of improved revenues.

CAPITAL EXPENDITURE: YTD SEP 2016



Breakdown of Telco Assets Acquired



■ Telco Assets ■ Non-Telco Assets ■ Data Centre

■ Submarine cable ■ Other Telco Assets

- Expenditure incurred on telco assets was mainly to extend network coverage (domestic and international) as well as to upgrade existing network infrastructure.
- 86% of total YTD Sep 2016 capital expenditure was spent on telco assets.
- RM146.4m was spent on submarine cable systems (i.e. APG, AAE-1, FASTER and SKR1M) in YTD Sep 2016.
- Non-telco CAPEX YTD Sep 2015 comprised mainly of land purchase in Cyberjaya for approximately RM15.5m.

MOVING FORWARD

1

Continue to explore and tap expansion opportunities within ASEAN.

2

Continue extending our domestic reach to new territories and improving our presence in the retail segment.

3

Both FASTER and APG cable systems are now ready-for-service and can start contributing revenue to the Group.

4

AAE-1 is is scheduled to be completed and to become operational in 2017.

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