

TIMETM

3Q 2019 Performance Guide

29 NOV 2019



TIME Q3 2019: HIGHLIGHTS

Retail



- Retail revenue growth of **24% YoY** and **7% QoQ** continues to make retail business the **fastest growing customer segment**

Wholesale



- Revenue from **wholesale business** grew **9% YoY** but **declined 2% QoQ**, mainly **due to no one-off non-recurring contract revenue for wholesale** being recorded in Q3 2019 (Q2 2019: RM1.5m)

Enterprise



- **No one-off non-recurring contract revenue for enterprise** was recorded in Q3 2019 (Q2 2019: RM1.5m)
- Excluding one-off non-recurring contract revenue in Q2 2019, **revenue from enterprise customers** grew **7% YoY** and **1% QoQ**

Submarine cables



- **Strong demand seen for submarine cables** from wholesale customers in Q3 2019
- Data revenue (comprising IRU and non-IRU sales) from submarine cables **increased 33% YoY** and **6% QoQ**

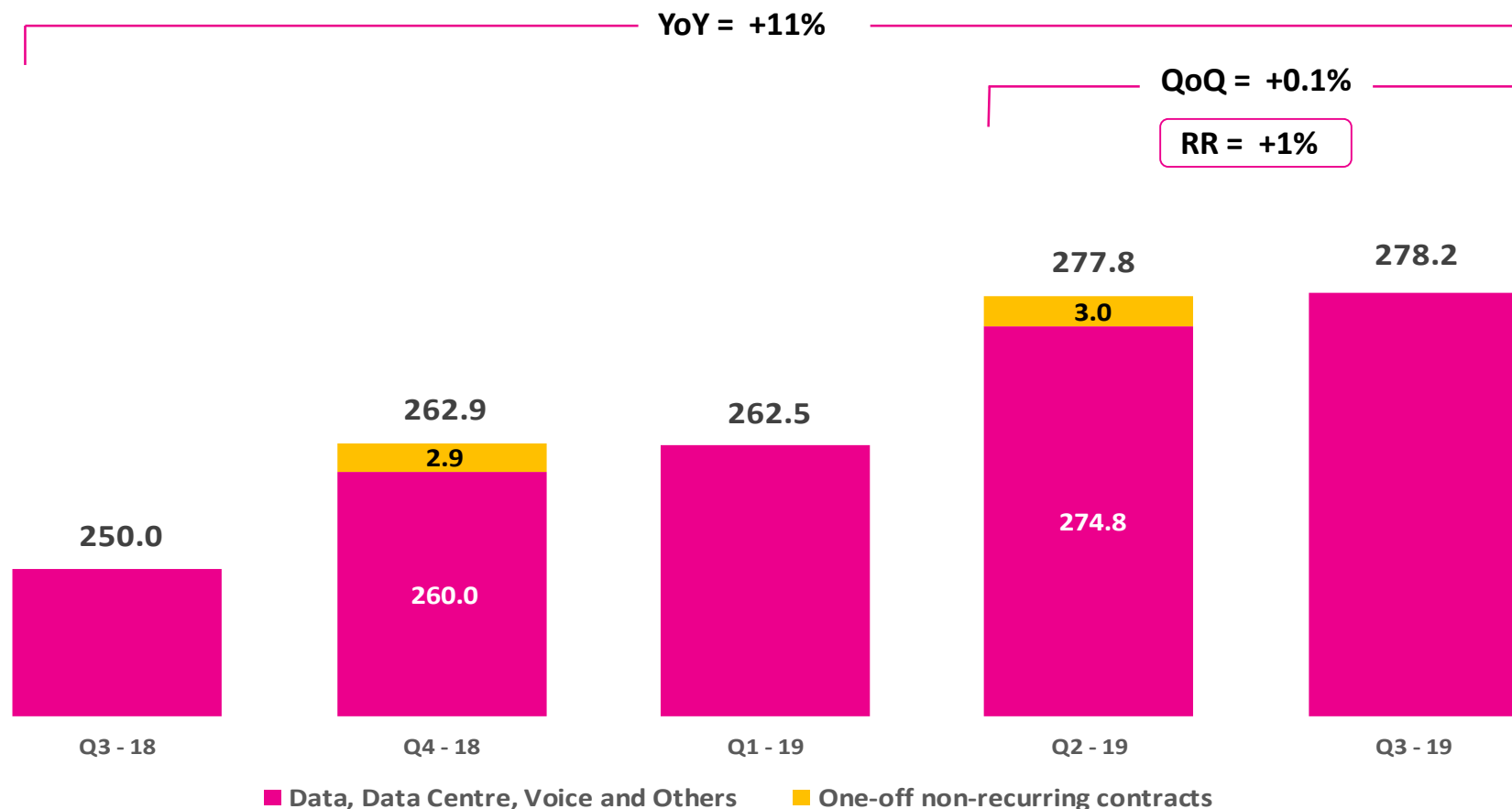
Share Grant

- Issued **666,593** and **1,166,544** new ordinary shares in TIME dotcom Berhad to eligible employees under the Company's **Share Grant Plan** on 19 July 2019 and 16 August 2019 respectively, upon the Group achieving certain financial targets

Incorporation new subsidiary

- On **24 July 2019**, the Group incorporated a **new wholly owned subsidiary in Thailand**, namely **AIMS Data Centre (Thailand) Limited** where intended principal activity is the **provision of data centre and other related services**

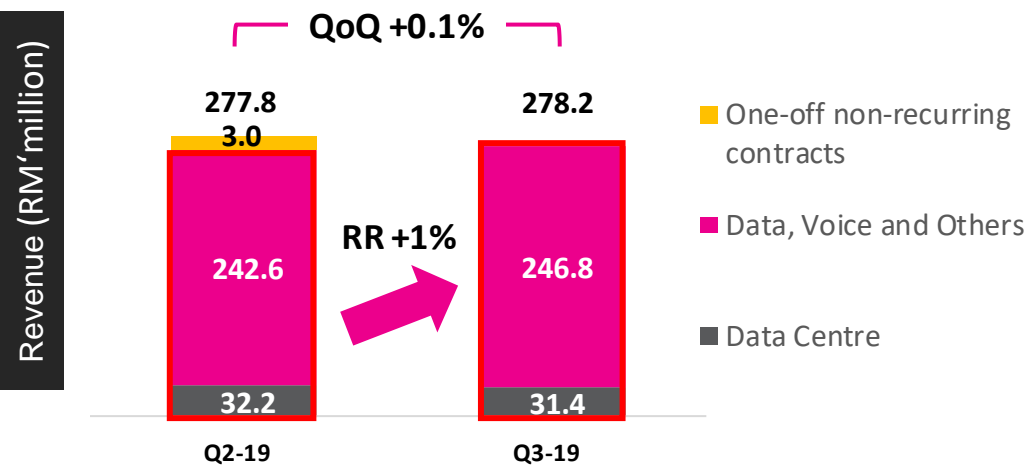
REVENUE TREND: BY QUARTER



- **Overall recurring revenues** (excluding one-off non-recurring contract revenues) from data, data centre, voice and other businesses **grew 1% QoQ** and **11% YoY**
- Revenue information shown above reflects the Group's consolidated revenues post-MFRS 15

ANALYSIS: QUARTER-ON-QUARTER

RM'million	As reported Under MFRS 16 Q2 2019	As reported Under MFRS 16 Q3 2019	QoQ Variance
REVENUE	277.8	278.2	+0%
PROFIT BEFORE TAXATION (PBT)	96.4	84.7	-12%
Adjustments:			
Forex gain	(8.8)	(1.7)	
PPE written off	-	4.9	
Total	(8.8)	3.2	
ADJUSTED PBT	87.6	87.9	+0%

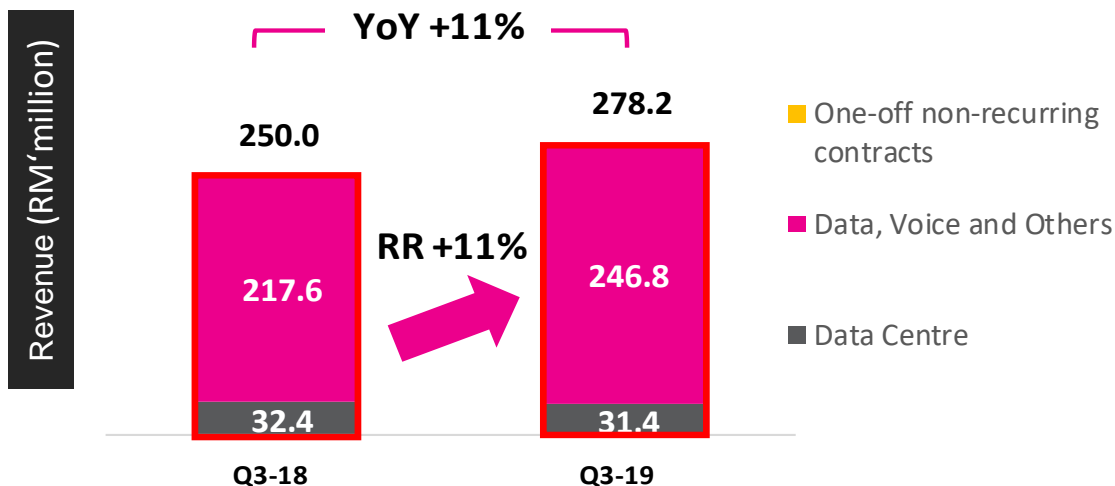


- **No one-off revenue** from non-recurring contracts recorded in Q3 2019 (Q2 2019: RM3.0m). Should one-off revenues from non-recurring contracts of RM3.0m be excluded from the previous quarter, revenues would have been **RM3.4m or 1% higher** with growth coming mainly from **recurring data and voice revenues**.
- **Data centre revenues**, however, **declined RM0.8m** compared to last quarter.
- **Revenue from retail customers grew 7% QoQ** due to strong continued demand for **TIME's Fibre Home Broadband plans** from home users.
- **Growth in enterprise sales** contributed **1%** to overall QoQ increase in recurring revenues.
- The Group **wrote-off RM4.9m of PPE** due to **replacement and upgrading of transponder cards** for **UNITY submarine cable system** during the quarter.
- **Adjusted PBT** in Q3 2019 was relatively flat despite **no large high margin one-off revenue** and **higher net allowance for doubtful debts of RM2.3m** recorded in Q3 2019.

ANALYSIS: YEAR-ON-YEAR

RM'million	Pre-MFRS 16 Q3 2018	Pre-MFRS 16 Q3 2019	YoY Variance	MFRS 16 adjustments	As reported under MFRS 16 Q3 2019
REVENUE	250.0	278.2	+11%	-	278.2
PROFIT BEFORE TAXATION (PBT)	82.6	81.6	-1%	(3.1)	84.7
Adjustment:					
PPE written off	-	4.9			4.9
Forex gain	(9.1)	(1.7)			(1.7)
Total	(9.1)	3.2			3.2
ADJUSTED PBT	73.5	84.8	+15%	(3.1)	87.9

- Increase in revenue mainly **due to higher data and voice sales, which grew 15% and 3% respectively.**
- **No one-off revenue** from non-recurring contracts were recorded in either period.
- **All core customer groups** registered **solid year-on-year revenue growth** with the largest growth contributions seen coming from **retail and wholesale customers.**
- **Retail sales grew 24%** while **wholesale and enterprise sales** saw growth of **9%** and **7%** respectively.
- **Adjusted pre-MFRS 16 PBT** in Q3 2019 **increased by 15%** mainly due to **higher overall revenue growth** from all customer groups, **higher interest income, higher share of profit from investment in associates, higher net writeback of construction deposit, offset by higher net allowance for doubtful debts, higher depreciation and interest expense in current quarter.**



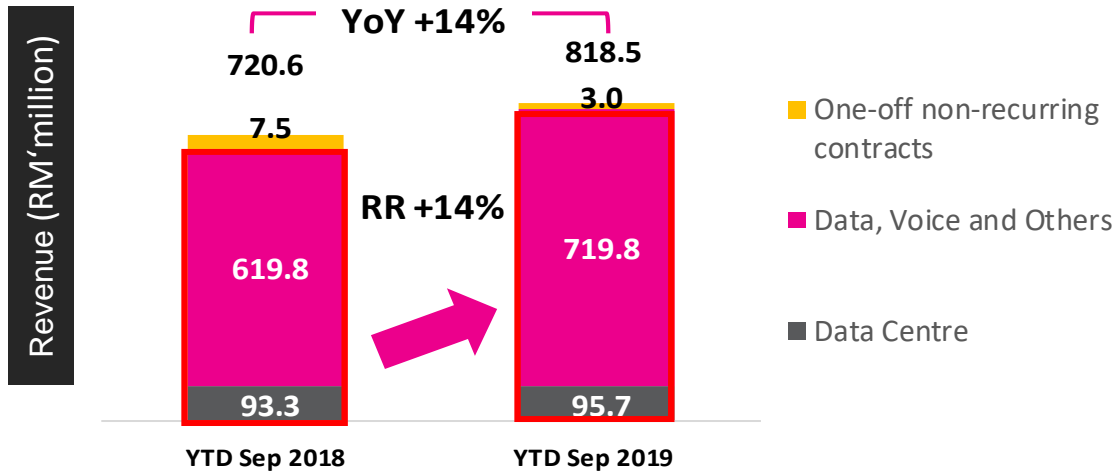
RR : Recurring revenues

Note : YoY variances to the previous year is done excluding the impact of MFRS16 for better comparability.

ANALYSIS: YTD SEP 2019

RM'million	Pre-MFRS 16 YTD Sep 2018	Pre-MFRS 16 YTD Sep 2019	YTD Variance	MFRS 16 adjustments	As reported under MFRS 16 YTD Sep 2019
REVENUE	720.6	818.5	+14%	-	818.5
PROFIT BEFORE TAXATION (PBT)	217.1	247.7	+14%	(0.5)	248.2
Adjustment:					
PPE written off	-	4.9			4.9
Impairment loss in investment in associate	4.0	-			-
Allowance for doubtful debts for advances to associate	7.2	-			-
Forex (gain) / loss	(10.3)	0.4			0.4
Total	0.9	5.3			5.3
ADJUSTED PBT	218.0	253.0	+16%	(0.5)	253.5

- **One-off non-recurring data contract revenue** amounted to **RM3.0m in YTD Sep 2019** (YTD Sep 2018: RM7.5m from combination of data and data centre sales). Excluding these, **recurring revenues** would have **grown 14%** in YTD Sep 2019.
- **YTD recurring revenues** from **data** grew **18%** while **voice and data centre revenues** grew **5% and 3%** respectively.
- **All core customer groups contributed positively** to overall recurring revenue growth. Largest revenue growth contribution came from **wholesale customers** which **grew 15%** followed by **retail and enterprise** with growth of **26%** and **7%** respectively.






RR : Recurring revenues

Note : YTD variances to the previous year is done excluding the impact of MFRS16 for better comparability.

UPDATE: ASEAN

RM ' million

		VIETNAM	THAILAND	
				
YTD Sep 2019		45.27%	49.00%	46.84%
As reported by investee	Revenue	220.3 ^{N4}	12.5	131.9 ^{N3}
	Profit/(Loss) After Tax & Other comprehensive Income	19.8 ^{N4}	(0.7) ^{N1}	4.4 ^{N3}
TIME's shares in proportion to its interest	Share of Profit on Investment of Associates	9.0 ^{N4}	- ^{N2}	2.0 ^{N3}
Total Share of Profit on Investment of Associates		11.0		

- Note :
- 1) Includes post year end audit adjustments which reduced LAT by RM1.1m
 - 2) The Group no longer shares losses from KIRZ since Q2 2018 when the investment value was fully impaired
 - 3) Includes post year end audit adjustments that increases revenue by RM1.6m, PAT by RM0.6m and other comprehensive income by RM0.3m
 - 4) Includes post year end audit adjustments that increases revenue by RM16.7m and PAT by RM1.3m

PERFORMANCE: Q3 2019

RM 'million	Q3 2019 As reported under MFRS16	MFRS 16 adjustments	Q3 2019 Pre-MFRS16	Q3 2018 Pre-MFRS16	YoY Variance	Q2 2019 As reported under MFRS16	QoQ Variance
Revenue	278.2	0	278.2	250.0	+ 11%	277.8	+ 0%
EBITDA	119.9	(5.7)	114.2	112.9	+ 1%	136.6	- 12%
Adjusted EBITDA	123.1	(5.7)	117.4	103.8	+ 13%	127.8	- 4%
PBT	84.7	(3.1)	81.6	82.6	- 1%	96.4	- 12%
Adjusted PBT	87.9	(3.1)	84.8	73.5	+ 15%	87.6	+ 0%
EBITDA Margin	43%		41%	45%	- 4 pps	49%	- 6 pps
Adjusted EBITDA Margin	44%		42%	42%	+ 0 pps	46%	- 2 pps
PBT Margin	30%		29%	33%	- 4 pps	35%	- 5 pps
Adjusted PBT Margin	32%		30%	29%	+ 1 pps	32%	+ 0 pps
EPS (Sen)	14.19		13.66	13.72	- 0.06 sen	15.85	- 1.66 sen
Adjusted EPS (Sen)	14.73		14.19	12.15	+ 2.04 sen	14.34	+ 0.39 sen

Note : 1) Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes forex impact, impairment of investment, and other one off adjustments.

2) YoY variances are done excluding the impact of MFRS16 for better comparability.

3) QoQ variances are determined post adjustments for MFRS 16.

PERFORMANCE: YTD SEP 2019

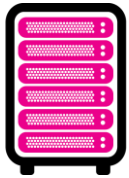
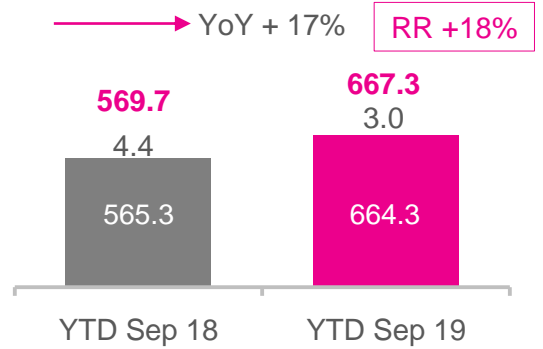
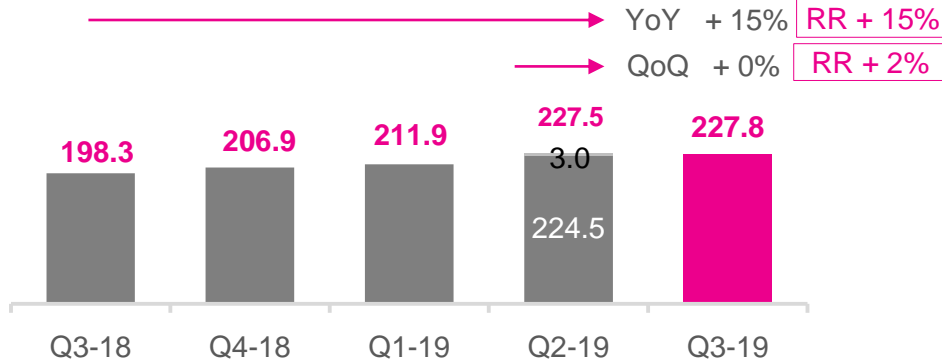
RM 'million	YTD Sep 2019 As reported under MFRS16	MFRS 16 adjustments	YTD Sep 2019 Pre -MFRS16	YTD Sep 2018 Pre-MFRS16	YoY
Revenue	818.5	0.0	818.5	720.6	+ 14%
EBITDA	364.5	(19.0)	345.5	305.6	+ 13%
Adjusted EBITDA	369.8	(19.0)	350.8	306.5	+ 14%
PBT	248.2	(0.5)	247.7	217.1	+ 14%
Adjusted PBT	253.5	(0.5)	253.0	218.0	+ 16%
EBITDA Margin	45%		42%	42%	+ 0 pps
<i>Adjusted EBITDA Margin</i>	45%		43%	43%	+ 0 pps
PBT Margin	30%		30%	30%	+ 0 pps
<i>Adjusted PBT Margin</i>	31%		31%	30%	+ 1 pps
EPS (Sen)	40.86		40.77	35.71	5.06 sen
<i>Adjusted EPS (Sen)</i>	41.75		41.67	35.87	5.80 sen

Note : 1) Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes forex impact, PPE written off, impairment of investment and other one off adjustments.
2) YTD variances to the previous year corresponding period is done excluding the impact of MFRS16 for better comparability.

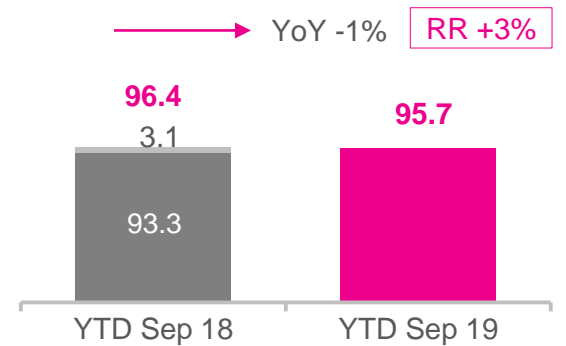
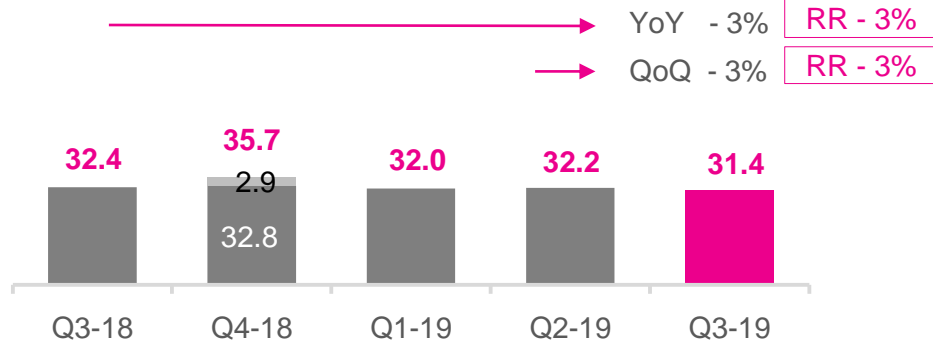
REVENUE GROWTH: BY PRODUCT



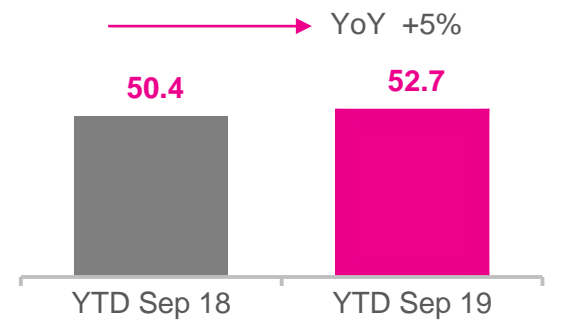
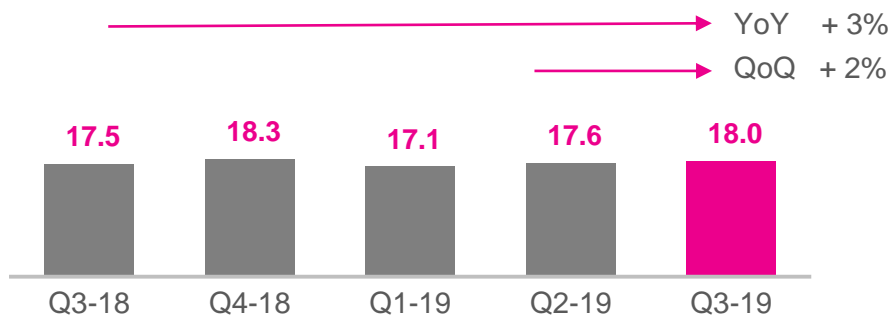
Data



Data Centre



Voice



Note: Numbers are in RM millions

RR: Recurring revenues

Legend : ■ Recurring ■ Non-recurring

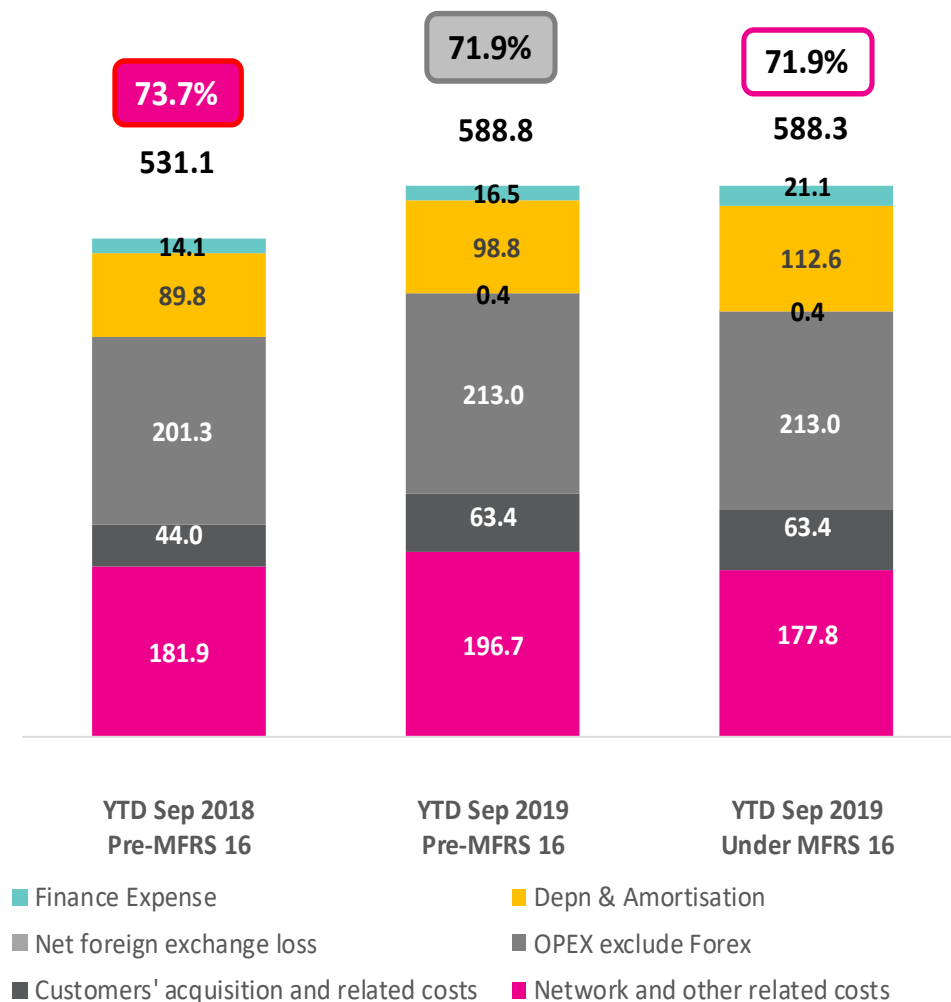
REVENUE GROWTH: BY SEGMENT



RR: Recurring revenues

Legend : ■ Recurring ■ Non-recurring

CONSOLIDATED COST TO REVENUE %

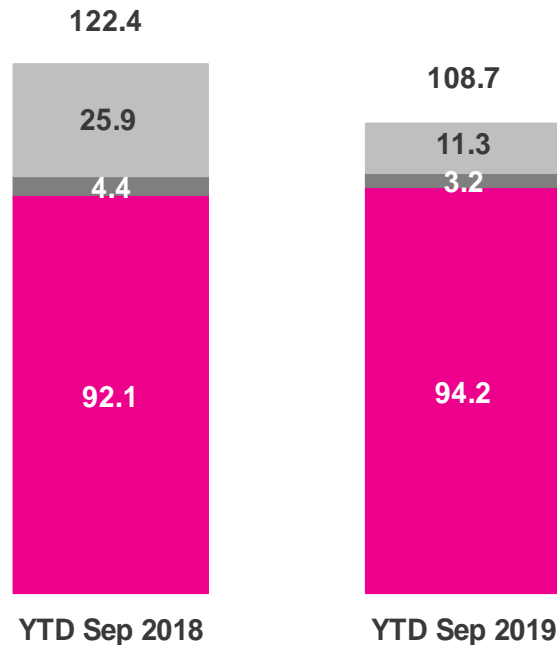


- The **adoption of MFRS 16** had the effect of **decreasing overall costs** in profit and loss by **RM0.5m** as follows:
 - lower network and other related costs/OPEX** by RM18.9m
 - increase depreciation** by RM13.8m for right-of-use assets
 - increase finance expenses** by RM4.6m.
- Included in OPEX for YTD Sep 2018 is a provision for impairment loss in TIME's investment in KIRZ (RM4.0m) and an allowance for doubtful debts (RM7.2m) made for advances to KIRZ. Excluding the above, the adjusted Cost to Revenue % for YTD Sep 2018 would have been 72.1%.
- Included in OPEX for YTD Sep 2019 is a write-off of PPE amounting to RM4.9m for submarine cable transponder card write-off. Excluding this, the adjusted Cost to Revenue % for YTD Sep 2019 would have been 71.3% (pre-MFRS 16 and post MFRS 16).
- The **lower Cost to Revenue % for YTD Sep 2019** when compared to YTD Sep 2018 is mainly as a result of **improved cost efficiencies** obtained within the Group.

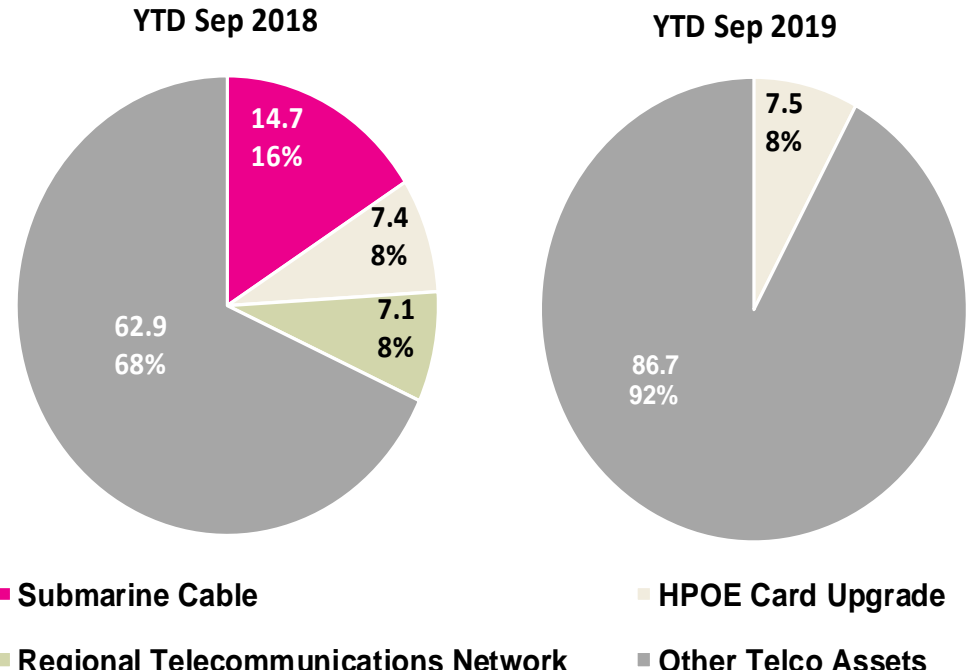
Note: Numbers are in RM'million

CAPITAL EXPENDITURE: YTD SEP 2019

RM'million



Breakdown of Telco Assets Acquired



■ Telco Assets ■ Non-Telco Assets ■ Data Centre

■ Submarine Cable

■ Regional Telecommunications Network

■ HPOE Card Upgrade

■ Other Telco Assets

- **87%** of YTD Sep 2019 capital expenditure was spent on telco assets, with particular focus on upgrading TIME's existing network infrastructure and expanding domestic network coverage.

MOVING FORWARD

1

Capitalise on demand for high speed home broadband packages.

2

Expand 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

Monitor developments in the industry and introduce new meaningful solutions and services to our customers.

4

Work with the Group's partners in Thailand and Vietnam to integrate their networks with the Group's Malaysian network to obtain operational synergies and to create a seamless regional telecommunications network across Indochina, Malaysia and Singapore.

5

Assess opportunities to further establish the Group as a key regional data centre player and operator and unlock the long term potential of the Group's data centre business.

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