

Headline	TM faces potential competition over medium term - Analysts		
MediaTitle	Borneo Post (KK)		
Date	14 Jan 2019	Language	English
Circulation	19,988	Readership	59,964
Section	Business	Page No	A7
ArticleSize	464 cm <sup>2</sup>	Journalist	N/A
PR Value	RM 3,881		



## TM faces potential competition over medium term — Analysts

**KUALA LUMPUR:** Telekom Malaysia Bhd (TM) is set to face potential competition over the medium term as there are packages which are relatively more attractive when compared with the group's existing unifi prices, analysts observed.

Tenaga Nasional Bhd (TNB) recently revealed that the pilot project for NFCC, developed by the government with TNB, was successfully completed earlier than planned, thus opening up high speed internet access or High Speed Broadband (HSBB) at 1,100 homes in Jasin, Melaka.

According to the research team at CIMB Investment Bank Bhd (CIMB Research) in a telecommunications sector flash note, TNB's retail broadband City Broadband (CBB) offers the lowest broadband-only prices in Jasin.

"Its 50-100 megabits per second (Mbps) plan, priced at RM79-RM99 per month, is more attractive versus TM's existing unifi 30 (with a quota of 60 gigabytes (GB))-100Mbps plan (RM79-RM129 per month), although CBB's subs need to pay an extra RM20 per month if they want a voice line at an additional eight sen per minute," CIMB Research said.

"Meanwhile, plans launched by Astro Malaysia Holdings Bhd (Astro), Celcom Axiata Bhd (Celcom), Digi.com Bhd (Digi) and Maxis Bhd (Maxis) are either slightly cheaper versus existing unifi plans, fill a market gap (for example 50Mbps) or bundles in content."

CIMB Research noted that TNB will complete a study on the commercial viability of the Jasin pilot project by end-first quarter of 2019 (1Q19).



TM is set to face potential competition over the medium term as there are packages which are relatively more attractive when compared with the group's existing unifi prices. — Bernama photo

"If it decides to extend its fibre services to other areas, it could pose potential competition for TM based on the attractive packages launched in Jasin."

However, the research arm did not see an immediate impact on TM, as physical network rollout will take time and TNB's existing fibre reach is still limited at circa 13,000 kilometres (km) versus TM's more than 500,000 km.

It thus factored in a 30 per cent erosion of TM's unifi average revenue per user (ARPU) in financial year 2018-2023 (FY18-23) for potential downtrading or more intense price competition.

As for Astro, CIMB Research sees minimal impact from the pilot run given that Astro has reached 92 per cent household penetration in Jasin.

"Nevertheless, we see this development as a long-

term positive for Astro to create stickiness with pay-TV subscribers. Astro could also add a new revenue stream from bundling of broadband service and content delivery."

The research arm further noted that TNB does not have a fixed timeline for this new fixed broadband venture yet, but we expect the earnings contribution to be negligible in the near term.

"The capital expenditure (capex) for the pilot project in Jasin is estimated at RM1 million to RM2 million."

Overall, CIMB Research expected flattish industry mobile revenue growth in FY18F-20F, while the fixed broadband business is likely to face headwinds as the government pushes for more affordable/faster broadband services.



Terminal tractors line up as they are loaded with containers from a cargo ship at DP World's fully automated Terminal 2 at Jebel Ali Port in Dubai, United Arab Emirates. — Reuters photo