



#Enabling DigitalMalaysia



35th Annual General Meeting

10 June 2020



TM 35th Annual General Meeting

Smart Tourism

10 June 2020

COMPANY UPDATES

FY2019 FINANCIAL & OPERATIONAL HIGHLIGHTS

Smart Agriculture

MOVING FORWARD

RESPONSES TO QUESTIONS FROM MINORITY SHAREHOLDER WATCH GROUP (MSWG)

TM 5G



Smart Tourism



Smart Parking



#Enabling DigitalMalaysia

Smart Traffic Light



Smart Vehicle Management System



TM 5G



Smart Parking



Smart Tourism



#Enabling DigitalMalaysia

Smart Traffic Light



Smart Vehicle Management System



Smart Retail Analytics



Smart Tourism



Smart Agriculture



Company Updates

Our response for COVID-19

#stayentertained



FREE channels on unifi TV including premium channels and unifi PlayTV



20% discount for all Video-on-Demand (VOD) titles in HyppFlicks Plus

#stayconnected



unifi Home unlimited internet



unifi Mobile postpaid unlimited plans
○ **FREE 999GB LTE hotspot pass**



unifi Mobile #BEBAS
○ **FREE 7-day unlimited data pass**

#stayinbusiness



unifi Mobile Biz postpaid unlimited plans

○ **FREE 999GB LTE hotspot** so that you can have more data to access remote working platforms i.e. G Suite, Zoom



Up to 20% discount for unifi Digital Marketing Solutions (DMS) which includes Google Ads, Facebook Ads and Instaweb via Yellow Pages



Special financing support from unifi banking partners

○ **SME Bank and RHB Bank**
● Disbursement of up to RM1 million in funds and auto moratorium on repayments for up to six (6) months

#stayinformed



Stay safe. Stay updated.

Get official information on COVID-19 at [stayalert.my](https://www.stayalert.my)



FREE calls to:

○ **Crisis Preparedness and Response Centre (CPRC)**
● 24-hour Hotline: 03-8881 0200 / 03-8881 0600 / 03-8881 0700

Our response for COVID-19



GLC Disaster Response Network

GLC/GLIC DISASTER RESPONSE NETWORK

UNITED AGAINST COVID

Joint-secretariat



YAYASAN
HASANAH

A foundation of Khazanah Nasional

#GDRNBantu #GDRNAgainstCovid



HUMANITARIAN AID ASSISTANCE

5,482 FAMILIES | **8,270** STUDENTS
ACROSS 9 UNIVERSITIES | **352** FRONTLINERS

300 BABY CARE BASKETS | **15,892** COOKED MEALS FOR BUKA PUASA | **2,400** KURMA PACKETS

15 PREGNANT REFUGEE MOTHERS SUPPORTED WITH DELIVERY COST AT HOSPITALS

NON-MEDICAL SUPPLIES

18,344 BOTTLES
MINERAL WATER



650 BOTTLES
VITAMIN C



650 SETS
BEDDING FOR
FRONTLINERS



#GDRNBantu #GDRNAgainstCovid

138
VENTILATORS




35
PATIENT
MONITORS



55
BP
MONITORS



335
ORAL/
INFRARED
THERMOMETER



75
STETHOSCOPES



1,738
COVERALL
SUITS



MEDICAL SUPPLIES

56,100
DISPOSABLE
FACE
SHIELDS



69,500
BOXES
EXAMINATION
GLOVES (NITRILE
POWDER FREE)



399,520
FACE MASKS



6
WHEELCHAIRS



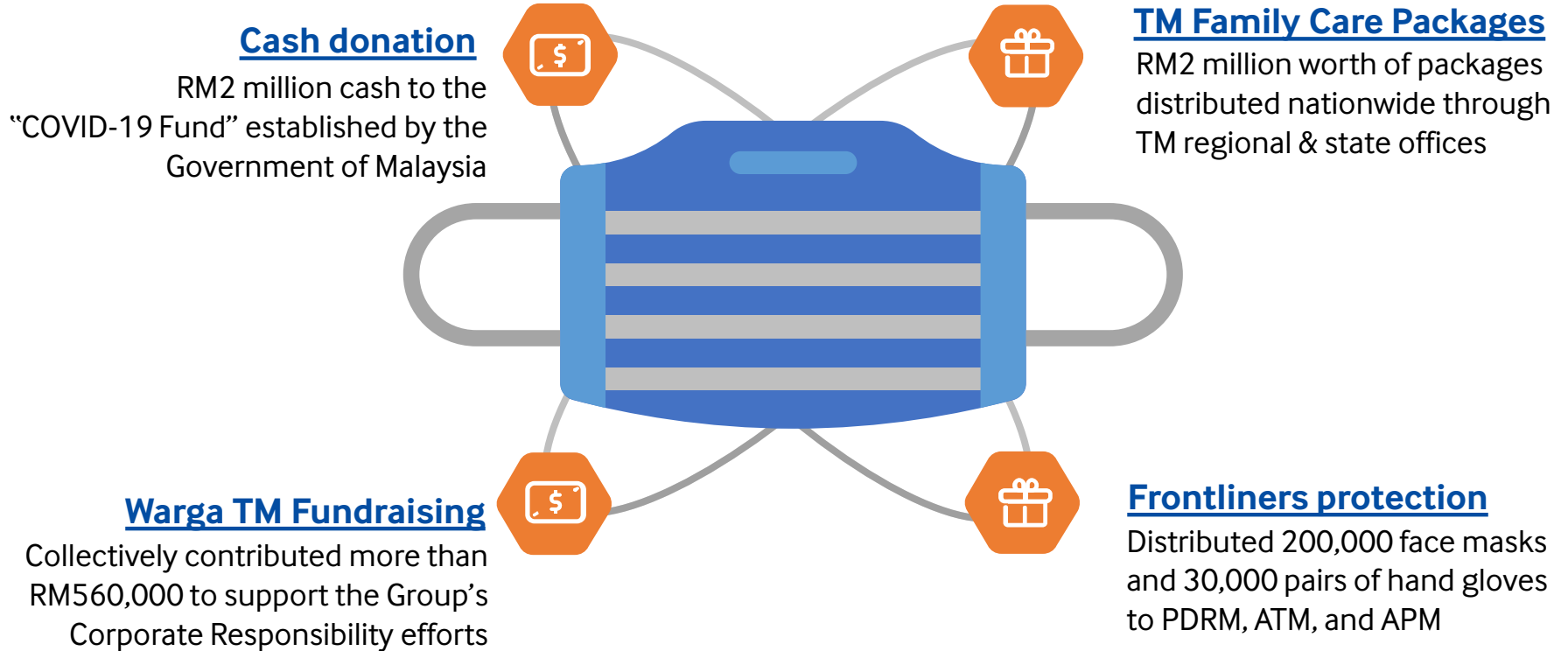
140
MEDICAL
VOLUNTEERS



450
DISPOSABLE
HEAD
COVERS



Our response for COVID-19



Our “new normal” operations

#stayserved



All TMpoint outlets have reopened

- A maximum of three (3 staff) will be on duty and a maximum of five (5) visitors are allowed at any given time.



Installations and restorations

- **All** new installation and restoration activities will resume **except** in Enhanced Movement Control Order (EMCO) areas.



MMU produces ready workforce

A 100% graduate rate in a year is a testament to the quality of education at MMU. The university has consistently achieved this milestone, a feat that is a testament to the quality of education at MMU. The university has consistently achieved this milestone, a feat that is a testament to the quality of education at MMU. The university has consistently achieved this milestone, a feat that is a testament to the quality of education at MMU.

Program Usahawan Wanita TM bantu perluas perniagaan

Peserta diajar urus, reka-dan data bisnes lebih sistematik. TM menawarkan program ini kepada usahawan wanita untuk membantu mereka menguruskan perniagaan mereka dengan lebih sistematik. Program ini melibatkan latihan dalam menguruskan perniagaan, reka-dan data bisnes, dan pemasaran.

TM, U Mobile team up to test 5G network sharing

Under the partnership, both parties will be exploring several models. Telekom Malaysia Bhd (TM) and U Mobile Sdn Bhd have teamed up to explore network-sharing opportunities using TM's 5G (5G-PP) Demonstration Project (GGDP) Langkawi network as the platform. Under the partnership, both parties will be exploring several network infrastructure-sharing models such as multi-operator core node or multi-operator radio access network, the

STREAMYX RATES SLASHED

From September, existing customers pay only RM69 monthly for 8Mbps package. Telekom Malaysia Bhd (TM) has announced a price reduction for its Streamyx 8Mbps package. From September, existing customers will pay only RM69 monthly for the 8Mbps package, down from RM79. This move is part of TM's commitment to provide affordable and reliable services to its customers.

TM, Digi collaborate in 5G rollout demo

PETALING JAYA: National telecommunications giant Telekom Malaysia Bhd (TM) and mobile service provider Digi.com Bhd will be collaborating to test out 5G network sharing for the 5G Demonstration Project (5GDP) rollout in Langkawi. In a joint statement, both companies said the partnership, involving TM and Digi Telecommunications Sdn Bhd, would see them working together in testing the capability of 5G services nationwide. "We aspire to not only enable the ecosystem but also plan to be a neutral partner for industry players and collaboration partners towards serving a more digital society and lifestyle, digital businesses and industry verticals, as well as digital government," he said. Meanwhile, Digi CEO Albert Murty said the group's partnership with TM was in line with its commitment to build a robust 5G ecosystem.

5G jalin kerjasama antara komunikasi di

an kebolehan membawa teknologi komunikasi dalam untuk menyebarkan 5G di seluruh negara. Telekom Malaysia Bhd (TM) dan Huawei telah mengumumkan kerjasama untuk menguji kebolehoperasian 5G di Langkawi, Kedah. "Kita akan mendalami usahacama ini dengan pelbagai kerjasama perkongsian melancarkan pelbagai ujian dan pengesahan kebolehoperasian 5G di Langkawi, Kedah." kata Ketua Pegawai Eksekutif Telekom Malaysia Bhd (TM), Datuk Noor Ar Nuruddin. Beliau berkata, kerjasama ini akan melibatkan Huawei sebagai sokongan teknikal dalam ujian kebolehoperasian 5G di Langkawi, Kedah. "Kerjasama ini akan melibatkan Huawei sebagai sokongan teknikal dalam ujian kebolehoperasian 5G di Langkawi, Kedah." kata Ketua Pegawai Eksekutif Telekom Malaysia Bhd (TM), Datuk Noor Ar Nuruddin.

TM, Huawei jalin kerjasama 5G

Fokus rekaan infrastruktur dalam Program Ujian Kebolehoperasian di Langkawi, Kedah

“TM yang mendapat sokongan pakar Huawei turut mempersiapkan jaringan 5G di Langkawi sebagai pusat inkubasi untuk pembekal telekomunikasi lain, pemain industri termasuk usahawan tempatan untuk menggunakan teknologi berkenaan.”

Kerjasama ini akan melibatkan Huawei sebagai sokongan teknikal dalam ujian kebolehoperasian 5G di Langkawi, Kedah. "Kerjasama ini akan melibatkan Huawei sebagai sokongan teknikal dalam ujian kebolehoperasian 5G di Langkawi, Kedah." kata Ketua Pegawai Eksekutif Telekom Malaysia Bhd (TM), Datuk Noor Ar Nuruddin.

Untung bersih TM melonjak 400 peratus

Telekom Malaysia Bhd (TM) mencatatkan keuntungan bersih RM662.7 juta bagi tahun kewangan berakhir 31 Disember 2019, melonjak lebih 400 peratus berbanding RM153.2 juta yang diraih tahun sebelumnya. Peningkatan ketara itu utamanya disebabkan oleh pertumbuhan pendapatan data selular RM2.9 peratus kepada RM42.96 bilion manakala perkhidmatan mengukuhkan dan beroperasi lebih rendah hasil perkhidmatan telekomunikasi lain oleh kumpalan. Bagaimanapun, pendapatan TM dalam tahun diuji suntik RM3 peratus kepada RM11.45 bilion berbanding RM11.83 bilion tahun sebelumnya, berikutan pendapatan lebih rendah daripada semua kelompok produk kecuali data. Telekom Malaysia Bhd (TM) mencatatkan keuntungan bersih RM662.7 juta bagi tahun kewangan berakhir 31 Disember 2019, melonjak lebih 400 peratus berbanding RM153.2 juta yang diraih tahun sebelumnya.



Noor Kamari Amar (tengah) dan Ketua Pegawai Eksekutif Telekom Malaysia Bhd, Fuzi Haniffa mengukuhkan prestasi kewangan TM di Kuala Lumpur, 22 Januari.

Our achievement against guidance

2019 Guidance		Achievement
- 1.0% to FLAT	Revenue Growth (%)	-3.3%
Approximately RM1.0 billion	EBIT (RM)	RM1.6 billion
18.0%	Capital Expenditure	11.9%

In 2019, we focused on 3 strategic pillars

1

Converged Services

to maintain existing revenue streams and uplift revenue over time by delivering new services in convergence and digital solutions

2

Simple & Digital

to digitise customer experience whilst simplifying products, processes, network and IT operations

3

Lean & Lower Cost

to optimise costs from significant operational efficiencies, increase in productivity and change to leaner operating models

Fostering high performance work culture through our people



**Workforce
Agility**



**Rethink Our
People
Investment**



**Reengaging
Organisational
Values**

Our 5G achievement



1st in the World



Simultaneous 700 MHz & 3.5 GHz on Standalone 5G Network

1st in the Country

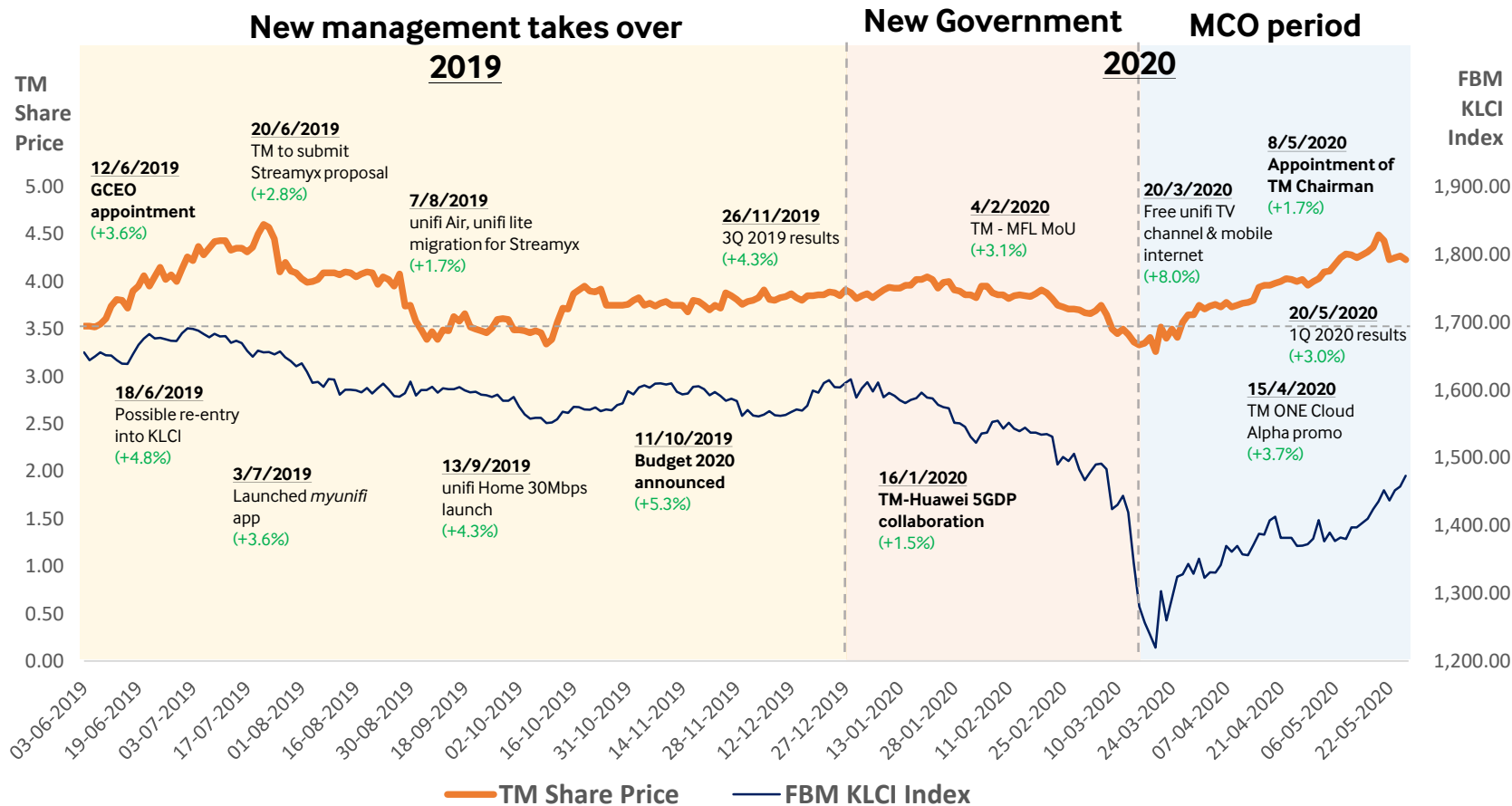
5G CORE (5GC)

700 MHz Standalone 5G Network

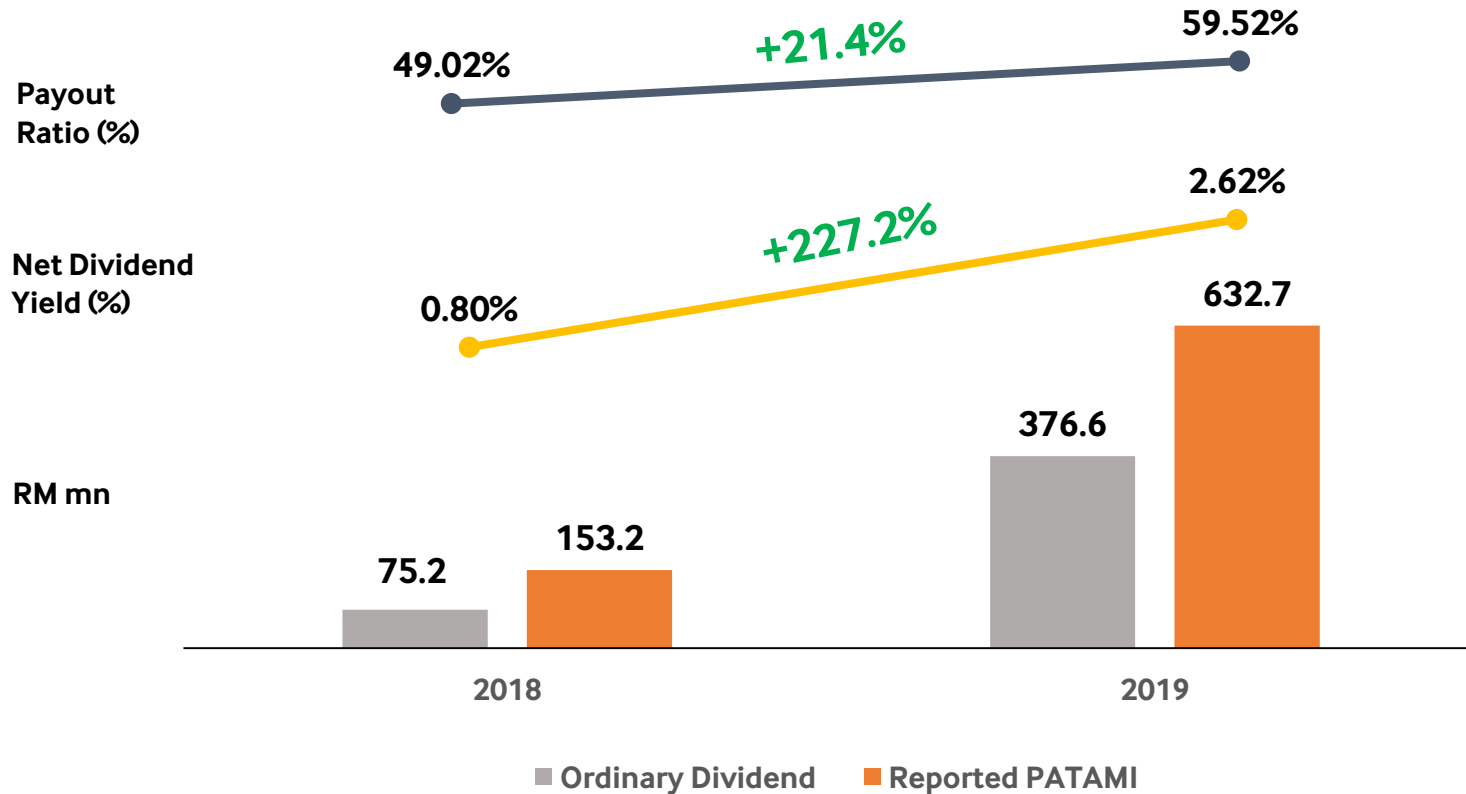
3.5 GHz Standalone 5G Network

5G Centralised Radio Access Network

Share price performance from June 2019 till date



Shareholder Returns (2018-2019)



TM 5G



Smart Parking



Smart Tourism



#Enabling DigitalMalaysia

Smart Traffic Light



Smart Vehicle Management System



Smart Retail Analytics



Smart Tourism



Smart Agriculture



FY 2019 Financial and Operational Highlights

FY 2019 Highlights

REVENUE

RM11,434.2mn

EBIT

RM1,568.3mn

+>100.0% YTD

COST OPTIMISATION

13.1 percentage
point

FIXED BROADBAND

2.18mn subscribers

DATA REVENUE

RM2,855.0mn

+16.9%

FINAL INTERIM DIVIDEND

10.0 sen



Revenue within guidance



Highest reported EBIT since 2007



Total cost to revenue ratio improved by
13.1 percentage point



Positive growth QoQ in total fixed broadband
base as a result from Year End Promotion



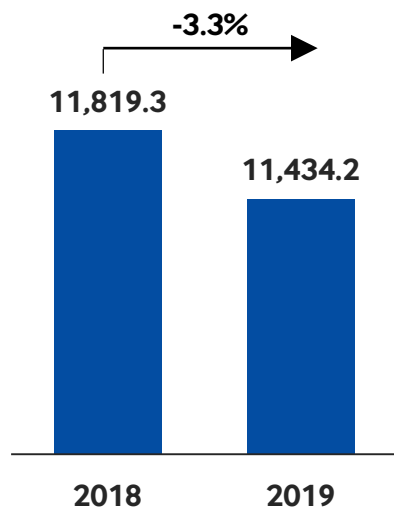
Encouraging demand for data services



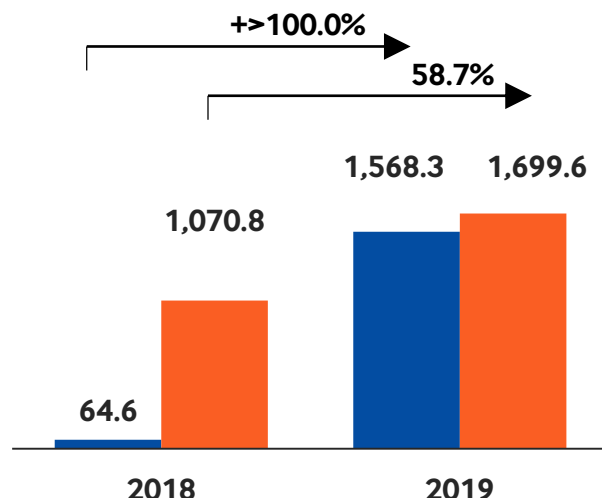
Declared 10.0 sen final interim dividend
(60% from reported PATAMI)

Financial Performance

Revenue (RM million)

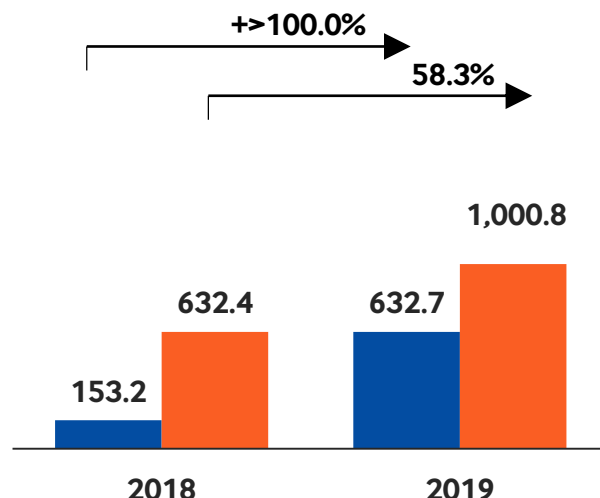


EBIT (RM million)



■ EBIT ■ Normalised EBIT

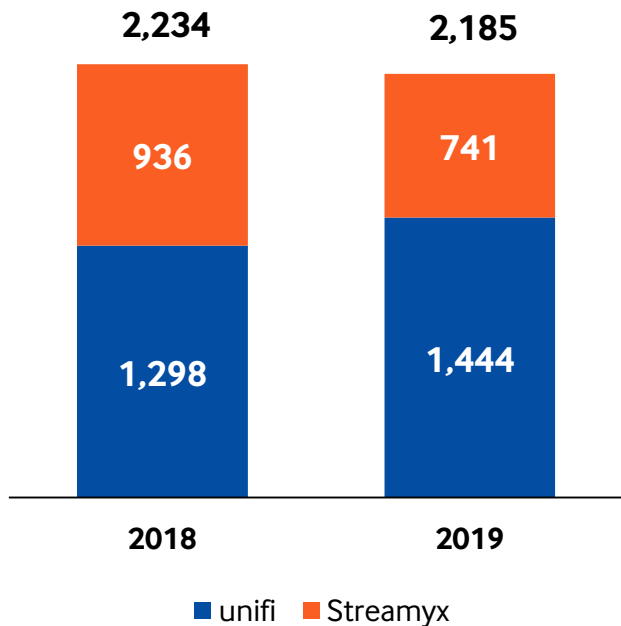
PATAMI (RM million)



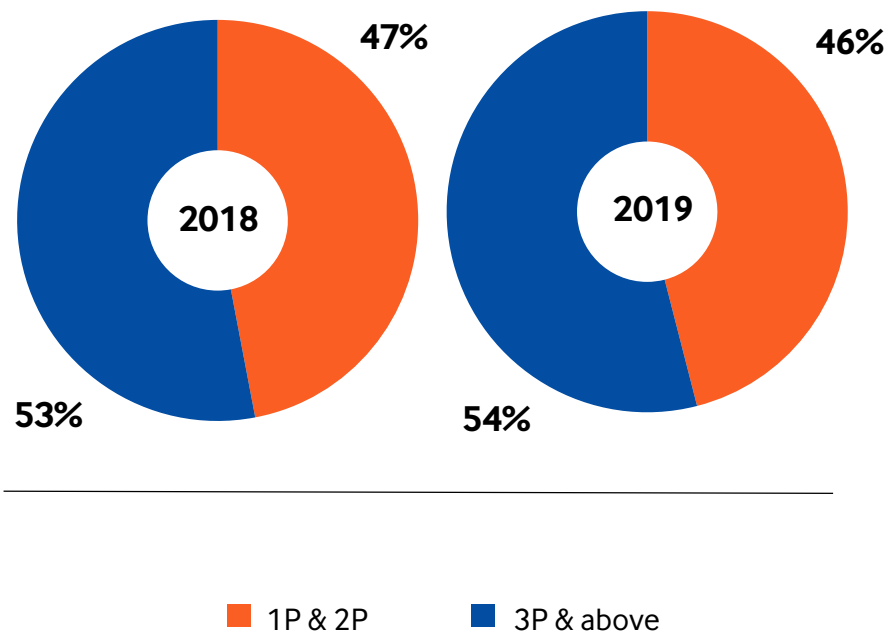
■ PATAMI ■ Normalised PATAMI

Operational Performance & Convergence Penetration

Fixed Broadband Customers ('000)



Increasing Convergence Households



TM 5G



Smart Parking



Smart Tourism



#Enabling DigitalMalaysia

Smart Traffic Light



Smart Vehicle Management System



Smart Retail Analytics



Smart Tourism



Smart Agriculture



Moving Forward

Strategising for Growth in 2020 - Fixing The Basics and Embracing Customer Experience





#Enabling DigitalMalaysia

Responses to Questions from Minority Shareholder Watch Group (MSWG)





Questions from MSWG Strategic & Financial Matters

Q1

TM completed the upgrading exercise in April 2019 with over 970,000 unifi customers upgraded to ten (10) times the existing speed; 266,000 Streamyx customers in unifi coverage areas upgraded to unifi, and 226,000 Streamyx customers in non-unifi coverage areas upgraded to two (2) times the existing speed where technology permits. (Page 33 of Integrated Annual Report - IAR)

- (a) What tangible results have arisen from the upgrading exercise?
- (b) What plans have been set to convert non-unifi to unifi coverage areas to increase the number of unifi customers?



Questions from MSWG Strategic & Financial Matters

A1
(a)

The upgrading (Turbo) exercise was primarily in response to the then new Government's initiative to execute 'Double the Speed, Half the Price'. The turbo exercise not only addressed the national agenda of raising productivity levels but also propelled and improved Malaysia's broadband ranking. With our enhanced bundled proposition of content and devices, we saw an uptake in demand for our ≥ 100 Mbps propositions by approximately 10%. Streamyx subscribers were not left out with various initiatives undertaken to drive the migration to unifi services and 2x speed program, which led to better retention rate.

As evidenced by our Q1 2020 data, total unifi customers which enjoy higher speeds than Streamyx now makes up larger portion of our total fixed broadband subscribers compared with Q1 2019 (approximately 68% in 2020 from 60% in 2019). This is a result from the upgrade and migrations as well as the positive demand for our services.



Questions from MSWG Strategic & Financial Matters

A1
(b)

Fiberisation is an on-going activity and TM tries to fiberise as much as possible nationwide. Nevertheless, it is an expensive investment and therefore assessments will need to be done to ensure positive returns by considering factors that include but not limited to business case, customer demand and network access points.

Apart from that, we believe broadband should be delivered on any technology be it fixed or wireless. Hence, we have also introduced unifi air using LTE technology, which would allow subscribers to enjoy higher speeds than current Streamyx offerings (average 20mbps vs. highest 10mbps for Streamyx). It also serves as a cost effective interim solution to serve an area pending sufficient demand.



Questions from MSWG Strategic & Financial Matters

Q2

TM ONE also provided several industry-based solutions for businesses through IoT, smart services and data analytics. Meanwhile, TM WHOLESALE formalised and strengthened partnerships with industry leaders to leverage each other's core expertise and capabilities, such as collaborating with an MNO to improve internet reachability nationwide. (Page 34 of IAR)

To what extent has TM has been successful in penetrating the SME and corporate segment and what is the anticipated growth target?



Questions from MSWG Strategic & Financial Matters

A2

This is a competitive segment and TM ONE is always on the forefront in providing holistic infrastructure that are agile and reliable, integrated with innovative solutions. TM ONE supports and serves a significant number (more than 11,000) of Malaysia's SME and Enterprise account from both the private and public sector. Powered by an extensive, reliable and secure network infrastructure, we have the capacity and expertise to deliver end-to-end solutions to all industries.

Verticalisation strategy has enabled us to understand customers' needs better based on their operating industry and business environment. We have developed a number of industry-based solutions using our IoT, smart services, data analytics, security and cloud-based services, which received positive reactions from customers with 30% higher sales funnel and 20% more deals closed. We will continue to improve our offerings to increase market share while managing costs to ensure segment profitability.



Questions from MSWG Strategic & Financial Matters

Q3

TM's broadband customer base stood at 2.18 million and its convergence penetration has increased to 54% of TM Households (i.e. the percentage of customers subscribing to three or more of its product suites of broadband, mobile, TV and voice, aligning to its customers' ever-changing lifestyle). (Page 34 of IAR).

What is the targeted customer base and convergence penetration and the timeline to achieve the targets?



A3

TM's convergence offering is anchored on its fixed services and predominantly provides seamless experience between voice, data and content. As we expand and strive to serve as many as we can across the country, fixed broadband to date still have room to grow but being challenged by consumers preference towards mobile broadband.

To capture the potential market, TM's mobile services would also need to grow in tandem. Whilst TM's mobile subscribers has seen good traction in the past few quarters, TM is continuously improving the service quality and coverage to effectively sustain the demand of a digital society and nation.



Questions from MSWG Strategic & Financial Matters

Q4

GITD will continue to provide in-house delivery and one of the key projects is delivering the new BSS, thus reducing RM40.0 million of the current OPEX while avoiding RM210.0 million in project delivery costs. (Page 59 of IAR)
How would BSS be able to reduce RM40.0 million of the current OPEX while avoiding RM210.0 million in project delivery costs?



A4

The estimated RM40.0 million is primarily savings derived from third party rentals and cessation of maintenance of certain hardware and software. These savings are targeted to be realised starting from the year 2022.

Approximately RM210.0 million cost avoidance is from changing the project delivery methodology from a turnkey approach to internal delivery approach and therefore reinforcing TM's stance on cost reduction.



Questions from MSWG Strategic & Financial Matters

Q5

Note 8 (Page 67 of Financial Statements 2019 - FS 2019) shows a loss of RM233.7 million in respect of Redeemable Exchangeable Medium-Term Notes.

Please explain the nature of the loss and whether there could be further loss in FY2020?



Questions from MSWG Strategic & Financial Matters

A5

The loss is a fair valuation loss, on medium term notes (MTNs) issued by a non-controlling interest (i.e. a minority shareholder) of one of the Group's operating subsidiaries. The MTNs were subscribed in 2014 as part of the Shareholders Agreement signed by the Group in the course of the acquisition of the subsidiary. Under the requirements of MFRS 9 Financial Instruments, the MTNs are carried at fair value. This fair value is based on the fair value of the shares of that subsidiary, with which the MTNs can be exchanged, effective from 30 September 2019.

Valuation exercise carried out during the 31 December 2019 year end concluded that whilst the enterprise value of the subsidiary was positive, the fair value of its shares i.e. its equity value, would be the residual entity value net of settlement of all debts to creditors including loans from its holding company and thus the derived fair value of nil. (This has been described and disclosed in notes 3(i), 32 (iv) and 49(a)(i) of the Financial Statements, at pages 55, 106 and 130 respectively, as well as item 4 of the independent external auditors' report on Key Audit Matters (KAM) at page 151.)

Since the instrument is already carried at nil fair value, there would not be any further loss on this instrument in FY 2020.



Questions from MSWG Strategic & Financial Matters

Q6

Note 36 (Page 109 of FS 2019) shows a substantial impairment of RM1,005.7 million (38.5%) for trade and other receivables.

What is the cause for such a high impairment? What measures have been taken to recover the debt? What is the probability of recovery?



Questions from MSWG Strategic & Financial Matters

A6

The RM1,005.7 million impairment represents accumulated impairment of the Group's trade receivable balances which dates back to 6 years. The Group's structured debt recovery initiatives ensure that we maintain continuous communication of the Group's claim on these amounts to be recovered with the delinquent debtors. This effectively manages the 6 years statute bar limitation on the debts which will be written off only once the Group has exhausted all reasonable means of recovery. Such recovery initiatives include the services of collection agencies, scheduled reminder letters as well as offers of discounts to encourage partial recovery rather than complete loss of the debts.

In the last 3 financial years, recovery of debts impaired for the respective financial years have been between 13% to 16% of the cumulative impairment balances respectively.

Net impairment loss at Group level for trade and other receivables and contract assets in 2019 was only RM37.4 million which effectively was just 0.3% of the Group's revenue for 2019 (1.6% in 2018).



Questions from MSWG Strategic & Financial Matters

Q7

Based on the segment reporting, TM ONE has the highest EBIT and the highest EBIT margin. (Page 20 of FS 2019)

In view of this, is TM focusing more on this segment? What measures have been taken to further grow this segment more aggressively?



A7

As elaborated earlier, this is a very competitive segment and is also becoming focus of our peers. We will continue to defend our market share with our innovative solutions offering with partners, continue to nurture established relationships and building talent pool to help our customers achieve their digital aspirations.



Questions from MSWG Strategic & Financial Matters

Q8

Given the Covid-19 pandemic, to what extent has it impacted the Group's business and how is the Group preparing itself to face the new business landscape?



A8

The Group has taken proactive measures to ensure that our network and services are available at all times to our customers whilst taking measures to ensure the safety of our employees and partners. Adapting to the new normal by leveraging on digital for customer onboarding and related journey and tailoring solutions to meet the needs and requirements of customers in the SME and Enterprise sector will be our priority.

Due to the length and severity of the pandemic, coupled with the rapidly evolving situation and high degree of uncertainty, it is too early to ascertain the extent of the full financial impact. The Group will continue to monitor the current situation closely and will take appropriate actions accordingly to mitigate the impact of the pandemic on the businesses of the Group.



Questions from MSWG

Corporate Governance Matters

Q1

Ordinary Resolution 9 will be tabled at the upcoming AGM to appoint Ernst & Young PLT (EY) as Auditor of the Company in place of the retiring Auditor, PricewaterhouseCoopers PLT, to hold office until the conclusion of the next AGM of the Company and to authorise the Board of Directors to determine their remuneration.

What is the reason for the change in auditor?



Questions from MSWG Corporate Governance Matters

A1

The nomination of Messrs Ernst & Young PLT (EY) as the external auditor of the Company for financial year ending 31 December 2020 was based on a rigorous internal procurement process and upon the recommendation of the Board Audit Committee (BAC). On 10 March 2020, the Board of Directors (the Board) announced that it has nominated EY as the new auditors in place of the retiring auditors, PricewaterhouseCoopers PLT (PwC). EY has accordingly given their consent to act as auditors of the Company.

The Request for Proposal exercise practised by the Company would ensure that we remain open to opportunities of fresh perspectives through the process of selection from latest external audit approaches and methodologies, as well as use cutting-edge of technology that the different audit firms offer. These combined, is expected to potentially provide fresh insights and possibly even increased audit quality for the Group and Company.



Questions from MSWG Corporate Governance Matters

A1

The Company firmly believes that the periodic review of the selection of independent external auditors at this juncture is timely considering that the incumbent external auditors, PwC, has been the Group's external auditors since 1999.

Throughout the tender exercise, our requirements were very clear, regardless of the commercial proposals, all participating firms have had to demonstrate their ability to execute an independent and quality external audit, no less than what was already being serviced to the Group and Company by the incumbent firm.



Thank you

www.tm.com.my/investor
investor@tm.com.my