

REACH FURTHER
For a Better Malaysia



36th Annual General Meeting

Tuesday | 25 May 2021

FREE offers to help homes and businesses

- **FREE access to all channels on unifi TV**, as well as a **20% discount for all Video-on-Demand (VOD)**
- **FREE wifi hotspot pass** for unifi Mobile postpaid users
- **FREE 1GB productivity mobile internet daily** to access a range of education, and productivity related services until 31 December.
- **Financial aid to 61 network contractors** amounting to RM2.13 million in cash advance
- **Faster invoice payment** to local vendors



Strong support for public sector and enterprises

- **Supported the Nation's command centres** for ministries and essential services such as the new Crisis Preparedness and Response Centre (CPRC) for Ministry of Health.
- **Deployed 5G base stations at two (2) COVID-19 quarantine centres** equipped with 50 complimentary units of 5G Fixed Wireless Access (FWA) terminals that deliver up to 500Mbps WiFi connectivity to the frontliners.
- **FREE calls to important hotline and emergency numbers** including additional coverage for critical functions



TM Group nation building initiatives during MCO

Channelled more than RM6.7 million in total for nation building initiatives:

- **Donated over RM2.0 million in cash** to the Government's for COVID-19 Fund
- **Channelled RM1.0 million to GLC/GLIC Disaster Response Network (GDRN) Covid-19 Fund** as humanitarian relief to communities affected by COVID-19 pandemic.
- **Established the TM Tabung Kebajikan COVID-19** internal fundraising campaign, raising RM730,000 for affected communities.
- **Pledged RM1.0 million for "To Malaysia with Love" (TMWL) campaign** as humanitarian relief to community members, particularly in Sabah as one of the industry initiatives



7,000 warga TM and 6,000 network contractors ensure continuous and seamless connectivity for our customers

36th AGM
25 May 2021





36th ANNUAL GENERAL MEETING

25 MAY 2021

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2020 HIGHLIGHTS

2

2021-2023 MOVING FORWARD

3

**RESPONSES TO QUESTIONS FROM MINORITY
SHAREHOLDERS WATCH GROUP (MSWG)**

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2020 Highlights

TM has the most comprehensive digital ecosystem serving Malaysia and the World

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Enabled by our Fixed & Wireless Convergence Network



> 600,000km fiber-optic cables nationwide

66 content delivery nodes (CDN) worldwide

~30 submarine cable systems



>300,000km submarine cables

28 Points-of-Presence worldwide



> 4,500 LTE sites



>13,000 WiFi hotspots



Data Centre footprint
8 in Malaysia, 1 in HK
~ 200k sq ft space

Powered by WargaTM



>21,000 WargaTM

- 52.5% non executives
- 47.5% executives

Customers we serve



2.7 mil Homes

>400,000 SMEs



>13,000 Enterprises & Public Sector



>600 Malaysian & International Telcos, OTTs, Hyperscalers

Our 2020 achievement against guidance

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2020 Guidance

Achievement

Low to mid single
digit decline (%)

Revenue Growth (%)

-5.2%



RM1.3 bn – RM1.5 bn

EBIT (RM)

RM1.6 billion



12% - 15%

Capital Expenditure

13.7%

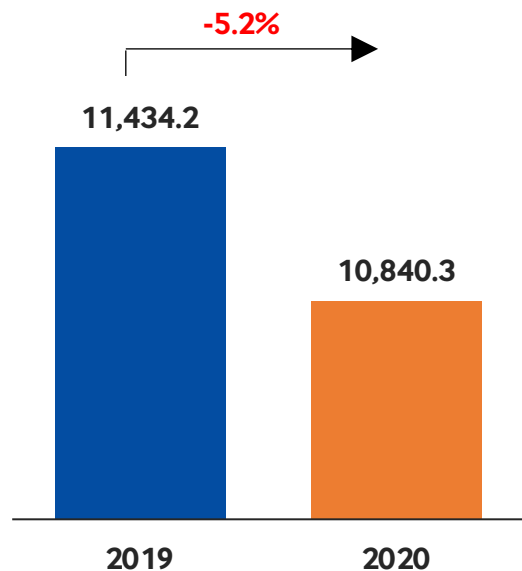


Financial Performance

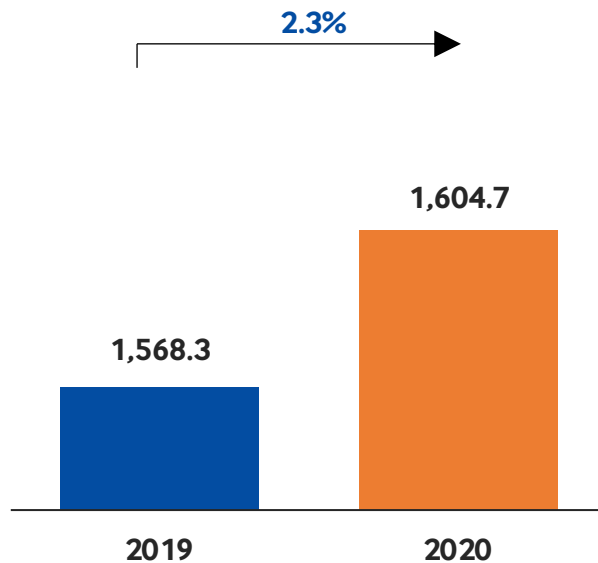
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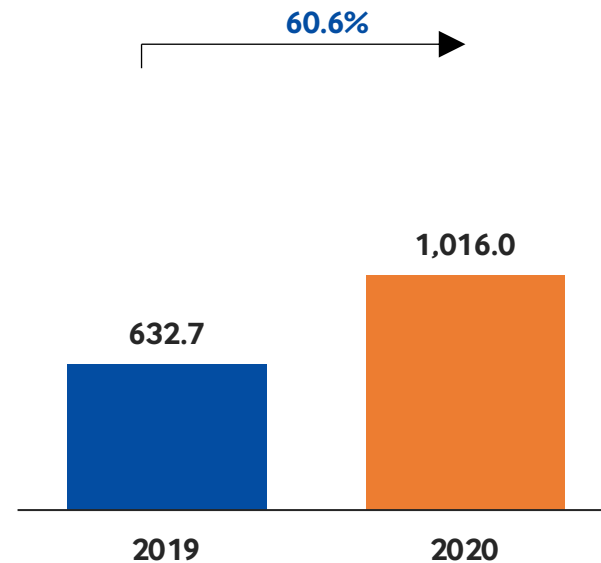
Revenue (RM million)



EBIT (RM million)

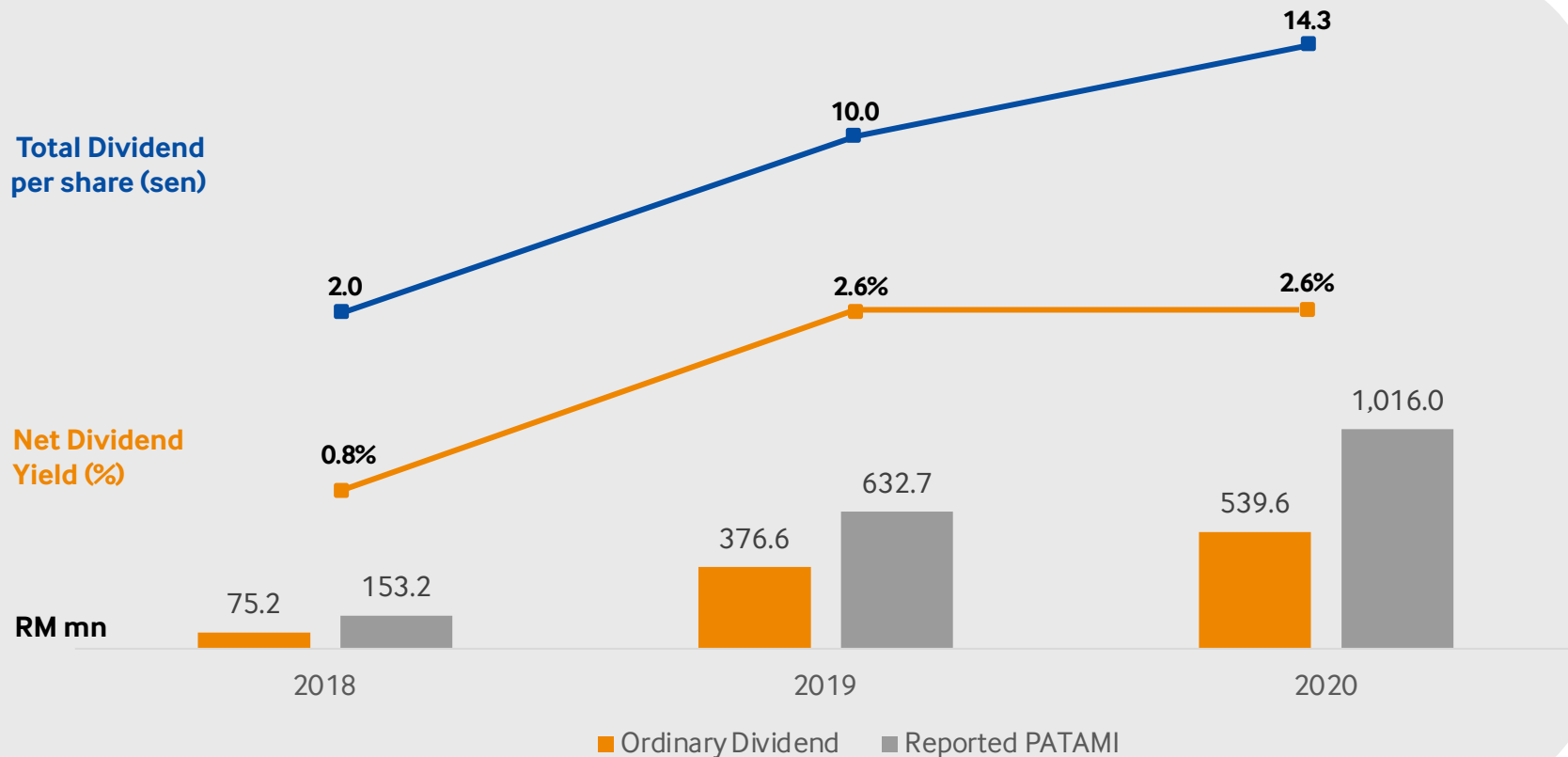


PATAMI (RM million)



Shareholder Returns (2018-2020)

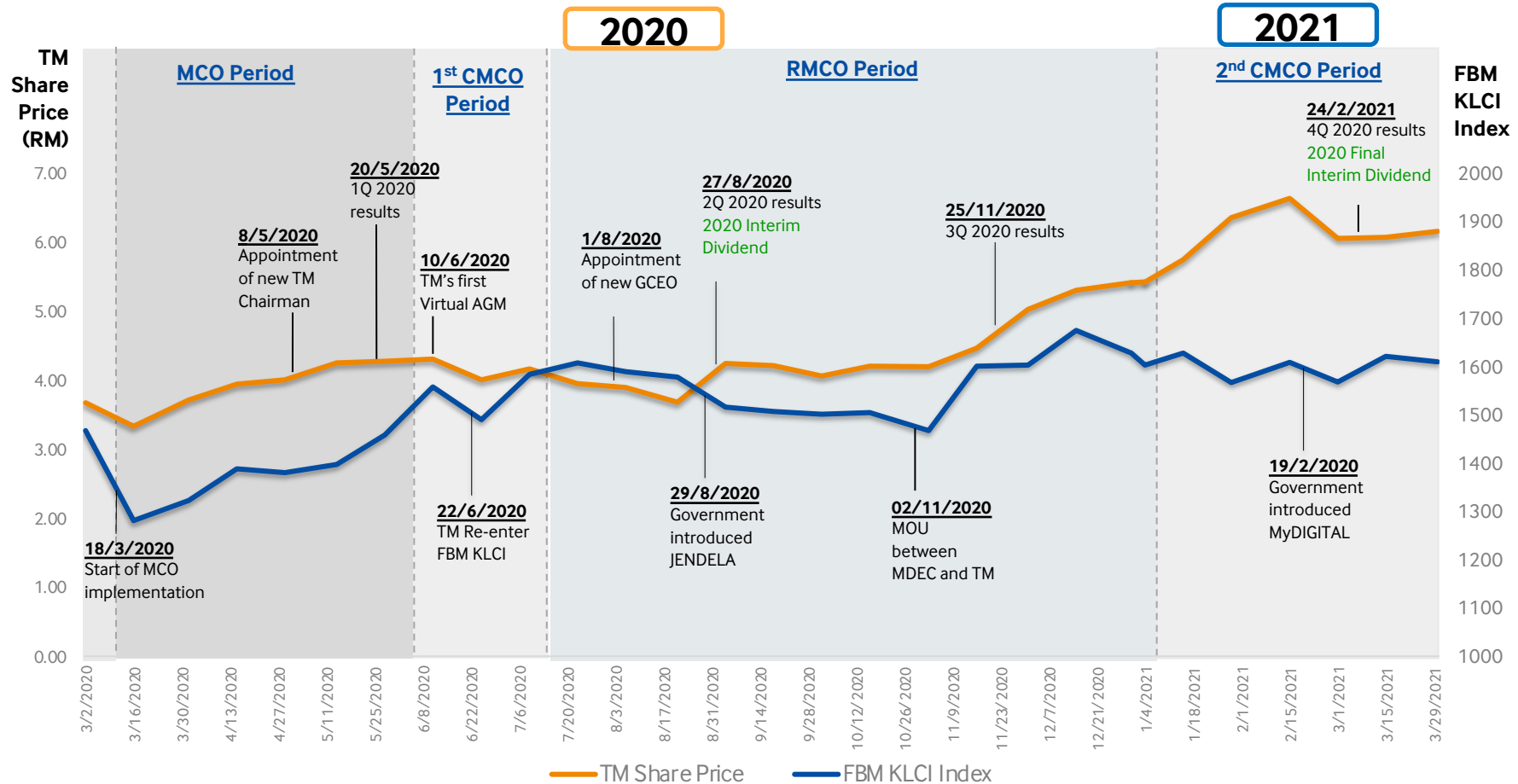
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TM Share Price vs FBMKLCI Index

Share price increased by 41.6% in 2020 despite uncertainty of market condition






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TM is ready to serve a Digital Malaysia

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SOCIETY	BUSINESSES	GOVERNMENT	INDUSTRY	
 <p>Home & Individuals</p>	 <p>SME</p>	 <p>Enterprise</p>	 <p>Government</p>	 <p>Wholesale: Domestic & International</p>

Customer Experience Excellence

Solutions Excellence

Connectivity Excellence

'New TM' compass (2021-2023)

OUR PURPOSE

Commercial sustainability to allow us to fulfil business objectives and support nation building



OUR CUSTOMERS

Serving all segments in Malaysia with our unique value proposition to make life and businesses easier



To achieve healthier financials beyond mere revenue growth; we will prioritise profit growth and returns

OUR PERFORMANCE



To ensure Warga TM gear up as the execution engine of the company

OUR PEOPLE



2021 Guidance

Key drivers

Revenue Growth

Flat to low single
digit growth

Gearing for growth &
enhancing customer
experience

EBIT

More than RM1.6bn

Continuous cost optimization
& productivity improvement

Capex / Revenue

14% - 18%

Prioritise return on
investments



Questions from MSWG

Operational and Financial Matters

Q1

As the main fibre-optic provider, TM will continue to increase and upgrade its fibre network capacity to prepare the industry for future technologies such as 5G. The existing 600,000km of fibre length across Malaysia is expected to grow rapidly over the following years, in tandem with the JENDELA implementation.

What is the percentage of areas served with the existing 600,000km of fibre length? What is the targeted fibre length by end of 2021? What are the plans going forward?

A1

The 600,000km fibre connects all 13 states, 3 Federal territories covering major and minor towns within. Such comprehensive coverage enables various digital connectivity for our customers:

- Broadband for homes, SMEs and businesses
- Data network for companies including MNCs, public sector offices (Federal and State governments, departments) and essential critical services
- Industry network infrastructure for other telcos & licensed service providers



Questions from MSWG

Operational and Financial Matters

A1

JENDELA (Jalinan Digital Negara) implementation which will expand Malaysia's fibre broadband coverage from 5.4 million premises in 2020 to 6.6 million premises by end 2021 will increase TM's fibre to more than 650,000km. TM will continue to support the national digital agenda including JENDELA, to reach fibre broadband coverage of 7.5 million premises by end 2022. The JENDELA implementation will be undertaken by TM and other telcos in Malaysia.

With wider fibre broadband coverage rolled out in the next few years, we plan to shutdown copper broadband service (Streamyx) by 2025.



Questions from MSWG

Operational and Financial Matters

Q2

On 21 January 2020, TM ONE and FNS Value Co., Limited (FNSV) of Korea signed a Memorandum of Collaboration (MoC) to appoint TM ONE as the sole distributor of FNSV BSA products and solutions in Malaysia. As a strategic partner for ASEAN, FNSV provides advanced managed security services to TM's customers, from both enterprise and public sectors.

Has there been a meaningful revenue contribution to the Group from such services? What are the prospects and outlook going forward?

A2

Today, cybersecurity resiliency is an increasing priority to our enterprise and public sector customers. TM ONE CYDEC is our suite of managed security services available for customers to secure data, identity and devices within their corporate network from external threats.

Integrating security components from partners such as FNSV, Telefonica, Huawei enables TM ONE CYDEC to be a more robust, flexible and effective managed security solutions for our customers. As customers get more digital e.g. going to cloud, we anticipate to grow managed security services in the coming years.



Questions from MSWG

Operational and Financial Matters

Q3

On 6 April 2020, TM ONE launched Cloud α (Cloud Alpha) to strengthen enterprise and public sectors' digital resilience. It subsequently signed a Memorandum of Agreement (MoA) with Huawei Technologies (M) Sdn Bhd (Huawei), sealing a collaboration that will see further expansion of its Cloud services offered by its enterprise and public sector business arm, TM ONE. With the MoA, TM ONE customers will enjoy the full capabilities of Cloud α solutions.

- (a) What was the revenue contribution from the Cloud services? What is the outlook going forward?
- (b) Apart from cloud services, does TM have (or plans to have) any collaborations/dealings with Huawei on 5G? If so, what will be the benefits of such collaborations/dealings to TM?



Questions from MSWG

Operational and Financial Matters

A3

- (a) In 2020, Cloud α (Cloud Alpha) was still in its take-off phase and its contribution was relatively small compared to the existing portfolio at TM One which delivered revenue of RM3.68 billion. We do anticipate growth in the coming years as enterprise and public sector customers adopt a cloud-first approach in their digital transformation. In April 2021, the Government of Malaysia appointed TM ONE as its sole local Cloud Service Provider (CSP) for all federal government agencies. Under this arrangement, TM ONE offers a unique value proposition to our Government – local data residency.
- (b) We are open for collaboration with any technology partners, including Huawei, to bring leading edge solutions to our enterprise and public sector customers. Such collaborations enable TM to tap into their experience and knowledge in next generation technology and understand the opportunities to serve our customers better in their digital transformation.



Questions from MSWG

Operational and Financial Matters

Q4

For its 2021 Market Guidance, TM is projecting a flat to low-single digit revenue growth anchored by improvements it saw on the retail front as well as its other business lines. This, together with the transformation and cost optimisation initiatives currently underway, has given it the confidence to project an EBIT of more than RM1.6 billion by end of the year.

- (a) Which business lines are projected to show better growth? Which business lines are expected to register lower revenue? What would be the reasons for such lower revenue?
- (b) Which transformation and cost optimisation initiatives are expected to yield significant positive results this year (please state percentage of improvements wherever possible)?



Questions from MSWG

Operational and Financial Matters

A4

- (a) With our current transformation plan and identified value programs, we expect to see revenue growth across all lines of business (unifi, TM ONE, TM Wholesale) or at the very least a flat revenue. We expect 2021 to reverse the declining revenue trend of the past 3 years, delivering a flat to low single-digit revenue growth as per our market guidance.
- (b) In tandem with the above revenue outlook, we expect cost optimisation programs started in 2018 to continue drive efficiency in 2021. We believe there is still efficiency opportunities in:
- Direct cost: cost of sales in lines of business, shift of product mix
 - Manpower: strict control on replacement/new hires, process redesign and automation
 - Other Opex: network and IT optimisation, energy efficiency, supplies & materials

The above is not exhaustive as we continuously pursue more areas of improvement.



Questions from MSWG Operational and Financial Matters

Q5

TM's total broadband customer base continues to be on a steady growth momentum with 6.8% year-on-year increase, standing at 2.33 million at the financial year-end compared to 2.18 million at the end of 2019. Within this, its unifi customer base remains strong at 1.78 million, clocking in a 23.6% growth from the 1.44 million recorded a year ago. (Page 10 of Financial Statements – FS)

- (a) What are the major reasons and competitive advantages that contributed to the steady growth in customer base?
- (b) Was there a commensurate increase in broadband revenue or a decline? What is the outlook for 2021?



Questions from MSWG

Operational and Financial Matters

A5

- (a) There were several factors which have contributed to the growing unifi customer base:
1. With the occurrence of the pandemic, the importance of fixed broadband has been significantly amplified. We saw changing customer needs requiring faster, more stable and unlimited internet service for their home and business.
 2. Wider availability of unifi from continuous fibre rollout including in Streamyx areas
 3. Through our substantial sales presence, we have compelling value proposition offerings in terms of product bundling with mobile, content, mesh wifi
- (b) As per our 2020 market guidance, we did expect our revenue to decline and this was partly contributed by the Streamyx repricing in September 2019. Hence, internet revenue declined in 2020 by 1.8% despite the customer base increase. We are optimistic for 2021 – continuing the momentum in customer base growth and seeing a corresponding increase in internet revenue for the year.



Questions from MSWG

Operational and Financial Matters

Q6

The Group recognised a RM48.9 million provision for impairment of trade receivable balances in 2020, a 30.7% (RM11.5 million) increase compared to the RM37.4 million recorded in 2019. The increase was mainly due to increase in both individually and collectively assessed provisions which incorporated forward looking macroeconomics indicators applicable to medium enterprise businesses and the industries that were most affected by MCO and the Covid-19 pandemic during the year. (Page 12 of FS)

How much, if any, of the provision have been recovered to-date? What is the probability of having a substantial recovery? Is the bad debt provisioning expected to be affected by Covid-19 pandemic in 2021?



Questions from MSWG

Operational and Financial Matters

A6

Even with the impact from the pandemic throughout 2020, recovery of impaired debts during the Financial Year 2020 stands at 14% of total impaired debts, which is consistent with actual trends observed from recent financial years. The Group continues to observe the same consistent collection trend in the months subsequent to 31 December 2020 to date.

Bad debt provisioning is unlikely to be impacted as the Group is vigilant and positive by the consistent collection trend in the last 16 months – supported by our established credit control and debt recovery process.

