

27 February 2026

# TIME dotcom

## Finished the Year on Strong Footing

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TIMECOM's FY25 results tracked expectations, supported by consistent retail growth throughout the year. Resilient subscriber net adds and stable ARPU fuelled topline expansion, while effective cost management further boosted bottomline.

TIMECOM initiated its balance sheet optimization by raising its official dividend payout and reiterated its commitment to support AIMS' aggressive data centre expansion plans.

We maintain our forecasts and OUTPERFORM call, while raising our TP to RM6.60 (from RM6.12).

**Results in-line as QoQ growth momentum remained intact.** FY25 core net profit of RM487.3m (+12% YoY) came in within expectations at 102% of our full-year forecast and 103% of consensus estimate.

The group declared final DPS of 17.32 sen (4QFY24: 10.42 sen) alongside a special DPS of 9.73 sen (4QFY24: 27.45 sen), bringing total FY25 DPS to 48.7 sen (FY24: 56.8 sen), exceeding our expectations.

Key exceptional items (EI) excluded from FY25 core earnings include: (i) forex loss: RM31m, (ii) construction deposit/PPE/inventory write off: RM11m, (iii) impairments for submarine cable (RM23m) and associate investment (RM33m), (iv) adjustments for prior year tax (RM19m), and (v) EI tax impact: RM18m.

The asset impairments were related to: (i) 47%-associate Symphony Communications, impacted by geopolitical tensions along the Thai-Cambodian border, and (ii) weaker demand for a submarine cable system (likely the Asia Pacific Gateway) following recurring cable outages.

**Retail segment leads growth amid robust ARPU and subscriber base expansion.** FY25 topline growth (+6% YoY) was broad-based, led primarily by a sharp surge in retail revenue (+51% YoY). This was supported by a larger subscriber base (+7% YoY), underpinned by consistent quarterly net adds of 7k-9k.

Retail subscriber growth remained resilient in 4QFY25, with net adds of 7k (3QFY25: 8k). Meanwhile, ARPU was stable for the 3<sup>rd</sup> consecutive quarter at RM117. Subscriber growth continued to be supported by ongoing network expansion, with premises passed rising to c. 2.05m as at end-Dec 2025.

**Efficiency gains augment bottom line expansion.** FY25 core net profit expansion (+12% YoY) was driven by: (i) stronger topline, (ii) cost efficiencies and (iii) reversals of overprovisions for expenses and doubtful debts (reflecting improved collections).

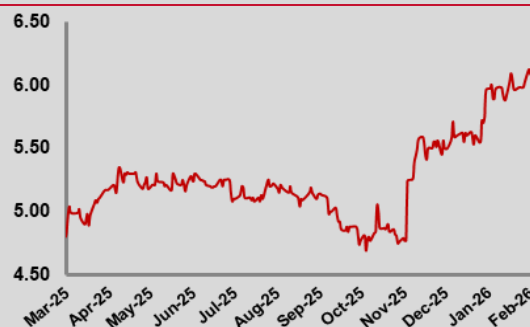
These tailwinds more than offset the impact of: (i) lower interest income (due to reduced cash balances following a chunky RM700m dividend payout), (ii) softer contributions from associates (particularly AIMS), and (iii) higher depreciation charges.

# OUTPERFORM ↔

Price: **RM6.16**

Target Price: **RM6.60** ↑

### Share Price Performance



KLCI	1,740.94
YTD KLCI chg	3.6%
YTD stock price chg	10.2%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	TDC MK EQUITY
Market Cap (RM m)	11,388.7
Share Outstanding	1,848.8
52-week range (H)	6.30
52-week range (L)	4.45
3-mth avg. daily vol.	2,395,962
Free Float	71%
Beta	0.5

### Major Shareholders

Employees Provident Fund Board	16.7%
Pulau Kapas Ventures Sdn Bhd	10.0%
Rahim Afzal Bin Abdul	10.0%

### Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Revenue	1,793	1,881	1,934
EBITDA	767	836	888
EBIT	563	617	676
PBT	541	658	709
<b>Net Profit</b>	<b>426</b>	<b>518</b>	<b>558</b>
<b>Core PATAMI</b>	<b>487</b>	<b>518</b>	<b>558</b>
Consensus NP	-	472	513
Earn. Revision	-	-	NEW
Core EPS (sen)	26.4	28.0	30.2
Core EPS Growth (%)	11.7	6.3	7.8
DPS (sen)	48.7	42.0	45.5
BVPS (RM)	1.7	1.6	1.4
PER (x)	23.3	22.0	20.4
PBV (x)	3.5	3.9	4.3
Net Gearing (x)	-0.1	-0.1	0.1
Div. Yield (%)	7.9	6.8	7.4

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**Forecasts.** We maintain FY26F earnings while introducing FY27F numbers.

**Revised policy targets higher payout.** TIMECOM unveiled a revised dividend policy, targeting an annual payout of 50%–75% of normalized PATAMI. This implies higher payout relative to its previous policy which capped distributions at 50% of normalized PAT. The revised policy forms part of broader balance sheet optimisation initiatives, which also include: (i) bi-annual reviews of cash positions when considering the distribution of special dividends, and (ii) strategy to raise debt for capex, targeting a net debt/EBITDA of 1.0x–1.5x over the next 2–3 years.

**Kick starting balance sheet optimization.** Implementation of TIMECOM's balance sheet optimization will largely hinge on the pace of its domestic and regional fiber network expansion, as well as the fulfilment of AIMS' capital commitments. For FY26, TIMECOM expects capex to increase to RM400m (FY25: RM361m), on top of higher investments to support AIMS' data center expansion. To recap, TIMECOM participated in RM53.9m of capital calls for 30%-owned AIMS in FY25.

**Ready to support AIMS' aggressive expansion.** AIMS appears to be accelerating its expansion plans, as reflected in its recent announcement to develop a USD1b AI data centre on a 10-acre site in Cyberjaya by 2027. The facility has a planned capacity of up to 200MW, though TIMECOM believes that AIMS will phase the build-out in line with offtake commitments. While hyperscalers capable of absorbing large-scale capacity are part of AIMS' customer base, their current take-up remains limited to smaller, bite-sized deployments.

**Valuations.** Our TP is revised to RM6.60 (from RM6.12) as we raise our target FY26F EV/EBITDA multiple to 14.4x (from 12.5x). This represents a 20% premium to TIMECOM's historical average to reflect: (i) improving capital efficiency from balance sheet optimization, and (ii) stronger medium-term growth visibility on the back of AIMS' accelerating expansion. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

**Investment case.** We are optimistic on TIMECOM, underpinned by: (i) its ability to leverage on growing enterprise demand for bandwidth services within co-location hyperscale data centres; (ii) its exposure to AIMS' regional expansion into markets experiencing rising co-location demand amid tightening domestic data residency regulations; (iii) potential for higher dividends supported by balance sheet optimisation and modest capex needs; and (iv) resilient retail ARPUs and sustained subscriber net adds momentum driven by network coverage expansion. Maintain **OUTPERFORM**.

**Risks to our call include:** (i) AIMS' ASEAN expansion plans turn out to be sluggish with elevated capex outlay, (ii) ARPU pressure and market share erosion amid stiff competition in the retail broadband segment, and (iii) continued weakness in global IP transit rates due to capacity oversupply and tapering demand (as traffic increasingly shifts to hyperscalers that own proprietary submarine cables)

Results Highlights								
	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Dec (RM m)	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Revenue	464.8	453.8	2.4%	430.6	7.9%	1,792.8	1,690.2	6.1%
<b>EBITDA</b>	<b>204.1</b>	<b>200.3</b>	1.9%	<b>177.1</b>	15.3%	<b>767.0</b>	<b>688.6</b>	11.4%
Depreciation	(54.8)	(51.8)	5.8%	(48.5)	13.0%	(204.3)	(194.1)	5.2%
Net Finance Costs	(1.5)	(2.6)	-43.0%	4.2	-135.9%	(3.6)	19.8	-118.2%
JCE	11.1	12.9	-13.7%	27.4	-59.3%	43.4	65.4	-33.7%
EI	(35.1)	(31.0)	13.2%	(5.5)	538.2%	(61.2)	(53.6)	14.1%
Pretax Profit	123.8	127.7	-3.0%	154.6	-19.9%	541.4	526.1	2.9%
Taxation	(19.3)	(21.9)	-11.7%	(40.4)	-52.2%	(114.2)	(140.7)	-18.8%
Minority Interest	(0.1)	0.3	-137.9%	(0.2)	-37.8%	(1.0)	(2.7)	-61.9%
<b>Reported Net Profit</b>	<b>104.4</b>	<b>106.1</b>	-1.7%	<b>114.0</b>	-8.4%	<b>426.1</b>	<b>382.8</b>	11.3%
<b>Core Net Profit</b>	<b>139.5</b>	<b>137.1</b>	1.7%	<b>119.5</b>	16.7%	<b>487.3</b>	<b>436.5</b>	11.7%
Core EPS (sen)	7.5	7.4	1.8%	6.5	16.4%	26.4	23.6	11.7%
DPS (sen)	27.1	21.6	25.0%	37.9	-28.6%	48.7	56.8	-14.3%
EBITDA margin	43.9%	44.1%		41.1%		42.8%	40.7%	
PBT Margin	26.6%	28.1%		35.9%		30.2%	31.1%	
Core Net margin	30.0%	30.2%		27.8%		27.2%	25.8%	

Source: Company, Kenanga Research

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**Segmental Highlights**

FYE Dec (RM m)	4Q FY25	3Q FY25	QoQ Chg	4Q FY24	YoY Chg	12M FY25	12M FY24	YoY Chg
<b>Revenue by Type</b>								
- Voice	11.2	10.8	3.7%	11.2	0.0%	43.9	47.0	-6.6%
- Data	410.8	396.3	3.7%	367.9	-10.4%	1,573.5	1,454.1	8.2%
- Cloud	39.3	44.6	-11.9%	50.4	28.2%	167.2	185.7	-10.0%
- Others	2.0	3.5	-41.0%	1.1	-45.1%	8.1	3.4	143.0%
<b>Total</b>	<b>463.3</b>	<b>455.2</b>	<b>1.8%</b>	<b>430.6</b>	<b>-7.1%</b>	<b>1,792.8</b>	<b>1,690.2</b>	<b>6.1%</b>
<b>Revenue by Type</b>								
- Wholesale	137.9	127.2	8.4%	122.0	-11.5%	512.5	386.9	32.5%
- Enterprise	137.5	144.8	-5.0%	140.9	2.5%	558.8	395.7	41.2%
- Retail	189.4	181.7	4.2%	167.7	-11.5%	721.5	477.0	51.3%
<b>Total</b>	<b>464.8</b>	<b>453.7</b>	<b>2.4%</b>	<b>430.6</b>	<b>-7.4%</b>	<b>1,792.8</b>	<b>1,259.6</b>	<b>42.3%</b>

Source: Company, Kenanga Research

**Associates & JCEs**

FYE Dec (RM m)	4Q FY25	3Q FY25	QoQ Chg	4Q FY24	YoY Chg	12M FY25	12M FY24	YoY Chg
- AIMS (30%)	3.6	6.2	-41.9%	20.8	477.5%	16.0	34.2	-53.2%
- CMC Telecom (45.27%)	5.1	4.8	6.3%	4.7	-7.7%	17.1	16.4	4.0%
- Symphony (46.84%)	2.5	1.8	38.9%	2.0	-19.4%	10.2	15.0	-31.7%
<b>Total</b>	<b>11.2</b>	<b>12.8</b>	<b>-12.5%</b>	<b>27.5</b>	<b>145.6%</b>	<b>43.3</b>	<b>65.6</b>	<b>-34.0%</b>

Source: Company, Kenanga Research

**Operating Metrics**

	4Q FY25	3Q FY25	QoQ Chg	4Q FY24	YoY Chg
Subscribers ('000)	512	505	7	479	33
ARPU (RM)	117	117	0	116	1

## Peer Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RMm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>TELECOMMUNICATION</b>																	
AXIATA GROUP BHD	MP	2.31	2.70	16.9%	21,220.2	Y	12/2026	5.8	5.9	-37.7%	2.8%	40.0	38.9	1.2	0.5%	11.0	4.8%
CELCOMDIGI BHD	OP	3.26	4.27	31.0%	38,244.7	Y	12/2026	13.6	13.6	6.2%	0.6%	24.0	23.9	2.4	10.1%	16.0	4.9%
MAXIS BHD	MP	3.90	3.63	-6.9%	30,556.8	Y	12/2026	20.5	21.3	1.3%	3.9%	19.0	18.3	4.8	25.6%	18.0	4.6%
OCC GROUP BHD	OP	0.370	0.430	16.2%	388.9	Y	06/2026	2.5	2.8	-12.6%	10.8%	14.6	13.1	0.6	4.4%	1.0	2.7%
TELEKOM MALAYSIA BHD	OP	7.46	8.86	18.8%	28,629.5	Y	12/2026	47.7	47.9	3.1%	0.4%	15.6	15.6	2.5	16.6%	33.0	4.4%
TIME DOTCOM BHD	OP	6.16	6.60	7.1%	11,388.7	Y	12/2026	25.8	28.2	9.2%	9.1%	23.9	21.9	2.9	11.1%	28.0	4.5%
<b>SECTOR AGGREGATE</b>					<b>130,428.9</b>					<b>-1.9%</b>	<b>2.3%</b>	<b>21.6</b>	<b>21.1</b>	<b>2.4</b>	<b>11.4%</b>		<b>4.3%</b>

Source: Bloomberg, Kenanga Research

## Stock ESG Ratings:

	Criterion	Rating				
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	☆		
<b>SPECIFIC</b>	Cybersecurity & Data Privacy	★	★	★	★	
	Network Quality & Coverage	★	★	☆		
	Digitalisation & Innovation	★	★	★		
	Supply Chain Management	★	★	★		
	Talent Management	★	★	☆		
	Customer Satisfaction	★	★	★	★	
<b>OVERALL</b>		★	★	★		

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**Stock Ratings are defined as follows:****Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

***\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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