TIME Q4 2018: HIGHLIGHTS

Retail

- Launched new TIME Fibre Home Broadband packages with faster speeds at more affordable prices, including the introduction of 1Gbps home broadband package in early October 2018
- Retail sales grew 3% QoQ and 39% YoY in Q4 2018
- Retail business continues to be the fastest growing customer group in FY2018

Wholesale

- Revenue from wholesale business grew 8% QoQ and 19% YoY

Submarine Cables

- Strong demand from wholesale customers for the Group’s international submarine cable capacity in Q4 2018
- Overall submarine cable sales grew 6% QoQ
- IRU sales (Pre-MFRS 15) grew 3% QoQ while recurring data revenue from submarine cables grew 2% QoQ

Data Centre

- Data centre revenue (excluding non-recurring contract revenue) in Q4 2018 grew 1% QoQ and 15% YoY

Enterprise

- Revenue from enterprise business grew 3% QoQ and 11% YoY

Dividend

- Declared an interim ordinary and special interim dividend of 9.25 sen and 11.31 sen per share respectively for the financial year ended 31 December 2018, to be paid on 29 March 2019

Note: All analysis and comparisons to previous year corresponding periods have been done excluding the effects of MFRS 15 for better comparability unless otherwise stated.
**REVENUE TREND: BY QUARTER**

Revenue (RM'million)

- **Q4-17**: 234.0, 18.1, 215.9
- **Q1-18**: 230.7, 4.4, 224.9
- **Q2-18**: 239.9, 0.4, 236.4
- **Q3-18**: 250.0, 19.4, 249.4
- **Q4-18**: 262.9, 21.3, 258.6

- **YoY= +20%**
- **RR= +20%**

- **QoQ= +5%**
- **RR= +4%**

**Note**: YoY’s variance is derived by excluding MFRS 15 adjustments for better comparability while QoQ variances are analysed post-MFRS 15

**Overall recurring revenues** (excluding one-off Global Bandwidth and other non-recurring contract revenues) from data, data centre, voice and other businesses **grew 4% QoQ and 20% YoY**

**One-off non-recurring contract revenues** of RM21.3m (pre-MFRS 15) were recorded in Q4 2018 mainly from data and data centre businesses. YoY revenue growth (pre-MFRS 15) would have been **20% YoY**

**RR**: Recurring revenues
Q4 2018 revenue was up 5% QoQ from sales to all core customer groups, led by wholesale and enterprise customers.

Wholesale and enterprise customers contributed 8% and 3% revenue growth QoQ respectively.

Strong demand for TIME’s Fibre Home Broadband plans continues to be seen. Retail sales grew 3% QoQ, pursuant to the launch of new competitively priced home broadband packages, including the new 1 Gbps plan.

One-off revenues from global bandwidth sales and non-recurring data centre contracts amounted to RM18.4m and RM2.9m respectively in Q4 2018 (Q3 2018: RM19.4m only from global bandwidth sales).

Adjusted PBT in Q4 2018 recorded a growth of 9% attributed to higher overall sales and higher share of profit from associates, set-off by higher depreciation charges and higher provision for doubtful debts.
**ANALYSIS: YEAR-ON-YEAR**

- Overall revenues grew 20% YoY in Q4 2018
- The Group recorded revenue growth from all its core customer groups (i.e. wholesale, enterprise and retail customers)
- The Group recorded one-off revenues from global bandwidth sales and non-recurring data centre contracts amounting to RM21.3m in Q4 2018 (Q4 2017: RM18.1m)
- Recurring revenue growth seen in all product segments. Data, data centre and voice recurring revenues grew 22%, 15% and 4% YoY respectively
- The Group recorded 51% YoY increase in adjusted pre-MFRS 15 PBT in Q4 2018 mainly due to higher overall revenues (boosted by one-off non-recurring contract revenues) on the back of improved overall cost efficiencies, higher share of profit from investment in associates, lower interest expense, despite higher depreciation, higher net allowance for doubtful debts and lower interest income

### Actual Pre-MFRS 15

- **Q4 2017**: 234.0
- **Q4 2018**: 279.9
- **YoY Variance**: +20%

### MFRS Adjustments

- **Q4 2018**: (17.0)

### Actual As reported under MFRS 15

- **Q4 2018**: 262.9

### Adjustments:

<table>
<thead>
<tr>
<th>Item</th>
<th>Actual Pre-MFRS 15</th>
<th>Actual As reported under MFRS 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on disposal of PPE</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Impairment of construction deposits</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>PPE written off</td>
<td>0.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Writeback provision of expenses</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Forex loss/(gain)</td>
<td>3.5</td>
<td>(6.7)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3.8</td>
<td>(7.9)</td>
</tr>
</tbody>
</table>

### ADJUSTED PBT

- **Q4 2017**: 61.1
- **Q4 2018**: 92.1
- **YoY Variance**: +51%
- **(12.3)**
- **79.8**

**Note**: YoY variances to the previous year corresponding period is done excluding the impact of MFRS15 for better comparability.
The Group recorded one-off non-recurring contract revenues amounting to RM48.2m in YTD Dec 2018 (YTD Dec 2017: RM49.5m). Excluding these, recurring revenues (pre-MFRS 15) would have grown 19% in YTD Dec 2018.

Recurring revenues (pre-MFRS 15) from data and data centre businesses grew 24% and 14% YoY respectively in YTD Dec 2018.

All core customer groups contributed positively to overall recurring revenue growth. Largest revenue growth contribution came from retail customers which grew 61% followed by wholesale and enterprise with growth of 16% and 10% YoY respectively.

Voice revenue declined 11% YoY due to lower usage in YTD Dec 2018.

Adjusted PBT (pre-MFRS 15) in YTD Dec 2018 recorded an increase of 48% mainly contributed by higher overall revenues (despite lower revenue from non-recurring contracts) on the back of improved overall cost efficiencies, higher share of profit from investment in associates offset by higher depreciation, interest expense, allowances made for doubtful debts and lower interest income.

**Analysis: YTD Dec 2018**

<table>
<thead>
<tr>
<th>Revenue (RM’million)</th>
<th>Actual Pre-MFRS 15 YTD Dec 2017</th>
<th>Actual Pre-MFRS 15 YTD Dec 2018</th>
<th>YTD Variance</th>
<th>MFRS Adjustments YTD Dec 2018</th>
<th>Actual As reported under MFRS 15 YTD Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>860.7</td>
<td>1,017.4</td>
<td>+18%</td>
<td>(34.0)</td>
<td>983.4</td>
</tr>
<tr>
<td>Profit Before Taxation (PBT)</td>
<td>193.1</td>
<td>325.6</td>
<td>+69%</td>
<td>(20.8)</td>
<td>304.8</td>
</tr>
</tbody>
</table>

**Adjustments:**
- Gain on disposal of PPE: (2.8) - (0.7) = (0.7)
- Impairment of construction deposits: -1.8 + 1.8 = 1.8
- Impairment loss in investment in associates: -4.0 + 4.0 = 0.0
- Allowance for doubtful debts for advances to associate: -7.2 + 7.2 = 0.0
- PPE written off: 3.1 + 1.0 = 4.1
- Writeback provision of expenses: -3.9 + (3.9) = 0.0
- Forex loss/(gain): 21.1 + (17.0) = 4.1
- Total: 21.4 + (7.6) = 5.8

**Adjusted PBT**

<table>
<thead>
<tr>
<th>Actual Pre-MFRS 15 YTD Dec 2017</th>
<th>Actual Pre-MFRS 15 YTD Dec 2018</th>
<th>YTD Variance</th>
<th>MFRS Adjustments YTD Dec 2018</th>
<th>YTD Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>214.5</td>
<td>318.0</td>
<td>+48%</td>
<td>(20.8)</td>
<td>297.2</td>
</tr>
</tbody>
</table>

**Notes:**
- **RR** : Recurring revenues
- **Note:** YTD variances to the previous year is done excluding the impact of MFRS15 for better comparability.
**UPDATE: ASEAN**

**RM ’ million**

<table>
<thead>
<tr>
<th></th>
<th>VIETNAM</th>
<th>THAILAND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YTD Dec 2018</strong></td>
<td>45.27%</td>
<td>49.00%</td>
</tr>
<tr>
<td>As reported by investee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>243.5</td>
<td>16.6</td>
</tr>
<tr>
<td>Profit/(Loss) After Tax</td>
<td>19.0</td>
<td>(3.1)</td>
</tr>
<tr>
<td>TIME's shares in proportion to its interest</td>
<td>Share of Profit/(Loss) on Investment of Associates</td>
<td></td>
</tr>
<tr>
<td>Share of Profit/(Loss) on Investment of Associates</td>
<td>8.6</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Total Share of Profit on Investment of Associates</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:**

1) The Group no longer shares losses from KIRZ since Q2 2018 when the investment value was fully impaired
2) Includes share of post-acquisition profits from SYMC (i.e from 9th November to 31st December 2017) not taken up in Q4 2017 which was deemed as immaterial.
## PERFORMANCE: Q4 2018

<table>
<thead>
<tr>
<th>RM ’million</th>
<th>Q4 2018 As reported under MFRS15</th>
<th>MFRS 15 adjustments</th>
<th>Q4 2018 Pre-MFRS15</th>
<th>Q4 2017 Pre-MFRS15</th>
<th>Y-o-Y Variance</th>
<th>Q3 2018 As reported under MFRS15</th>
<th>Q-o-Q Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>262.9</td>
<td>17.0</td>
<td>279.9</td>
<td>234.0</td>
<td>+ 20%</td>
<td>250.0</td>
<td>+ 5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>121.9</td>
<td>10.5</td>
<td>132.4</td>
<td>85.9</td>
<td>+ 54%</td>
<td>112.9</td>
<td>+ 8%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>114.0</td>
<td>10.5</td>
<td>124.5</td>
<td>89.7</td>
<td>+ 39%</td>
<td>103.8</td>
<td>+ 10%</td>
</tr>
<tr>
<td>PBT</td>
<td>87.7</td>
<td>12.3</td>
<td>100.0</td>
<td>57.3</td>
<td>+ 75%</td>
<td>82.6</td>
<td>+ 6%</td>
</tr>
<tr>
<td><strong>Adjusted PBT</strong></td>
<td>79.8</td>
<td>12.3</td>
<td>92.1</td>
<td>61.1</td>
<td>+ 51%</td>
<td>73.5</td>
<td>+ 9%</td>
</tr>
</tbody>
</table>

- **EBITDA Margin**: 46% (47%) 37% + 10 pps 45% + 1 pps
- **Adjusted EBITDA Margin**: 43% (44%) 38% + 6 pps 42% + 1 pps
- **PBT Margin**: 33% (36%) 24% + 12 pps 33% + 0 pps
- **Adjusted PBT Margin**: 30% (33%) 26% + 7 pps 29% + 1 pps
- **EPS (Sen)**: 13.85 (15.95) 10.01 + 5.94 sen 13.71 + 0.14 sen
- **Adjusted EPS (Sen)**: 12.49 (14.59) 10.67 + 3.92 sen 12.15 + 0.34 sen

### Note:
1) Adjusted EBITDA, Adjusted PBT and Adjusted EPS excludes forex impact, impairment of investment, and other one off adjustments.
2) YoY variances to the previous year corresponding period is done excluding the impact of MFRS15 for better comparability.
3) QoQ variances are analysed after accounting for MFRS 15 adjustments.
## PERFORMANCE: YTD DEC 2018

<table>
<thead>
<tr>
<th>RM 'mil lion</th>
<th>YTD Dec 2018 As reported under MFRS15</th>
<th>MFRS 15 adjustments</th>
<th>YTD Dec 2018 Pre -MFRS15</th>
<th>YTD Dec 2017 Pre-MFRS15</th>
<th>YTD Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>983.4</td>
<td>34.0</td>
<td>1,017.4</td>
<td>860.7</td>
<td>+ 18%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>427.4</td>
<td>14.7</td>
<td>442.1</td>
<td>297.2</td>
<td>+ 49%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>419.8</td>
<td>14.7</td>
<td>434.5</td>
<td>318.6</td>
<td>+ 36%</td>
</tr>
<tr>
<td>PBT</td>
<td>304.8</td>
<td>20.8</td>
<td>325.6</td>
<td>193.1</td>
<td>+ 69%</td>
</tr>
<tr>
<td><strong>Adjusted PBT</strong></td>
<td>297.2</td>
<td>20.8</td>
<td>318.0</td>
<td>214.5</td>
<td>+ 48%</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA Margin</td>
<td>43%</td>
<td>43%</td>
<td>35%</td>
<td>35%</td>
<td>+ 8 pps</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Margin</strong></td>
<td>43%</td>
<td>43%</td>
<td>37%</td>
<td>37%</td>
<td>+ 6 pps</td>
</tr>
<tr>
<td>PBT Margin</td>
<td>31%</td>
<td>32%</td>
<td>22%</td>
<td>22%</td>
<td>+ 10 pps</td>
</tr>
<tr>
<td><strong>Adjusted PBT Margin</strong></td>
<td>30%</td>
<td>31%</td>
<td>25%</td>
<td>25%</td>
<td>+ 6 pps</td>
</tr>
<tr>
<td>EPS (Sen)</td>
<td>49.56</td>
<td>53.13</td>
<td>30.25</td>
<td>22.88 sen</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted EPS (Sen)</strong></td>
<td>48.25</td>
<td>51.82</td>
<td>33.94</td>
<td>17.88 sen</td>
<td></td>
</tr>
</tbody>
</table>

**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 MFRS15 for better comparability.
**REVENUE GROWTH: BY PRODUCT**

**Data**
- **Q4-17**: 185.4
- **Q1-18**: 183.9
- **Q2-18**: 187.6
- **Q3-18**: 198.3
- **Q4-18**: 206.9

**YTD Dec 17**: 617.8
**YTD Dec 18**: 768.4

**YoY**: +21%
**QoQ**: +4%

**Voice**
- **Q4-17**: 17.5
- **Q1-18**: 16.4
- **Q2-18**: 16.5
- **Q3-18**: 17.5
- **Q4-18**: 18.3

**YTD Dec 17**: 77.6
**YTD Dec 18**: 68.7

**YoY**: -11%
**QoQ**: +4%

**Data Centre**
- **Q4-17**: 29.8
- **Q1-18**: 29.4
- **Q2-18**: 34.6
- **Q3-18**: 32.4
- **Q4-18**: 35.7

**YTD Dec 17**: 112.2
**YTD Dec 18**: 132.1

**YoY**: +18%
**QoQ**: +10%

**Legend**:  
- **Recurring**: Dark Pink
- **Non-recurring**: Light Pink
- **MFRS15 Adjustments**: Yellow

**Note**: Numbers are in RM 'million.

**RR**: Recurring revenues

**YTD Dec 17**: 28.5
**YTD Dec 18**: 31.5

**RR**: +15%

**YTD Dec 17**: 1.3
**YTD Dec 18**: 1.0

**RR**: +1%

**Note**:  
1) YoY variances to previous year corresponding periods are done excluding the impact of MFRS15 for better comparability.
2) QoQ variances are analysed after accounting for MFRS 15 adjustments.
REVENUE GROWTH: BY SEGMENT

Legend:
- Recurring
- Non-recurring
- MFRS15 Adjustments

**Note:**
1) YoY variances to previous year corresponding periods are done excluding the impact of MFRS15 for better comparability.
2) QoQ variances are analysed after accounting for MFRS15 adjustments.
### CONSOLIDATED COST TO REVENUE %

<table>
<thead>
<tr>
<th></th>
<th>Pre-MFRS 15</th>
<th>After MFRS 15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YTD Dec 2017</strong></td>
<td>692.4</td>
<td>723.9</td>
</tr>
<tr>
<td>Depn &amp; Amortisation</td>
<td>236.3</td>
<td>273.5</td>
</tr>
<tr>
<td>Net foreign exchange loss</td>
<td>311.2</td>
<td>326.2</td>
</tr>
<tr>
<td>Finance Expense (Pre-MFRS 15)</td>
<td>9.7</td>
<td>12.4</td>
</tr>
<tr>
<td>OPEX (Pre-MFRS 15)</td>
<td>114.1</td>
<td>125.0</td>
</tr>
<tr>
<td>COS (Pre-MFRS 15)</td>
<td>21.1</td>
<td></td>
</tr>
<tr>
<td>MFRS 15 Adjustments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>YTD Dec 2018</strong></td>
<td>(13.2)</td>
<td>72.4%</td>
</tr>
</tbody>
</table>

- **MFRS 15**, which was adopted w.e.f 1 Jan 2018, required subscriber acquisition costs to be capitalised and amortised over the contract duration. MFRS 15 also required that upfront customer receipts, where performance obligations are not yet deemed satisfied, will be accounted for as contract liabilities using discounted cash flow based on an indicative rate of borrowings of the Group with the difference taken to finance charges. The adjustments made in compliance with MFRS 15 had the effect of reducing overall costs of the Group by RM13.2m in FY2018.

- Included in costs in YTD Dec 2017 was a net foreign exchange loss of RM21.1m. **Excluding the net foreign exchange loss, the adjusted Cost to Revenue % for YTD Dec 2017 would have been 78.0%**.

- Included in OPEX for YTD Dec 2018 is a provision for impairment loss in investment in associates (RM4.0m) and an allowance for doubtful debts made for advances to associate (RM7.2m). **Excluding the above, the adjusted Cost to Revenue % for YTD Dec 2018 would have been 71.3% (pre-MFRS 15) and 72.5% (post-MFRS 15)**.

- The overall improvement in costs is primarily due to improved overall cost efficiencies and better cost management in the current year.

**Note:** Numbers are in RM'million

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**Consolidated Cost to Revenue %**

- **Pre-MFRS 15:** 80.4%
- **After MFRS 15:** 73.6%
- **Pre-MFRS 15:** 72.4%
77% of total YTD Dec 2018 capital expenditure was spent on telco assets with the main purpose of expanding domestic network coverage and to upgrade TIME’s existing network infrastructure.

RM62.0m or 29% of capital expenditure on telco assets was spent in YTD Dec 2018 to expand the Group’s regional network in Cambodia and Singapore.

RM43.1m was spent on submarine cable systems in YTD Dec 2018.

Non-telco asset additions during the year include a purchase of a freehold land and building amounting to RM18.6m.

Note: Numbers are in RM’million.
MOVING FORWARD

1. Capitalise on the momentum created by the introduction of new home broadband packages

2. Continue to fulfill Group’s commitment to deliver fast and unparalleled quality network experience to our customers

3. Invest to 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

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

5. Continue to work with the Group’s partners in Thailand, Vietnam and Cambodia 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
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