



# 37<sup>th</sup> Annual General Meeting

## Progress For All

25 May 2022

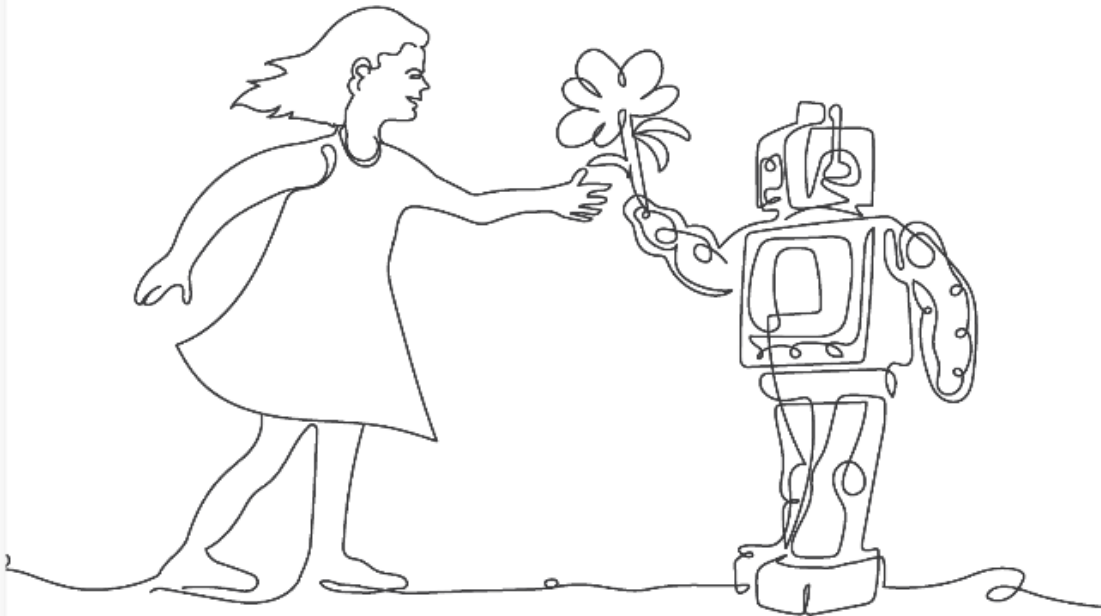




# 37<sup>th</sup> Annual General Meeting

Progress For All

25 May 2022



- 1 2021 Review
- 2 2022-2024 Moving Forward
- 3 Responses to Questions from Minority Shareholders Watch Group (MSWG)

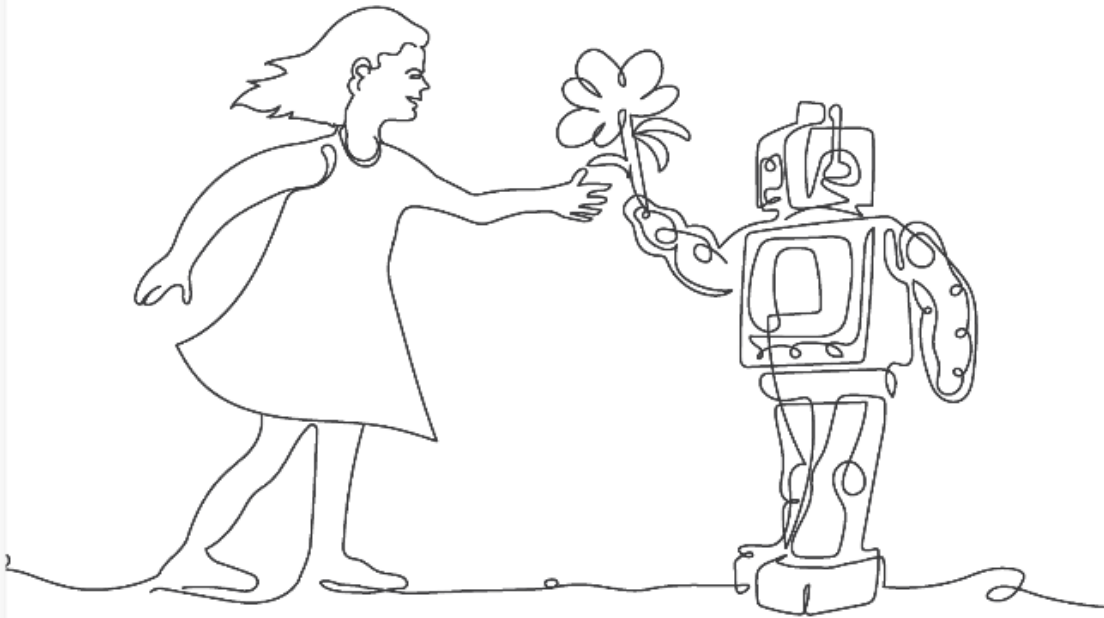


# 37<sup>th</sup> Annual General Meeting

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25 May 2022

## 2021 Review



# TM is ready to serve a Digital Malaysia



**SOCIETY**



Home & Individuals

**BUSINESS**



SME



**BUSINESS**



Enterprise

**GOVERNMENT**



Government

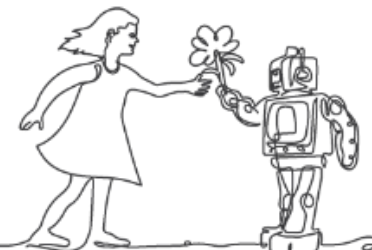


**INDUSTRY**



Wholesale:  
Domestic & International

**Connectivity Excellence | Solutions Excellence | Customer Experience Excellence**



## Our 4 Transformation Pillars for the Journey Ahead



### OUR PURPOSE

#### Enable Digital Malaysia

- Commercial Sustainability (PLC role)
- Fulfil role of nation building (GLC role)
- Enhanced ESG efforts
- ***New Mid-Long Term ESG commitments Announced***



### OUR BUSINESS

#### Stronger financial position

- Go beyond revenue growth, prioritise profits and sustainable returns
- New value creation from mobile, B2B digital services, SME digitalisation and content
- Regulatory shaping
- ***2021 Guidance Achieved***
- ***2022 Guidance Announced***



### OUR CUSTOMERS

#### Ensure customer happiness

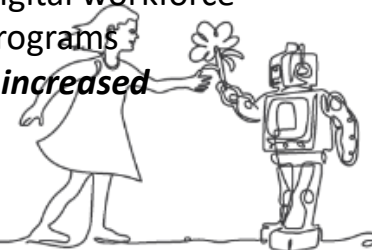
- Improvement best in class NPS in Malaysia through:
  - Connectivity Excellence
  - Solutions Excellence
  - Customer Experience Excellence
- Focus on unifi customer experience
- ***TM Group NPS at 23***



### OUR PEOPLE

#### Execution Engine to Perform & Transform

- Stronger execution engine via Transformation office and value programs
- Performance driven culture #Inicarakita
- Future ready skills and Digital workforce
- Agile at scale for value programs
- ***>20,000 workforce with increased productivity***



# Our Purpose

37<sup>th</sup> AGM  
25 May 2022



## As Public – Listed Company (PLC)



### **Continue to provide returns to shareholders**

Dividends payout RM 7.2bil (2011-2021)



KHAZANAH  
NASIONAL



Permodalan Nasional Berhad



KWSP  
EPF



### **Contribute tax to Government**

Contributes to the development of the country.

Total tax paid RM2.1 bil (2011-2021)



### **Invest our CAPEX for nation building**

Ensuring best and more robust network infrastructure with CAPEX investment RM24.1 bil (2011-2021)



### **Jobs creation for economy stimulation**

- Direct employment to >20,000 of Warga TM
- Jobs via contracts with >4,700 vendors, 85% are SMEs
- RM17.2 bil contribution to local vendors (2014 – 2021)

## As Government-Linked Company (GLC)



### **Connectivity**

TM is key driver of national strategic programs in accelerating Rakyat, Businesses, Public Sector and Industry via **JENDELA** and **MyDigital** towards enabling **Digital Malaysia**.



### **Digital and Cybersecurity**

Through the **robust and secured** digital infrastructure and services, TM plays key role in accelerating **digital adoption**, and positioning Malaysia in becoming **ASEAN digital hub**



### **Sustainability via ESG and CSR**

- Aligned **TM's ESG commitments** to national and global aspiration
- Produced more **Digital talents** for the nation. Total of **65,000 MMU Graduates**, 90% employed within 6 months (1997-2020)
- Sponsored 16,000 students, total of **RM568mil scholarships** through Yayasan TM

## ESG



### **Environmental**

**Protect and Preserve** the planet via reduction of GHG emission



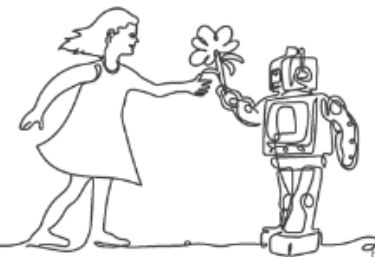
### **Social**

**Enrich Social Prosperity and Livelihood** with digital inclusiveness



### **Governance**

**Responsible conduct** with highest standards of ethics, integrity & transparency





# Our Customers

37<sup>th</sup> AGM  
25 May 2022



We serve multi segment of customers, with multi products & solutions enabled by our Fixed & Wireless Convergence Network, powered by 20,000 strong Warga TM

## Customers we serve



3.0 mil  
Homes

0.4 million  
SMEs



~ 10,300  
Enterprises &  
Public Sector



>650  
Malaysian &  
International Telcos,  
OTTs, Hyperscalers

## Powered by Warga TM



>20,000  
Warga TM

- 51% non executives
- 49% executives

## Enabled by our Fixed & Wireless Convergence Network



> 650,000km fiber-optic  
cables nationwide

> 80 content delivery  
nodes (CDN) worldwide

~30 submarine cable  
systems



>320,000km  
submarine cables

28 international gateway  
Points-of-Presence



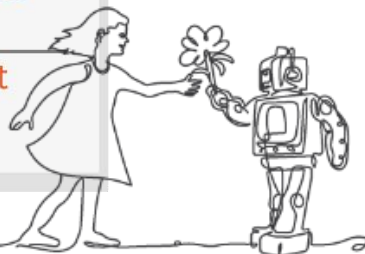
3,000 fiberized  
mobile sites



>13,000 WiFi hotspots



Data Centre footprint  
8 in Malaysia, 1 in HK  
(~200k sq feet space)



# Our People

Inculcate winning behaviors within the organization

#IniCaraKita

## WE OWN IT

Take charge to  
make things  
happen



1

## WE GROW

Constantly  
challenge and  
reinvent ourselves  
to be better



2

## WE INNOVATE

Listen and learn to  
delight our  
customers



3

## WE CARE

Create sustainable  
impact for our  
customers, Business  
and people



4

We are  
guided by  
**KRISTAL**  
values

.....  
Total Commitment to Customers

Uncompromised Integrity

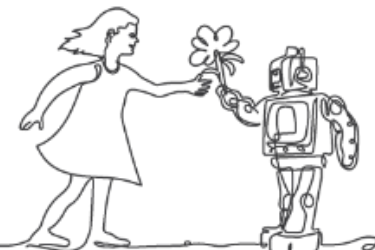
Respect and Care

We act with courage  
We speak up and  
provide solutions  
We embrace new  
challenges

We give and seek  
feedback to improve  
We get new ideas from all  
We experiment and learn  
from mistakes

We focus on outcomes  
We partner to get more  
done  
We find win-win  
solutions for all

We listen to customers  
We move fast and stay  
ahead  
We learn from the  
best





# Our Business

37<sup>th</sup> AGM  
25 May 2022



## 2021 Guidance

Low to mid single digit growth

RM1.7bil - RM 1.8bil

14% - 18%

Revenue Growth

EBIT

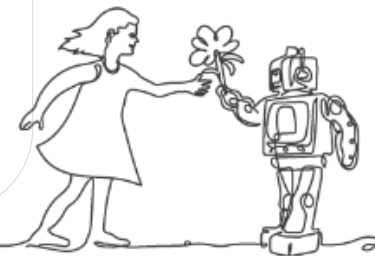
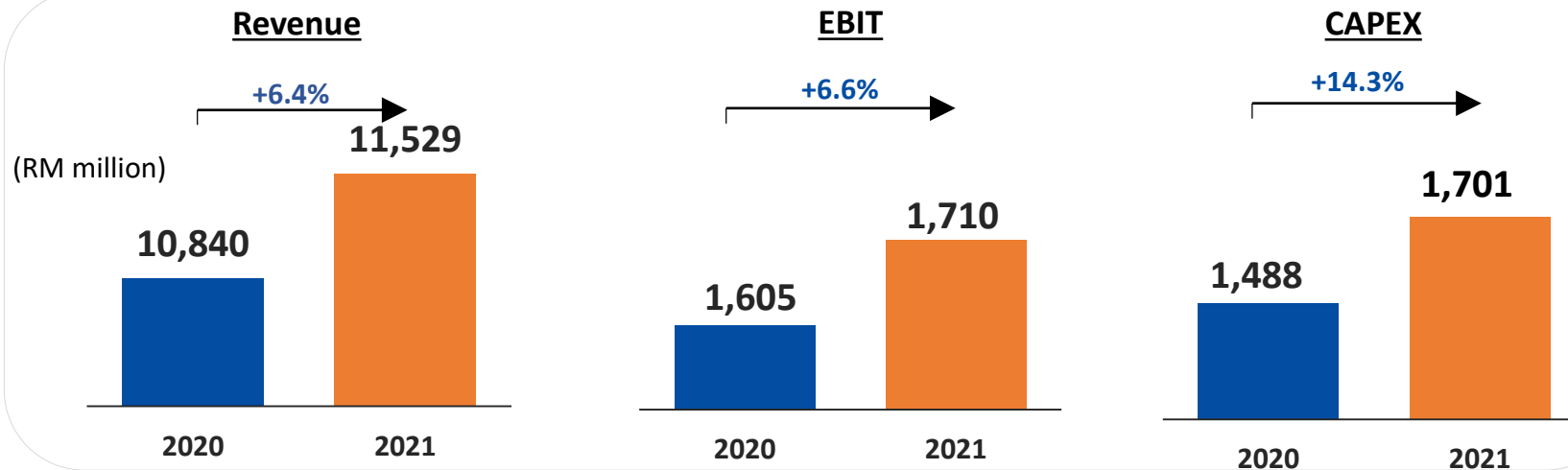
Capex/Revenue

## FY 2021 Achievement

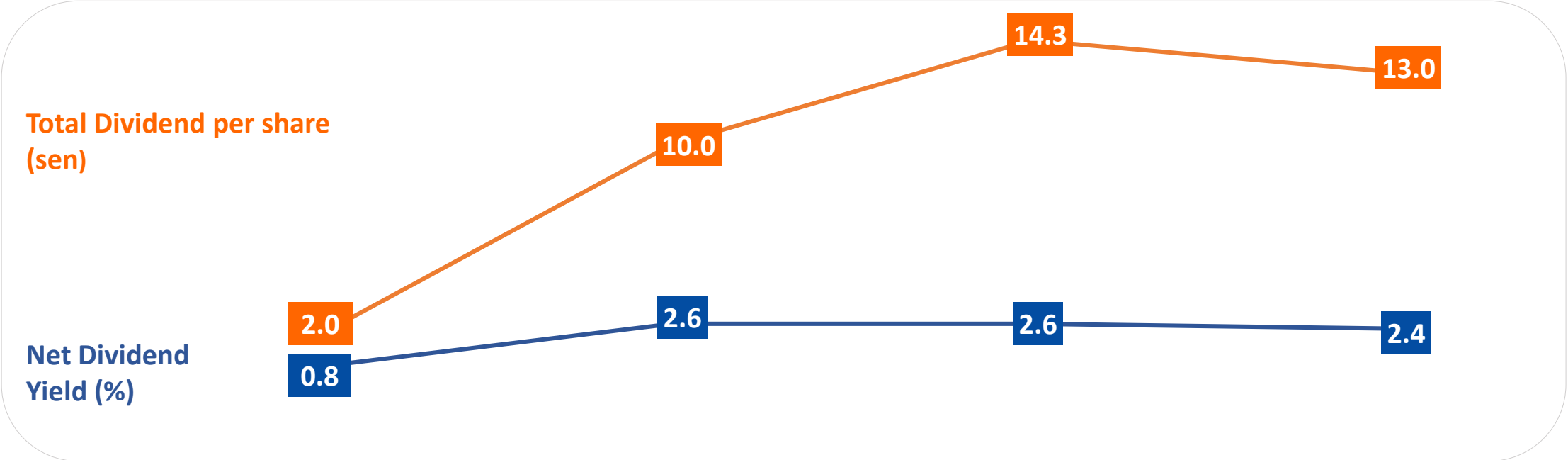
✓ 6.4%

✓ RM1.7bil

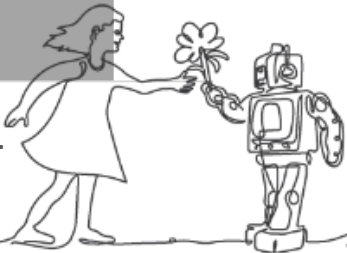
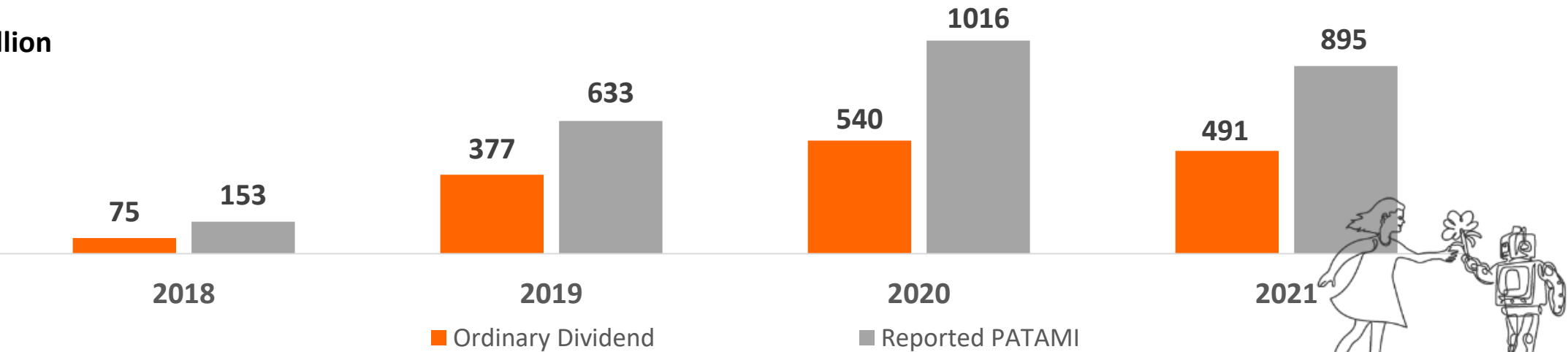
✓ 14.7%



# Dividend Payments



RM million

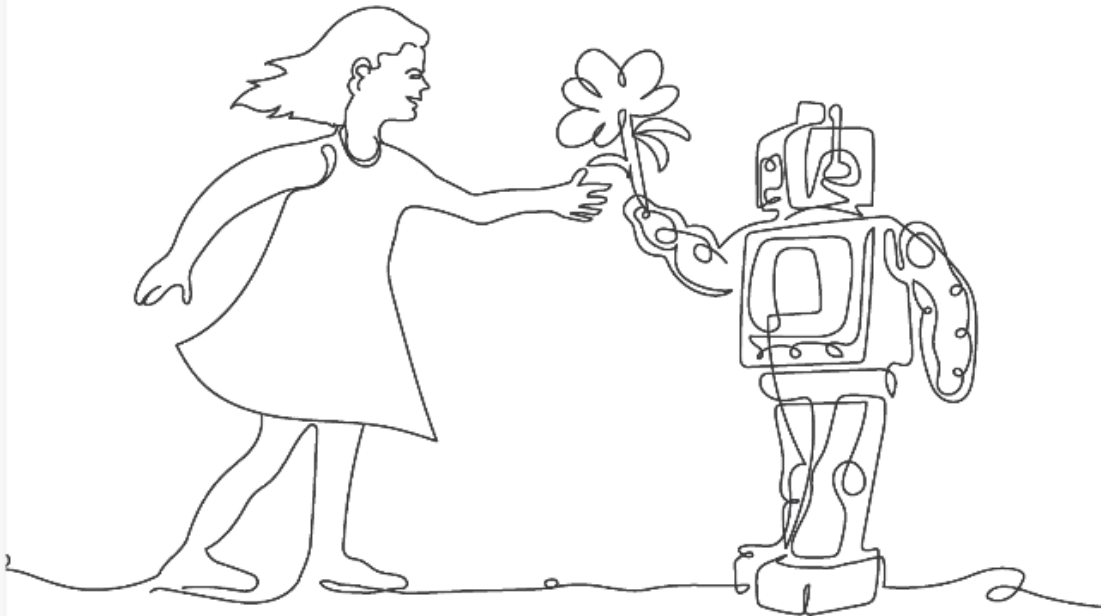




# 37<sup>th</sup> Annual General Meeting

Progress For All

25 May 2022



# 2022-2024

## Moving Forward

# 2022-2024 Business Priorities



## Strengthen our Core



- Continued **leadership in Fixed Broadband** and **convergence** with mobile and enriched TV/streaming content



- End-to-end** managed services with **robust connectivity** and infrastructure
- Sole home-based **Cloud Service** provider with **data sovereignty**



- Enabler of broadband and 4G** network via fibre infrastructure for domestic telcos
- International traffic** gateway, connectivity and data center

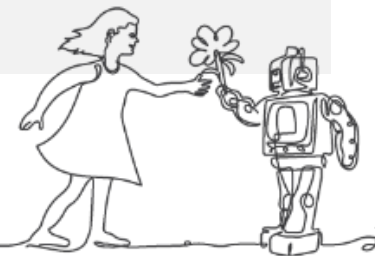


## Invest for Growth

- Drive **Fixed Mobile Convergence (FMC)** with better and seamless service experience
- One-stop-service for solutions under **SME Digital platform**

- Strengthen TM's position in the **growing B2B Digital** solutions market, focusing on high potential industry verticals

- Enabler of 5G network** via fiber infrastructure
- Establish **Malaysia as digital hub for ASEAN** via **new submarine cables** and **edge computing**



# 2022 Guidance

37<sup>th</sup> AGM  
25 May 2022



Year 2 of sustainable growth ahead of an increasingly competitive future

Revenue Growth

EBIT

Capex/Revenue

## 2022 Guidance

Low to mid single digit growth

More than RM 1.8bil

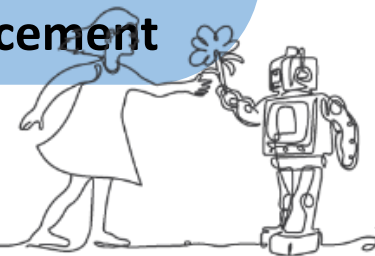
Between 14% - 18%

## Key Drivers

Sustaining core business momentum & investing for growth

Continuous cost optimization & productivity improvement

Network expansion & modernization + customer experience enhancement





# TM Group ESG Progress

37<sup>th</sup> AGM  
25 May 2022



## Environmental

**Protect & Preserve** the planet via reduction of GHG emission



## Social

**Enrich Social Prosperity and Livelihood** with digital inclusiveness



## Governance

**Responsible conduct** with highest standards of ethics, integrity and transparency

### Malaysia's aspiration

- Malaysia's Nationally Determined Contribution (NDC)<sup>1</sup> to reduce its carbon intensity by 45% in 2030
- Net-Zero\* target by 2050 (aligned to Paris Agreement)

- Malaysia Digital Economy Blueprint (MyDIGITAL) 2025 targets
- Bursa Malaysia Sustainability Disclosure Review 2020

- Malaysian Code of Corporate Governance 2021
- Bursa Malaysia Sustainability Disclosure Review 2020

### TM's Commitments



- **Carbon Emission reduction by 30% in 2024**
- **Carbon Emission reduction by 45% in 2030**
- **Net Zero emission by 2050**
- **TCFD3 disclosure by 2023**



- **At least 70% of premises with high speed internet access** to enable Digital Malaysia by **2025**
- **100% mega suppliers<sup>2</sup>** complied with **ESG** by **2024**, **50% mid-tier suppliers** complied with **ESG** by **2030**
- A minimum of **30% women** in Board by 2022



- **A zero tolerance** approach to all forms of **corruption**
- Continue driving improvements and **disclosure on anti-corruption (OACP and ABMS) and corporate governance agenda**

ESG initiatives are **embedded into TM's ecosystem** for effective implementation

Tracked and rated by leading rating agency



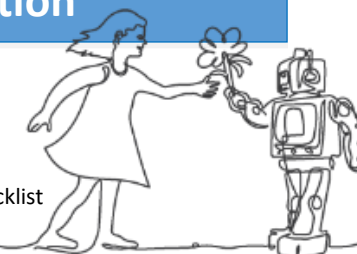
FTSE4Good



<sup>1</sup> NDC - was registered as Malaysia's Nationally Determined Contribution, following Malaysia's ratification of the Paris Agreement on 16 November 2016

<sup>2</sup> Mega suppliers – vendors with significant contract amount, that create value beyond sourcing (e.g. capability building, R&D, joint GTM). Compliance will be based on FTSE Russell checklist

<sup>3</sup> TCFD – Task Force for Climate-related Financial Disclosure (under the Financial Stability Board). 2023 timeframe is for TM to start updating progress toward TCFD compliance in IAR.



# Our aspiration to evolve towards a Human-centred Technology Company in delivering Digital Malaysia

37<sup>th</sup> AGM  
25 May 2022



## Fixed Telco

PAST



*Fixed: voice,  
internet, data*

## Convergence Telco

PRESENT



*Fixed: voice, internet, data  
Mobile; Content;  
Cloud/data centre*

## Human-centred TechCo

FUTURE



- *Technology solutions that make **customers'** life & workplace better*
- *Drive a more **digital way** of working internally*

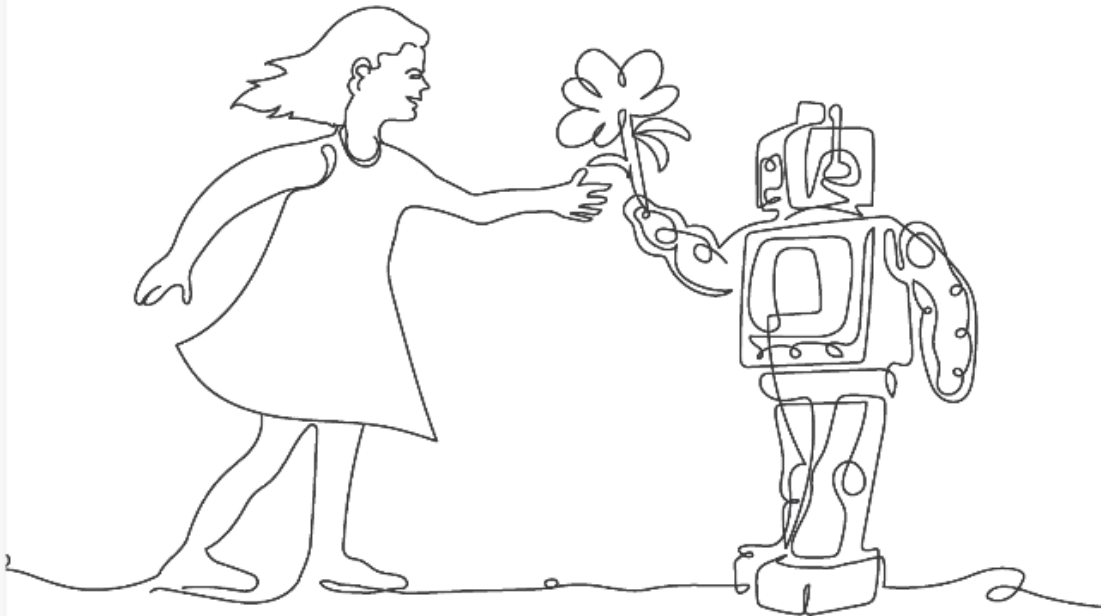




# 37<sup>th</sup> Annual General Meeting

Progress For All

25 May 2022



## Responses to Questions from Minority Shareholders Watch Group (**MSWG**)



## Questions from MSWG

### Operational and Financial Matters

37<sup>th</sup> AGM  
25 May 2022



**Q1**

TM recorded a 6.4% growth in revenue to RM11.5 billion compared to RM10.8 billion in 2020. The solid performance is attributed to the strong growth in unifi revenue and fixed broadband subscribers, as well as the sharp increase in the TM Wholesale business, which registered increasing data demands from hyperscalers, and international and domestic telcos. (page 15 of IAR 2021)

Is the strong growth in unifi revenue and fixed broadband subscribers, as well as the sharp increase in the TM Wholesale business sustainable in FY 2022? Please provide reasons for the answer?

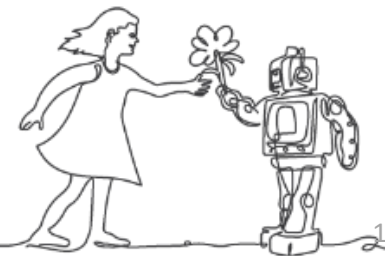
**A1**

We are optimistic for unifi and TM Wholesale to continue their growth in 2022, as our country's economy and businesses recover from the pandemic.

#### unifi

We believe that Malaysians value access to the Internet more than ever before for social interaction, entertainment, hybrid working and digitalisation that will contribute to the broadband growth. Beyond broadband, our value proposition is anchored on convergence, where we aim to bring to customers differentiated suite of services, devices and experience best suited to their needs and lifestyle.

unifi will also continue its efforts to become a preferred digital partner of SMEs, serving their needs from connectivity to digital solutions towards growing their business.







# Questions from MSWG

## Operational and Financial Matters

37<sup>th</sup> AGM  
25 May 2022



**A1**

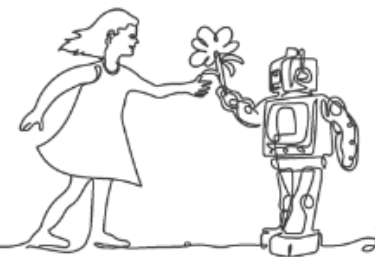
### TM Wholesale

(Cont)

TM Wholesale (TMW) is expected to sustain its growth trajectory across both customer segments of Malaysian and international telcos, including hyperscalers.

In the domestic market, TMW remains as a trusted wholesale infrastructure provider to Malaysian telcos for broadband, 4G and 5G fibre backhaul in supporting digital connectivity growth of our country.

In the international market, TMW is growing to become a digital hub for the ASEAN region and connecting the world closer to Malaysia and vice-versa. TMW will further strengthen its core business by acquiring submarine cable capacity, strengthening wholesale data centre solutions and establishing strategic partnerships with hyperscalers, global carriers and digital players worldwide to bring business, media, entertainment and education content through CDN services.







## Questions from MSWG

### Operational and Financial Matters

37<sup>th</sup> AGM  
25 May 2022



**Q2**

With 2021 concluding the first year of the three (3)-year New TM Transformation Programme, TM is raring to go in how it will future-proof its organisation for performance and growth. (page 16 of IAR 2021) What were the major achievements or successes in the first year? What are the plans for FY 2022?

**A2**

In 2021 we introduced a new collaborative, cross-functional way of working focusing on Value Programmes that brings the biggest impact to the TM's performance – revenue and profitability, customer experience and employee productivity. Almost all Value Programmes had exceeded their targets in 2021 despite the challenges faced during the pandemic. These Value Programmes will collectively contribute up to 80% of TM's profitability by 2023.

During the year, we also launched a bold new culture statement called #IniCaraKita that inculcate a new performance culture that shapes our workforce into a stronger execution engine to perform and transform towards a more Agile work culture. We are expanding the Agile way of working with over 2,000 employees to practise Agile@TM by 2022.





## Questions from MSWG

### Operational and Financial Matters

37<sup>th</sup> AGM  
25 May 2022



**A2**  
**(Cont)**

To drive a higher performance culture, we ensured greater goal alignment, strengthened differentiated rewards for high performers and reinforced programs to manage and improve below-expectation performers.

To ensure TM is future proof, we upskill and reskill our employees (Warga TM) through future ready programs in new growth areas such as cloud, cybersecurity and IR4.0. In 2022, we will be complementing the above with strategic hiring in new growth areas of enterprise digital services and mobile.

In 2021, we also launched a Top 100 Senior Leaders Development Program with IMD Business School and a Top 300 Talent Development Program with our very own university, MMU. We shall continuously strengthen our leadership bench through strategic hiring, succession planning and leadership development programs.





## Questions from MSWG

### Operational and Financial Matters

37<sup>th</sup> AGM  
25 May 2022



**Q3**

Currently, TM has over 650,000 km of fibre nationwide and the unparalleled network is targeted to grow rapidly in the coming years in tandem with JENDELA. (page 16 of IAR 2021) (a) What is the targeted fibre nationwide mileage for FY 2022 and moving forward? (b) What are TM's commitments for JENDELA and what has been achieved in FY 2021?

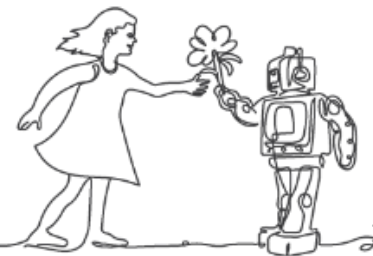
**A3**

- (a) For FY2022, our target is to grow our domestic fibre mileage by an additional 10%-15% nationwide, aligned to our JENDELA commitments. Beyond Malaysia, TM will have an additional 19,200 km subsea international cables through the SMW6 cable system, strengthening Malaysia's international connectivity to South East Asia, Middle East and Western Europe by early 2025.
- (b) We are a strong contributor to Government's JENDELA plan towards bridging the digital divide via fibre infrastructure and towards fuelling our broadband growth. In JENDELA Phase 1 (2020-2022), TM's commitment is to deliver fibre coverage to a total of 6.0 million premises nationwide\*. In 2021, we have achieved and delivered 108% of our JENDELA commitment.

TM is currently participating in the JENDELA Phase 2 Lab for the upcoming industry roadmap and connectivity targets for 2023 – 2025.



\* TM's fibre rollout started since HSBB project in mid-2008.





## Questions from MSWG

### Operational and Financial Matters

37<sup>th</sup> AGM  
25 May 2022



**Q4**

The business-to-business (B2B) applications of 5G are tremendous and the biggest value lies in the industry verticals, which allows smart manufacturing, smart healthcare, smart agriculture and so forth, going beyond mere retail consumer use. (page 16 of IAR 2021) Has TM entered any partnership with any party regarding 5G? To what extent is TM 5G-ready to target the smart manufacturing, smart healthcare, and smart agriculture sectors?

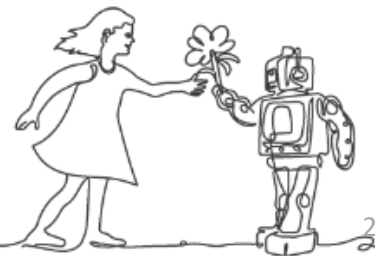
**A4**

TM had entered into several partnership with local and international technology partners to offer Smart Services over 5G.

In term of readiness to deliver 5G services, we are currently running 16-20 use cases with 9 customers from smart manufacturing, smart healthcare and smart agriculture sectors based on various specific needs and applications.

Potential solutions may include but not limited to the following:

- **Manufacturing industry** - Smart Surveillance, Connected Car/ Fleet Management, Augmented Reality (AR)/ Virtual Reality (VR) services, Drone Management and Mobile Workforce Management
- **Agriculture industry** - Smart Surveillance, Agriculture Robot, Drone Management
- **Healthcare industry** - Augmented Reality (AR)/ Virtual Reality (VR) services, Remote Consultation, Connected Ambulance and Wearables





## Questions from MSWG

### Operational and Financial Matters

37<sup>th</sup> AGM  
25 May 2022



**Q5**

The Group continues to benefit from its cost improvement programmes put in place in previous financial years as part of the Group's initiatives to ensure sustainable improvements in operational efficiencies. This is reflected through the Group's 6.6% (RM105.4 million) increase in operational profits i.e. EBIT, despite oneoff expenses that the Group recognised in 2021. (page 13 of FS 2021)

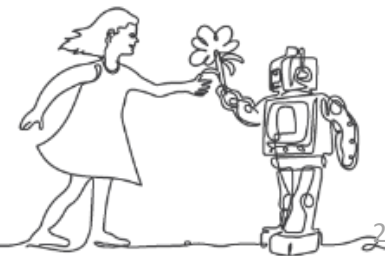
What are the cost improvement programmes put in place? What have been the achievements made so far and are they sustainable?

**A5**

2021 concluded Year 1 of our three-year New TM Transformation Programme. Cost improvement programmes put in place:

1. Shifting focus towards higher margin solutions
2. Optimise outpayment and commission cost through insourcing and shifting to digital sales
3. Manpower optimisation towards a lean organisation and productivity improvement
4. IT cost efficiency programme through applications rationalisation, contract consolidation and maintenance insourcing
5. Maintenance cost reduction through de-commissioning of legacy copper network
6. Electricity cost saving

Through the effective execution of the Value Programmes, we have shown positive results in improving overall profitability and expect to continue delivering better results in future years.







**Q6**

As a Co-Sponsor of the HSBB project, the GoM agreed to fund RM2.4 billion of the project cost. The remaining RM8.9 billion would be borne by the Company. In conjunction with the arrangement, the Company must fulfil certain undertakings for the GoM including sharing of appropriate portion of any excess of the actual revenue and other cost savings incurred in relation to the project. (page 120 of FS 2021) Please share the actual revenue and cost savings achieved under this project and what is TM's share?

**A6**

Over the 10-year HSBB Public-Private Partnership (PPP) project, we achieved a 5% cost savings out of the RM11.3 billion budget, achieved through design and rollout optimisation as well as procurement negotiations with vendors. Savings attained were channeled to fund the next PPP projects, HSBB2 and SUBB.

The actual revenue is reported on a quarterly basis as part of our Internet income.

These various nationwide fiberisation investments since 2008 – under PPP (HSBB, HSBB2, SUBB), under USP (BBF) – and today JENDELA, affirms TM's business growth and nation building commitment towards enabling a Digital Malaysia.





## Questions from MSWG

### Operational and Financial Matters

37<sup>th</sup> AGM  
25 May 2022



**Q7**

Through the Broadband Fiberisation (BBF) Project under Universal Service Provision (USP) initiative, 0.9 million customers are targeted to be upgraded, out of which 0.4 million customers will be upgraded via the USP Fund, and the Company is required to upgrade the remaining 0.5 million customers to fibre-optic broadband access network(s) with its own funds. (page 120 of FS 2021)

Who funded the USP Fund? What is the status in upgrading the remaining 0.5 million customers to fibre-optic broadband access network(s)? What is the revenue or expected revenue to be generated by TM?

**A7**

The USP fund is funded by the Government via MCMC, Malaysia's communications and multimedia industry regulator.

Upgrading of 0.5 million customers is currently in progress and to date, we have upgraded 0.39 million customers from streamyx (copper broadband) to unifi (fibre broadband).

The actual revenue is reported on a quarterly basis as part of our Internet income.





**Q8**

TM has stepped up its climate action efforts based on recommendations from the TCFD. Moving forward, climate-related risks will be included as a key corporate risk that is proactively tracked and managed across the Group. (page 13 of IAR 2021).

- (a) What are the key recommendations from the TCFD? What has TM done based on the recommendations?
- (b) What are the major KPIs for the climate-related risks and what has TM achieved?

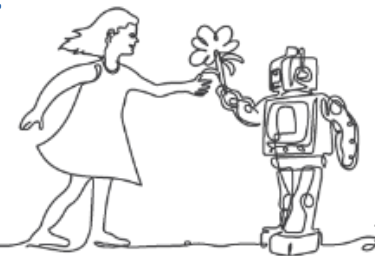
**A8**

(a) The TCFD recommendations on climate-related risks and opportunities are structured across 4 areas:

- **Governance:** disclosure of the organisation's governance. *TM's status:* Sustainability/ESG is part of our Board and Management agenda with quarterly oversight through the Board Risk Committee.
- **Strategy:** disclosure of the impact on the organization's businesses, strategy and financial planning. *TM's status:* Sustainability/ESG including climate-related impact is embedded at several levels in TM - part of our corporate purpose and commitments, business operation plans, KPIs and disclosure\*.
- **Risk Management:** disclosure of how the organisation identifies, assesses and manages climate-related risks. *TM's status:* we recognise both climate change in physical (flood, landslide) and transition (environment) risk under our Corporate Risk.
- **Metrics and Targets:** disclosure of metrics and targets. *TM's status:* will be presented next.

TM's TCFD disclosure report will be completed and published in 2023.

\* RM36.4m impact from end 2021/early 2022 floods in the country – free equipment replacements and bill rebates for affected customers; relief contribution to affected communities





**A8** (b) We have established and announced our ESG vision and commitment roadmap, including climate-related KPI measures (against 2019 baseline):

- Carbon emission reduction by 30% in 2024;
- Carbon emission reduction by 45% in 2030;
- Net-zero emissions by 2050

In 2021, we have reduced our carbon emission by 8%. Further information is available in the Integrated Annual Report 2022 (Corporate Overview) on pages 96 to 101, outlining our actions and achievements on carbon emission, waste management, water management, compliance and awards received.





**Q9**

TM has set ambitious sustainability targets to track its near to long-term sustainability performance. These targets range from socio-economic contributions, such as providing at least 70% of premises with high-speed internet by 2025, to becoming net-zero carbon by 2050. (page 17 of IAR 2021).

- (a) What is the definition of high-speed internet? What is the target for FY 2021 and what has been achieved to-date?
- (b) What are the targets and achievements for net-zero carbon in FY 2021? What are the intermediate targets prior to 2050?

**A9**

- (a) High-speed internet is defined at 30Mbps or more by the JENDELA plan. For FY2021, our target is to provide at least 60% of premises with high-speed internet coverage and our achievement is at 64%.
- (b) Please refer to A8(b)



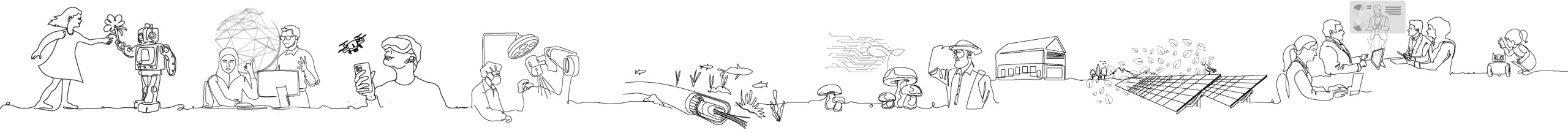




# 37<sup>th</sup> Annual General Meeting

Progress For All

25 May 2022



# Thank You

<https://www.tm.com.my/investorrelations>

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