

MIDF CORPORATE SPOTLIGHT 2014 10th DECEMBER 2014 KUALA LUMPUR

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ABOUT TM

Malaysia's broadband champion and leading information and communication company

Malaysia's leading Internet Service Provider (ISP) with more than 2 million broadband customers

Malaysia's premier **Business Process Outsourcing (BPO)** provider

Malaysia's largest fixed data provider with >50% market share

Enhanced Global Capacity of >1TB (with a design capacity of 33TB)















1946

1964

1987

1990

2005

2008

Establishment of Malayan

Department

Malaysia **Telecommunication**

Jabatan Talikom

Corporatisation of Syarikat Telekom Malaysia Berhad Listing of Telekom Malaysia **Re-branding of** TM

Demerger of fixed and mobile















1987 1964 1990 2005 2008



1st Reinvention

1st Technology Inflection point from analog to digital

2nd Reinvention of TM

> 2nd Technology **Inflection point** from legacy digital to IPbased





The Privatisation and Demerger mark 2 key reinventions of TM

Just like Privatisation, the Demerger was a necessary step, but left us with a huge challenge ahead

declining voice business

small broadband business

50% of revenue

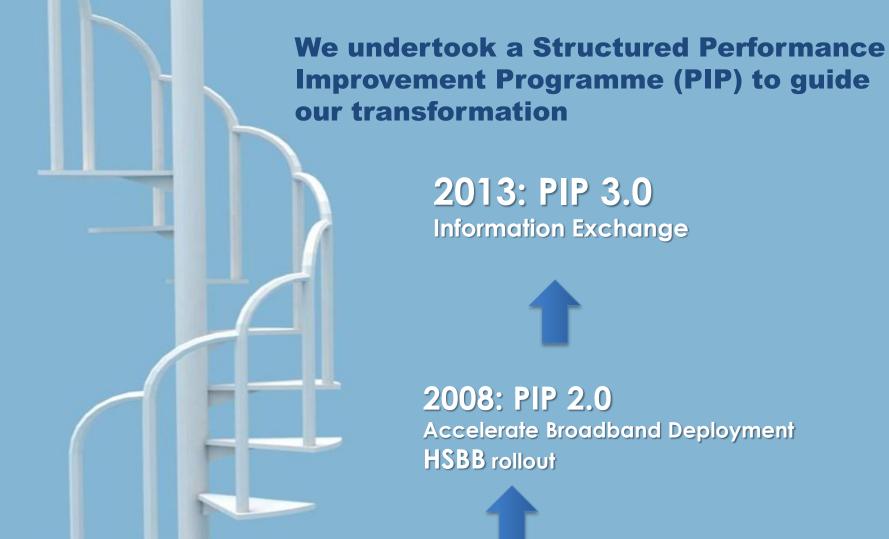
90% of cost

fierce competition from mobile

low staff morale

changing customer lifestyle

start of a highly-visible HSBB project



2007: PIP 1.0

Arresting Voice Decline

HSBB is a catalyst to propel Malaysia towards becoming a high income nation...

A Public-Private Partnership (PPP) with the Government of Malaysia

Project deployment of access, core and international capacity expansion

10 year timeframe

HSBB phase 1 costs RM11.3bn

Covers high impact economic areas

Open Access

1.56 million ports to date

Government has announced HSBB second phase in 2013

More importantly, it was a catalyst for TM's transformation

- ✓ The most ambitious project for TM, given the extensive scope
 - ✓ End-to-end Internet Protocol ("IP") infrastructure, on par, if not better than the best of advanced nations
- ✓ TM employees are re-skilled with the new fibre optics and IP technologies
 - ✓ New generation IP-based product/services for consumers and enterprises, with premier triple-play experience.

Transforming Our People -Transforming the hearts and minds of a diverse workforce of 27, 39% owned a bachelor's degree & above 24% owned a <u>cerificate & lower</u> 43% aged above 40 57% aged below 40



Harnessing the strength of



To make it happen, we anchored on...



Customer Centricity and Quality Improvements

Operational Excellence and Capital Productivity

One Company Mindset with Execution Orientation

Leadership through Innovation and Commercial Excellence

Whilst COOL focuses on hard measures...





Energised by...







Focusing on Leadership Competency...



Success

Service Excellence

Unity & Teamwork

Cultivates Stakeholder Collaboration

Catalyzes Change

Embraces & Nurtures
Talent Mindset

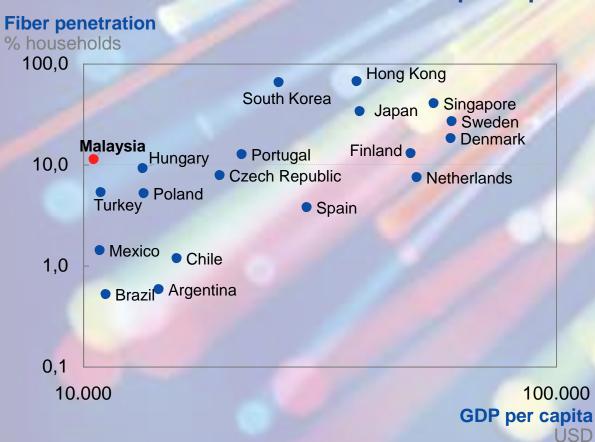
Strives for Results

Strategic & Entrepreneurial Mindset



THE HSBB SUCCESS STORY

- TM has set a new global benchmark for fibre deployment with take-up rate of ~50%
- Contributes to nation building Malaysia's fibre penetration is clearly ahead of countries with similar GDP per capita

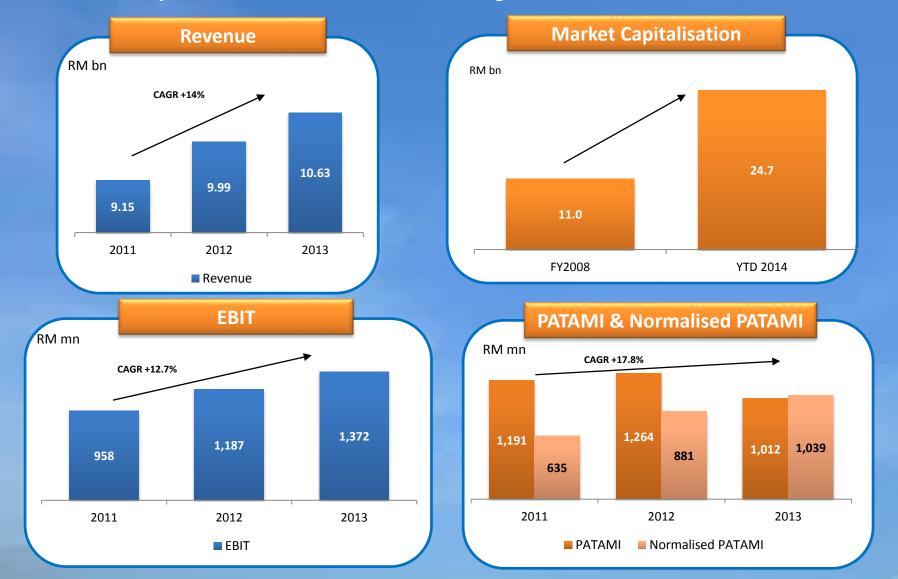


- Malaysia is ranked #1 (of 46 emerging countries) on the broadband affordability index (takes into account communications infrastructure as well as cost of access)
 - Alliance for Affordable Internet, 2013
- Average connection speed has increased almost 40% in 2 years between 2012 to 2014, from 3.1Mbps to 4.3Mbps

Akamai State of the Internet, 2014

POSITIVE RESULTS FROM TRANSFORMATION

- Revenue hit RM10 billion mark while Normalised PATAMI breached RM1 billion
- Strong EBIT growth
- Market cap more than doubled since demerger to date



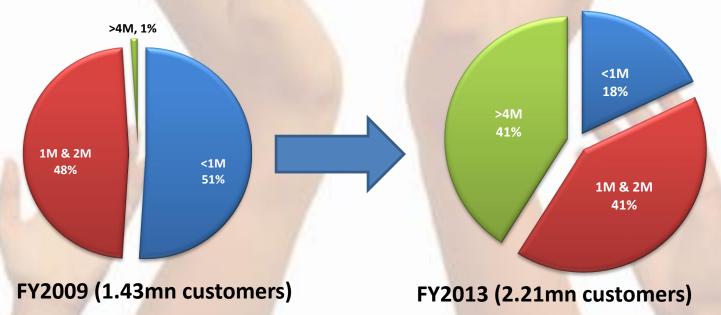
The transformation also brought a shift in revenue mix...



FY2008 (Total Revenue RM8.68bn)

FY2013 (Total Revenue RM10.63bn)

..with more customers enjoying higher broadband speeds







Revenue grew from RM8.7bn in FY2008 to RM10.6bn in FY2013

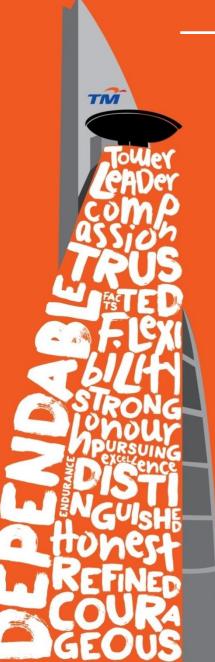
more than **2.2 million** broadband customers 83% growth in broadband customers compared to FY2008

global connectivity capacity of >1TB (with a design capacity of 33TB)

total payout of more than RM10bn since demerger

299% total return to shareholders since demerger*

more than 1.56 million HSBB ports*



Customer Behaviour Trends: Access Broadband via Multiple Devices

At home, users need broadband mainly for video streaming, whilst SMEs carry out business functions i.e sending emails and browsing

HOME

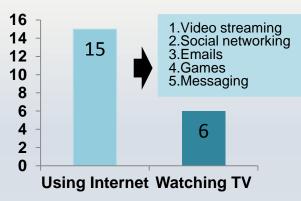




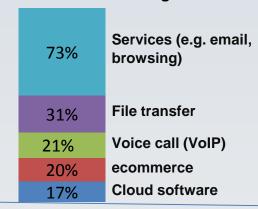


Internet Usage

Total average weekly time spent with each media (hours)



Reason for using Internet



RECOGNISING THE TRENDS, STRATEGIES HAVE BEEN PUT IN PLACE ANCHORING ON THE "INFORMATION AND INNOVATION EXCHANGE" **VISION**

With "Life Made Easier" and "Business Made Easier" as our Go-to-Market approach









Managed Accounts as a growth enabler

Value proposition based on 3 blocks:



Vertical Industry Solutions



Horizontal solutions/
Managed services



Basic Connectivity Modules

Main Focus

- Solutioning
- Technology Scouting
- Partnerships
- Anchor Customers

- Manageability
- Standardisation
- Modularity

- Standardisation
- Efficiency
- Reusability
- Cost and complexity control

Product portfolio strategically re-designed towards Horizontal and Vertical, Converged Services



Global & Wholesale Complements Mass Market And Managed Accounts as well as Maximizes Potential In Domestic Wholesale And Foreign Markets

MASS MARKET



"Convergence is an Experience"

Fixed line

WiFi

Fixed B/band

Mobile Data

HyppTV

ICT/VAS

MANAGED ACCOUNTS



"Our game changer is to become an Integrated ICT player"

Expand Managed Services

> ICT offering & capabilities

New Delivery Models

Beyond local market



DOMESTIC & GLOBAL



Backhaul

Infra

Access



- Addressing domestic demand
- Capturing ASEAN emerging market
- Global expansion

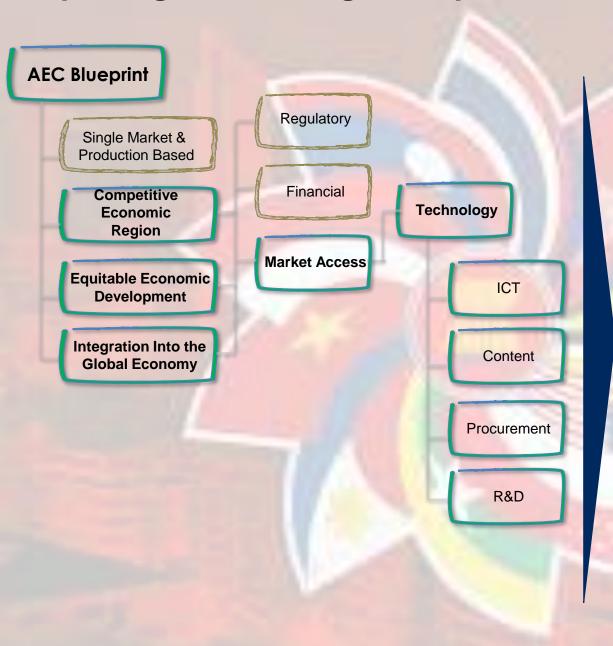




Multimedia



Capturing the ASEAN growth potential



BENEFITS

SEAMLESS COMMUNICATIONS
IN A BORDERLESS ASEAN
WILL IMPROVE ECONOMY AND
QUALITY OF LIFE

Borderless entertainment

Access to information

Ease of knowledge

Shared news

Ease of transactions

Borderless communication

Life & Business Made Easier...

At the forefront of our initiatives is a focus on ENHANCING CUSTOMER EXPERIENCE

Rapid change in landscape:

- > Customer expectations growing exponentially
- > Multiple methods of interaction with service provider
- > Reachable 24/7/365
- Organizations striving to optimize cost to serve
- Human interaction is still key

Calls for big changes:

- Provide seamless experience across touchpoints
- Going beyond traditional channels to digital
- Structurally address cost to serve and improve field force productivity
- Inculcate a sustainable "Customer First" culture









With our numerous initiatives, we have consistently achieved a TRI*M Index score of above 72 – higher than the global telco average of 68







The journey continues from being a "BROADBAND CHAMPION" to become the "CONVERGENCE CHAMPION" ...

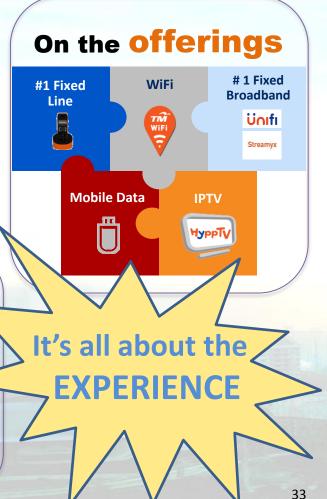
The next step: defining "convergence" for TM Group

About converGence









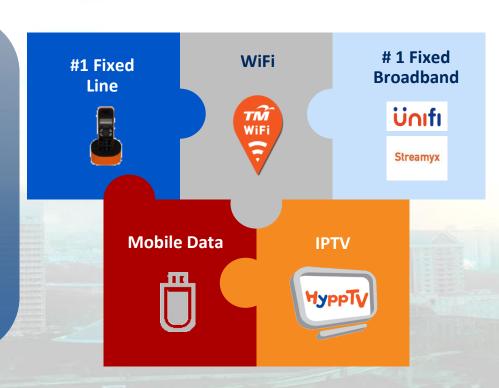
Acquisition of P1 accelerates TM's aspiration to be

No.1 Converged Communications Services Provider



Combined base:

- ~2,000 sites
- Valuable spectrum assets
- Extensive Fibre network
- Extensive customer base: ~ 4mn fixed line of which ~ 2mn are broadband; and ~ 500k wireless customers



To realise our INFORMATION & INNOVATION EXCHANGE aspiration



WiFi

OFFICE | NOMADIC | FIONE | BEYOND...

and expand our services BEYOND CONNECTIVITY







THANK YOU

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