



TM 5G



Smart Tourism



Smart Parking



#Enabling DigitalMalaysia

Smart Traffic Lights



Smart Vehicle Management System



Analyst Briefing 4Q 2020 Results

24 February 2021

Smart Retail Analytics



Smart Tourism



Smart Agriculture



Management Representatives



En. Imri Mokhtar

Managing Director / Group Chief Executive Officer



En. Razidan Ghazalli

Group Chief Financial Officer



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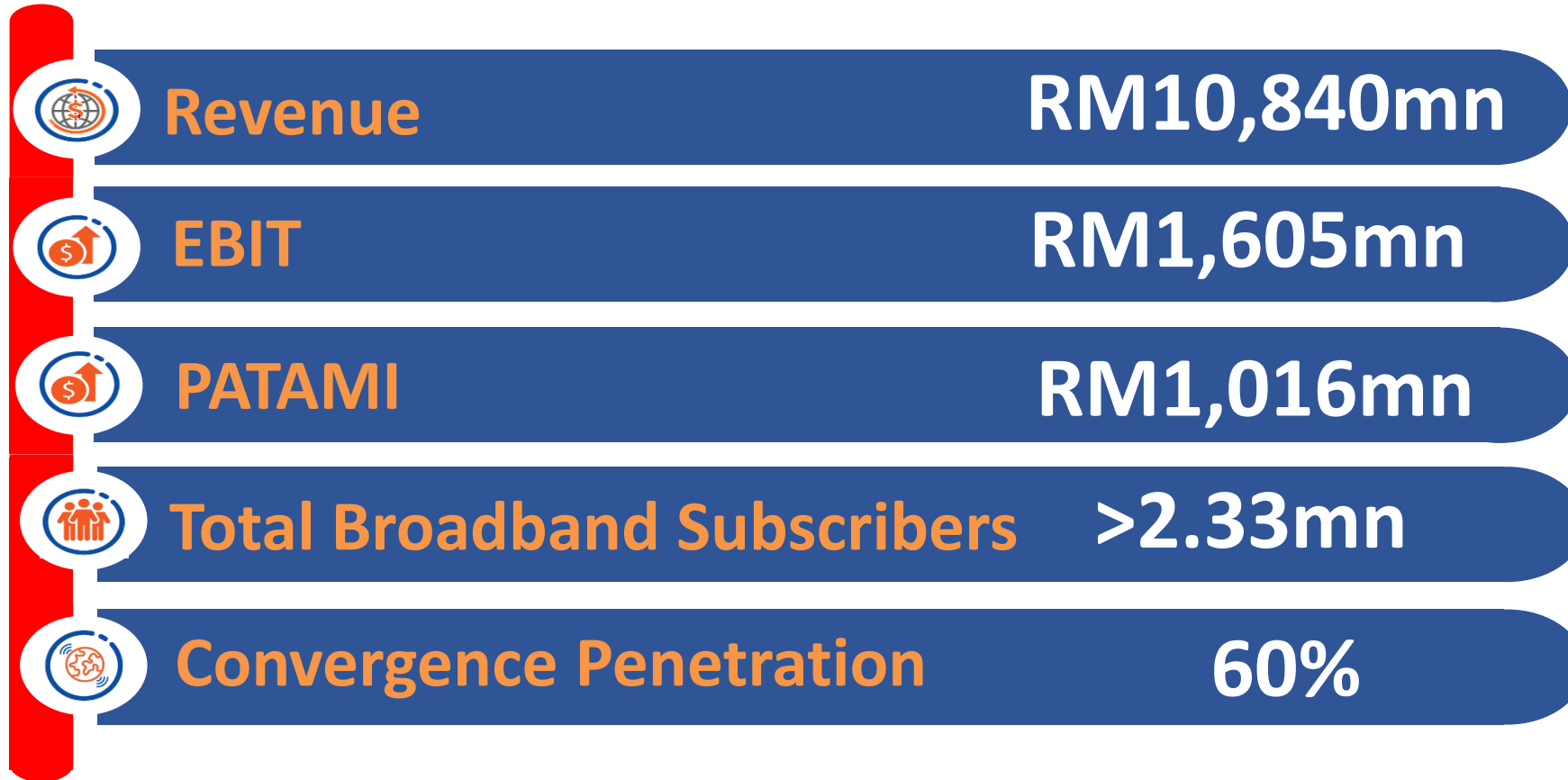
Smart Vehicle Management System



FY2020 Key Highlights



Resilient performance amidst environment uncertainty



- Revenue headwinds from Streamyx rebase and pandemic challenges
- Solid profitability growth due to transformation & cost optimisation initiatives
- Significant improvements on unifi operating metrics

TM Group Results

4Q 2020



RM mn	3Q 2020	4Q 2020	QoQ	4Q 2019	YoY	FY 2019	FY 2020	YTD
Revenue	2,689.9	3,001.3	11.6%	3,034.1	-1.1%	11,434.2	10,840.3	-5.2%
EBITDA	1,029.4	987.6	-4.1%	989.7	-0.2%	4,022.6	3,888.6	-3.3%
Normalised EBITDA	1,043.2	968.6	-7.2%	1,000.9	-3.2%	4,029.3	3,896.2	-3.3%
Depreciation & Amortisation	573.2	591.5	3.2%	623.8	-5.2%	2,454.3	2,283.9	-6.9%
EBIT	456.2	396.1	-13.2%	365.9	8.3%	1,568.3	1,604.7	2.3%
Normalised EBIT	470.0	377.1	-19.8%	377.1	0.0%	1,699.6	1,612.3	-5.1%
Net Finance Cost*	97.6	94.8	-2.9%	98.8	-4.0%	390.7	372.1	-4.8%
Profit Before Tax	414.4	358.8	-13.4%	38.9	+>100%	925.1	1,278.5	38.2%
PATAMI	329.5	259.3	-21.3%	-51.1	+>100%	632.7	1,016.0	60.6%
Normalised PATAMI	288.9	194.1	-32.8%	189.9	2.2%	1,000.8	991.4	-0.9%

Note:

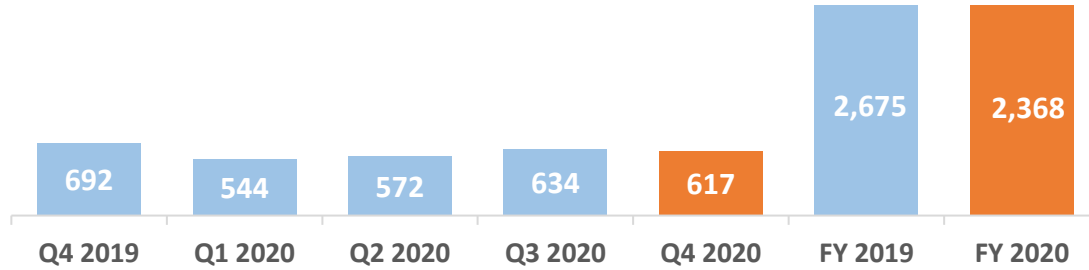
*Excluding FX gain/loss

Group Total Revenue by Product

Sustained quarterly growth for main products



Voice



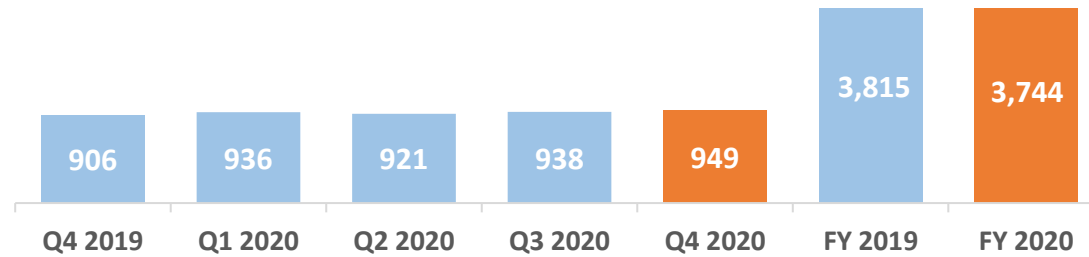
QoQ -2.6%
YoY -10.7%
YTD -11.5%

Remarks QoQ:

Lower international and domestic voice



Internet

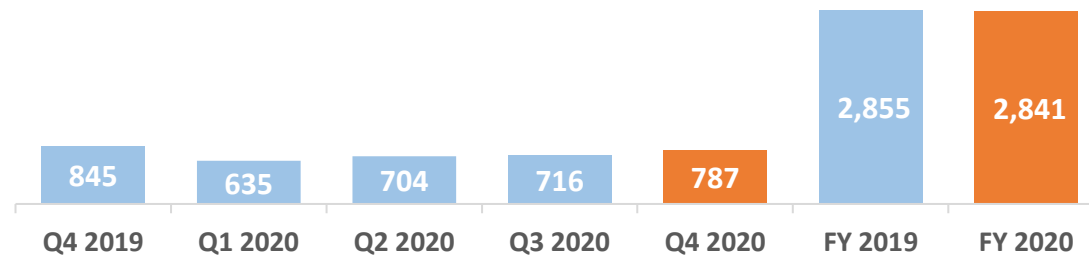


QoQ +1.1%
YoY +4.7%
YTD -1.8%

Higher unifi subscribers & ARPU



Data

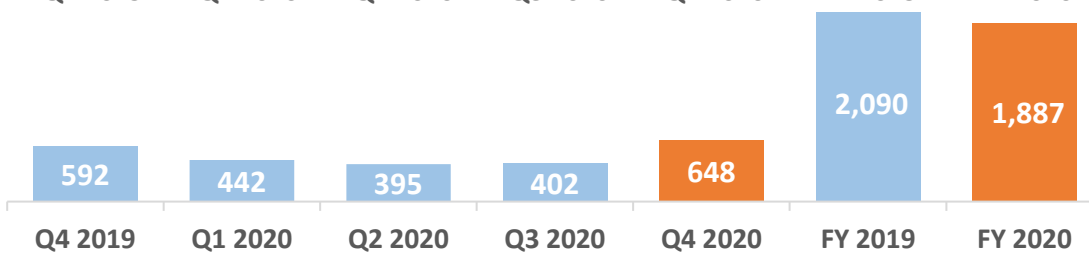


QoQ +9.9%
YoY -6.8%
YTD -0.5%

Higher IRU



Others

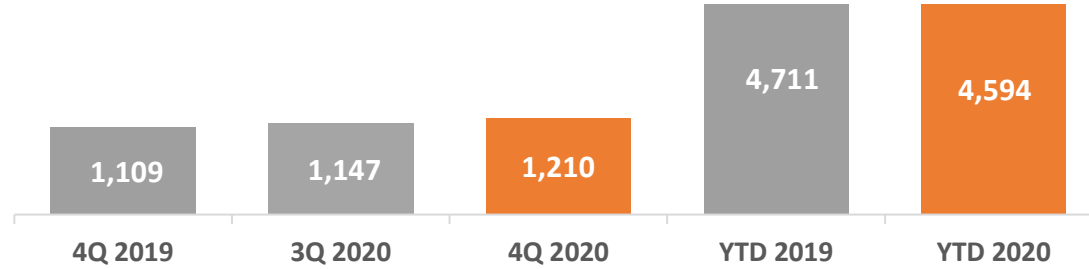


QoQ +61.3%
YoY +9.5%
YTD -9.7%

Higher customer projects & retail device revenue

Segmental Revenue by Cluster

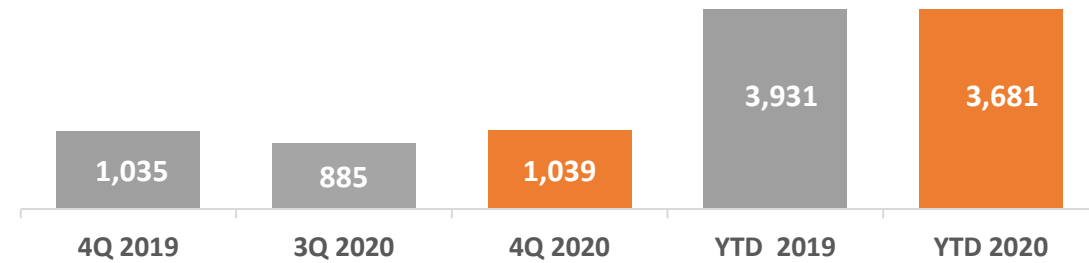
Quarterly growth for all segments



QoQ +5.5%
YoY +9.2%
YTD -2.5%

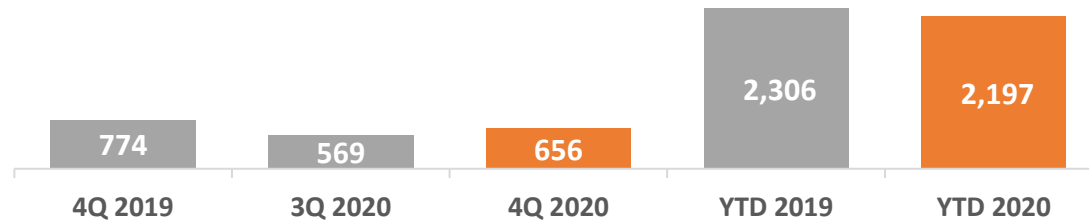
Remarks QoQ:

Higher unifi subscribers & device revenue



QoQ +17.4%
YoY +0.4%
YTD -6.4%

Higher revenue from customer projects



QoQ +15.3%
YoY -15.2%
YTD -4.7%

Higher IRU

Others



QoQ +7.8%
YoY -17.9%
YTD -24.2%

Higher revenue from MMU



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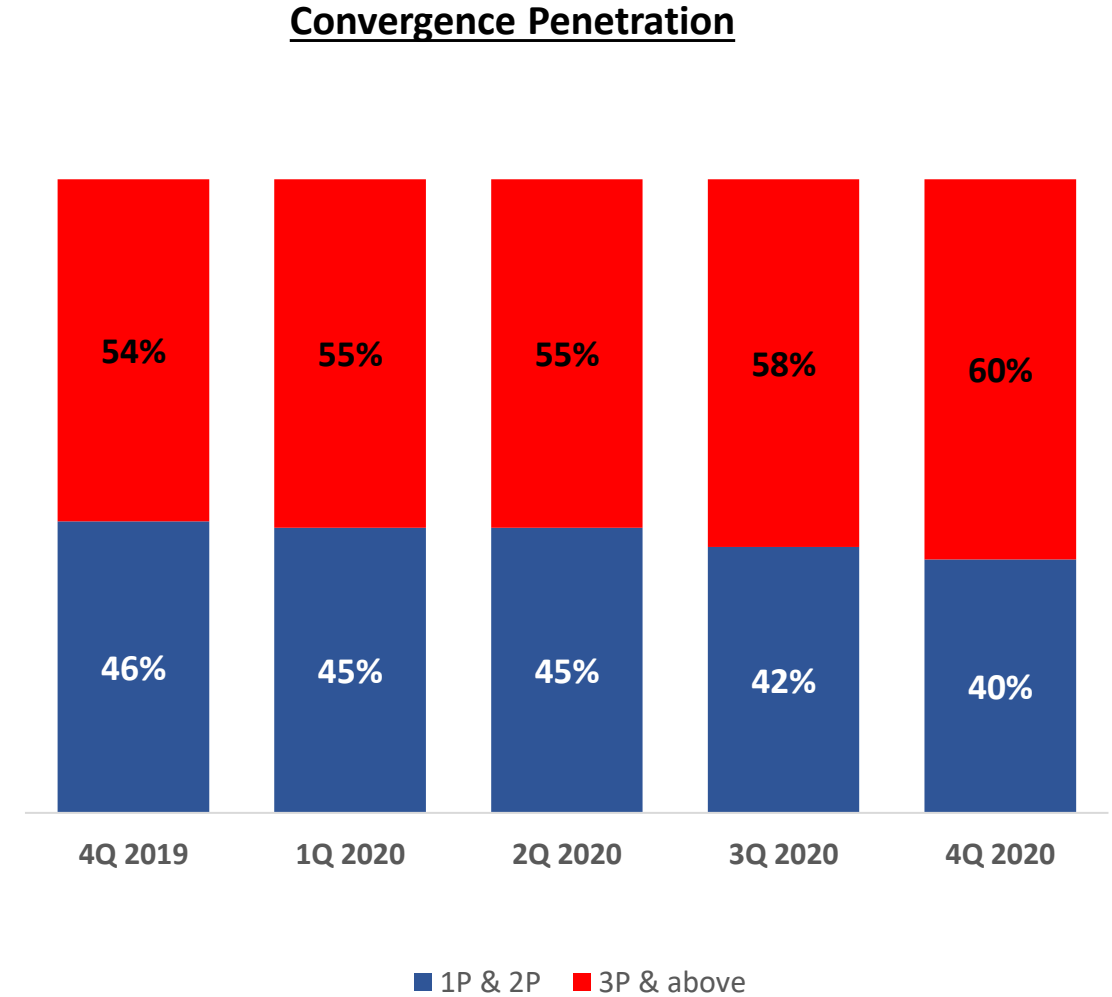
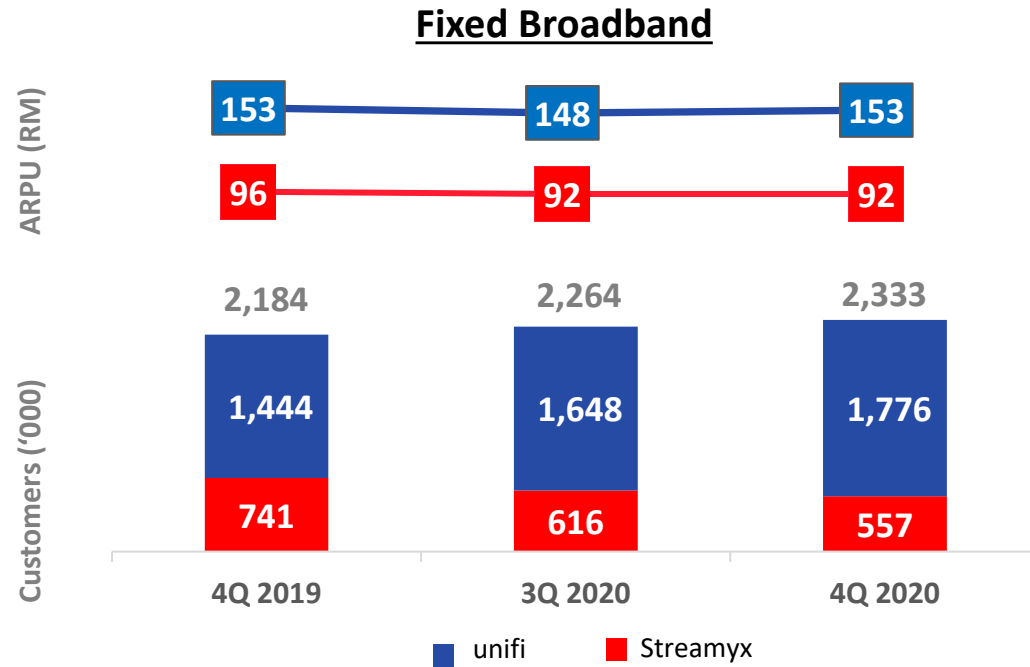


Smart Agriculture



Unifi Operating Metrics

Strong fixed broadband subscribers & convergence penetration rate increase



Fixed Broadband

- Total fixed broadband customers increased by 3% during the quarter contributed by encouraging unifi subscriber growth

Convergence Penetration

- TM households now at 60% which contributed to the higher ARPU

Voice • Fixed Broadband • Mobile • Content

Group OPEX

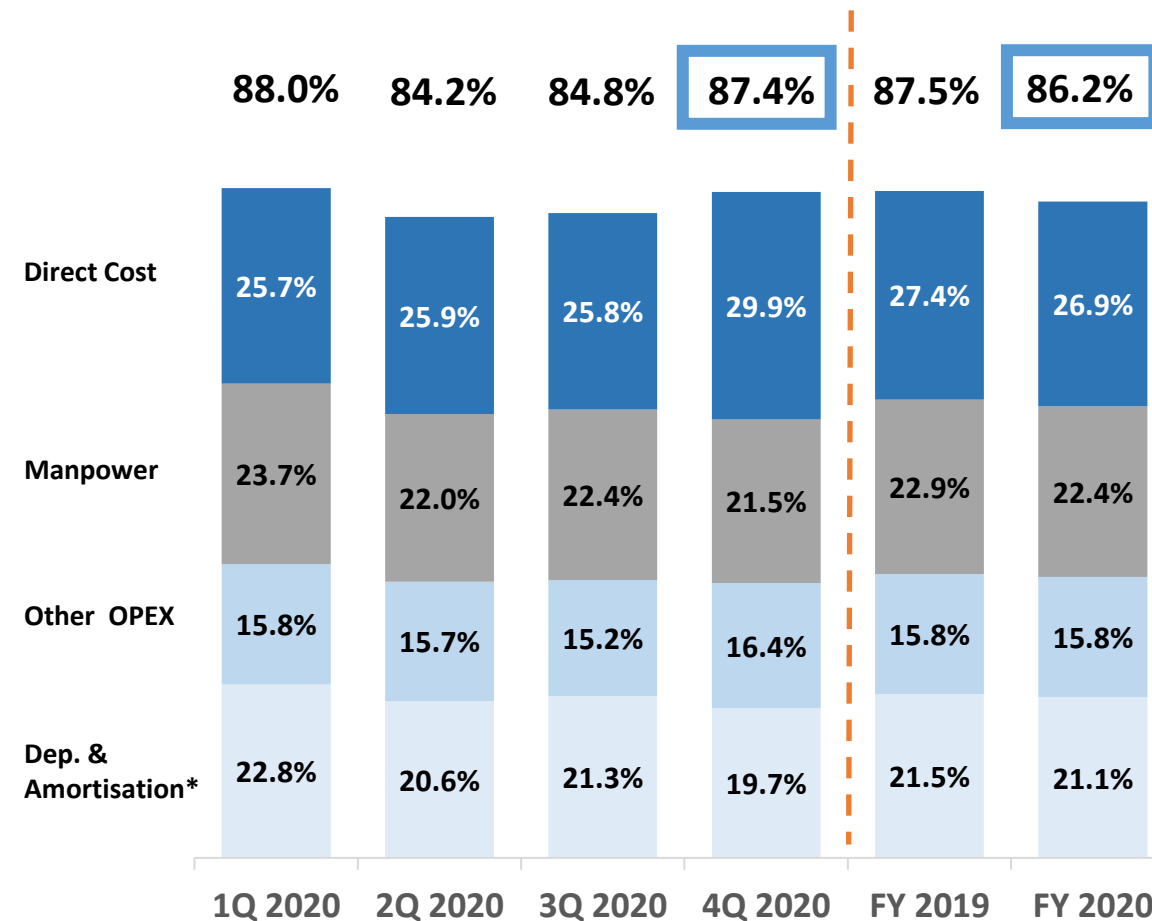


Total Cost & %Cost to Revenue have improved from the previous year

TM Group Cost Breakdown

RM mn	1Q 2020	2Q 2020	3Q 2020	4Q 2020	QoQ	FY 2019	FY 2020	YTD
Revenue	2,557	2,592	2,690	3,001	11.6%	11,434	10,840	-5.2%
Direct Cost	658	671	695	896	28.9%	3,130	2,920	-6.7%
Manpower	607	571	602	645	7.1%	2,616	2,425	-7.3%
Other OPEX	403	408	410	491	19.8%	1,801	1,712	-4.9%
Total OPEX	1,668	1,650	1,707	2,032	19.0%	7,547	7,057	-6.5%
Dep. & Amortisation	584	535	573	592	3.3%	2,331	2,284	-2.0%
Impairment	-	-	-	-	-	123	-	->100%
Total Cost	2,252	2,185	2,280	2,624	15.1%	10,001	9,341	-6.6%

% Total Cost to Revenue



Notes:

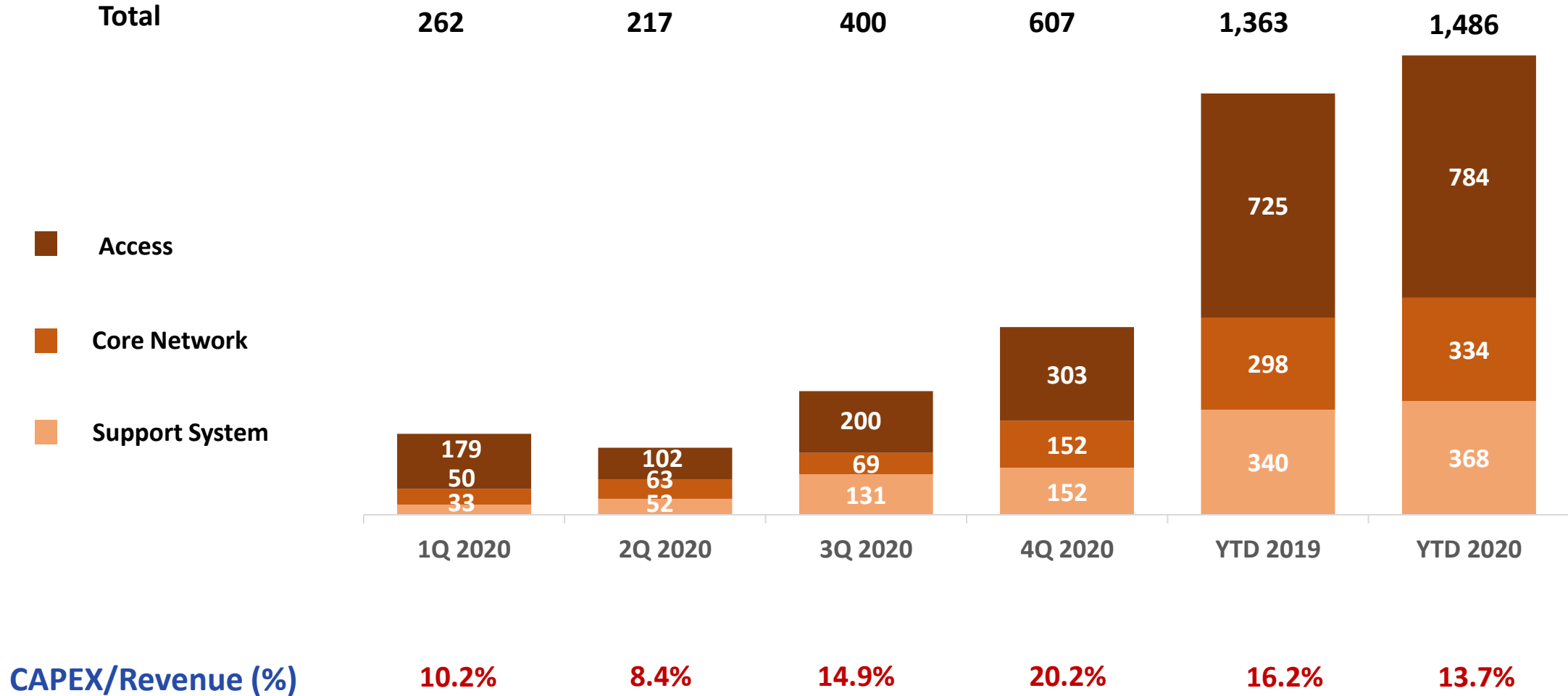
*Including impairment

Group CAPEX



Actual spending is within guidance at 13.7% of revenue

TM CAPEX Breakdown (RM mn)



Group Financial Ratios



RM mn	FY 2020	FY 2019
Cash Flows from Operating Activities	2,686	3,502
Cash Flows from Investing Activities	(1,247)	(1,184)
Cash Flows from Financing Activities	(2,071)	(285)
Cash and Cash Equivalents at beginning of the Financial Period	4,786	2,756
Effect of exchange rate changes	(8)	(3)
Cash and Cash Equivalents at end of Financial Period	4,146	4,786
<i>Free Cash Flow</i> ¹	2,002	2,252

Financial Ratios	FY 2020 ²	FY 2019 ²
Return on Invested Capital	8.40%	7.99%
Return on Equity	13.70%	13.45%
Return on Assets	3.98%	4.06%
Current Ratio	1.31	1.28
WACC	7.52%	8.86%
Gross Debt to EBITDA	2.59	2.38
Net Debt/EBITDA	1.41	1.42
Gross Debt/Equity	1.39	1.29
Net Debt/Equity	0.76	0.77
Net Assets/Share (sen)	188.80	195.28

Notes:

¹ Free Cash Flow = EBITDA-CAPEX-Lease Repayments

² Based on 12 months trailing figures and normalised numbers where applicable



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	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

A 'New TM' compass to guide us on delivering our aspirations

Our PURPOSE



- ✓ Commercial sustainability to expand nation building efforts

Our PERFORMANCE

- ✓ Shareholders value enhancement
- ✓ Going beyond revenue growth; prioritise profit growth and returns
- ✓ Optimise cost and productivity improvement



Our CUSTOMERS

- ✓ Serving all segments in Malaysia with our unique value proposition to make life and businesses easier through:
 - Connectivity Excellence
 - Solutions Excellence
 - Customer Experience Excellence

Our PEOPLE

- ✓ Focused transformation with Talent-to-Value
- ✓ Right skilled and fueled with performance culture
- ✓ Agile & flat organization for empowerment

TM is well primed to support the recently announced MyDIGITAL towards a full-fledged Digital Malaysia by 2030

Digital Connectivity



- Leading role in **supporting JENDELA** by expanding its **fibre connectivity nationwide**; **surpassed the overall committed premises passed deployment target for year 2020 by 138%**
- Continues to strengthen Malaysia's global connectivity and partnership ecosystem via its **global network of more than 20 submarine cable systems**
- Ready to support the **5G Special Purpose Vehicle (SPV)** with its **570,000km fibre network nationwide and beyond** to enable fast and cost effective rollout of the 5G infrastructure

Digital Infrastructure



- Leading end-to-end cloud and data centre service provider that provides data residency, locality and sovereignty in Malaysia. Appointed **sole Malaysian Cloud Service Provider (CSP)**
- TM ONE **CYDEC solution** to secure and protect Malaysia's digital connectivity and infrastructure assets

Digital Skillset and Talents



- **MMU** is currently offering **degree courses and executive education in Artificial Intelligence (AI), Data Analytics, Robotics, Cybersecurity**
- **TM Digital Academy** for future-skilling of warga TM



TM is committed to our Environmental, Social and Corporate Governance (ESG) Sustainability framework, building on our strong track record



One of the 75 Bursa companies that qualified for the FTSE4Good Bursa Malaysia Index, with the full rating of 4/4



GOVERNANCE

- Anti-Corruption
- Corporate Governance
- Risk Management
- Tax Transparency

ENVIRONMENT

- Biodiversity
- Climate Change
- Pollution & Resources
- Water Security

SOCIAL

- Customer Responsibility
- Health & Safety
- Human Rights & Community
- Labour Standards

1

In the face of challenging economic environment, TM Group kept its resilience throughout 2020, anchored firmly by its cost optimisation initiatives and cautious spending which was critical in adjusting to pressures on the Group's top line revenue, we recorded significant improvements in our fundamentals, especially on yearly cost and profitability

2

New TM Transformation: We have embarked on our New TM Transformation focused on a 'New TM' Compass of Purpose, Customers, Performance and People, anchored by key Value Programs with higher execution tempo

3

TM is ready and excited to play a significant part in support of MyDIGITAL – Malaysia Digital Economy Blueprint towards a full-fledged digital nation by 2030

4

Despite an expected recovery in the economy, uncertainties will remain and competition heightened in 2021. However the better performance delivered in 2020 puts TM on a good footing to invest for future growth and more importantly, to accelerate connectivity reach for the nation

5

In light of the above, the Group shall remain prudent in its spending, to ensure a strong financial position moving ahead, whilst continuing to source for growth in our revenue stream



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Questions & Answers



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Cost % Revenue



Revenue (RM mn)	3Q 2020	4Q 2020	QoQ	4Q 2019	YoY	FY 2019	FY 2020	YTD	Comments FY 2020 vs FY 2019
	2,690	3,001		3,034		11,434	10,840		
Direct Costs %	25.8%	29.9%		29.2%		27.4%	26.9%		<ul style="list-style-type: none"> • Lower International Voice & Leased Outpayment • Lower Customer Projects & ICT related service • Lower Content Costs
RM mn	695	896	28.9%	887	1.0%	3,130	2,920	-6.7%	
Manpower %	22.4%	21.5%		22.6%		22.9%	22.4%		<ul style="list-style-type: none"> • Lower no. of headcount
RM mn	602	645	7.1%	685	-5.8%	2,616	2,425	-7.3%	
Other OPEX %	15.2%	16.4%		17.2%		15.8%	15.8%		<ul style="list-style-type: none"> • Lower Advertisement & Promotions • Lower TNT & Utilities • Lower CPE Replacement cost
RM mn	410	491	19.8%	523	-6.1%	1,801	1,712	-4.9%	
Dep & Amortisation %	21.3%	19.7%		20.4%		20.4%	21.1%		<ul style="list-style-type: none"> • Lower PPE depreciation
RM mn	573	592	3.2%	619	-4.4%	2,331	2,284	-2.0%	
Impairment%	0.0%	0.0%		0.2%		1.1%	0.0%		
RM mn	-	-	-	5	->100%	123	-	-> 100%	
Total Cost (RM mn)	2,280	2,624	15.1%	2,719	-3.5%	10,001	9,341	-6.6%	
Total (%)	84.8%	87.4%	2.6 p.p	89.6%	-2.4p.p	87.5%	86.2%	-1.3 p.p	

Statement of Financial Position



RM mn	As At 31 Dec 2020	As At 31 Dec 2019	Var.
Shareholders' Funds	7,125	7,353	-3.1%
Non-controlling Interests	(149)	(800)	81.4%
Deferred & Long Term Liabilities	11,495	12,570	-8.6%
<i>Long Term Borrowings</i>	6,796	7,699	-11.7%
<i>Lease Liabilities</i>	1,587	1,619	-2.0%
<i>Deferred Tax</i>	1,461	1,424	2.6%
<i>Deferred Income</i>	1,590	1,744	-8.8%
<i>Others</i>	61	84	-27.4%
	18,471	19,123	-3.4%
Current Assets	7,441	8,591	-13.4%
<i>Trade and Other Receivables</i>	1,952	2,435	-19.8%
<i>Cash & Bank Balances</i>	4,304	4,918	-12.5%
<i>Inventories</i>	99	102	-2.9%
<i>Others</i>	1,086	1,136	-4.4%
Current Liabilities	5,808	6,476	-10.3%
<i>Trade and Other Payables</i>	3,494	3,604	-3.1%
<i>Short Term Borrowings</i>	831	1,034	-19.6%
<i>Lease Liabilities</i>	321	296	8.4%
<i>Others</i>	1,162	1,542	-24.6%
Net Current Assets/(Liabilities)	1,633	2,115	-22.8%
Non-Current Assets	16,838	17,008	-1.0%
<i>Property Plant & Equipment</i>	13,752	14,260	-3.6%
<i>Other Non-Current Assets</i>	3,086	2,748	12.3%
	18,471	19,123	-3.4%



Thank you

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