



# ANALYST BRIEFING

FY 2022 Results



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2<sup>nd</sup> March 2023

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# **FY 2022 PERFORMANCE REVIEW**



# FY 2022 Highlights



## Revenue

**RM12,118.1 mil**

5.1% increase FY  
5.5% decrease YoY  
5.7% decrease QoQ

## EBIT

**RM2,090.2 mil**

22.2% increase FY  
24.7% decrease YoY  
63.2% decrease QoQ

## PATAMI

**RM 1,143.3 mil**

27.7% increase FY  
>100.0% increase YoY  
39.6% decrease QoQ

## CAPEX/Revenue %

**20.0%**

5.3pp increase FY  
13.8pp increase QoQ

## Fixed Broadband Subs

**3.04 mil**

9.3% increase FY  
1.9% increase QoQ

## Final Interim Dividend

**7.5 sen per share**

RM286.6 million

**A momentous year towards another chapter of successful transformation**

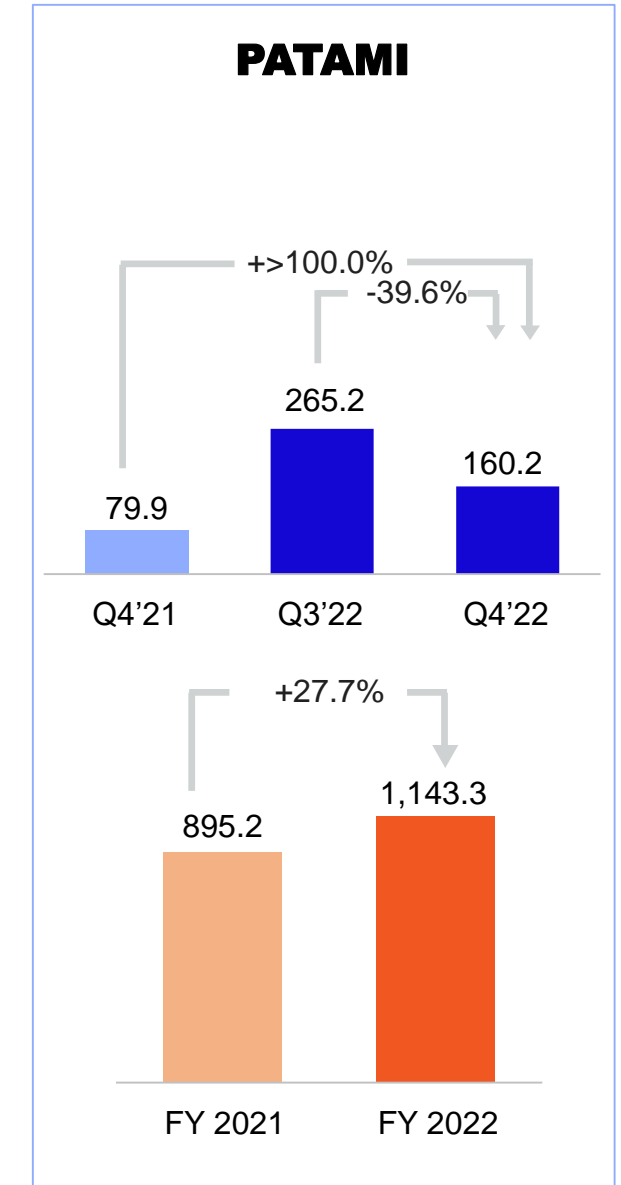
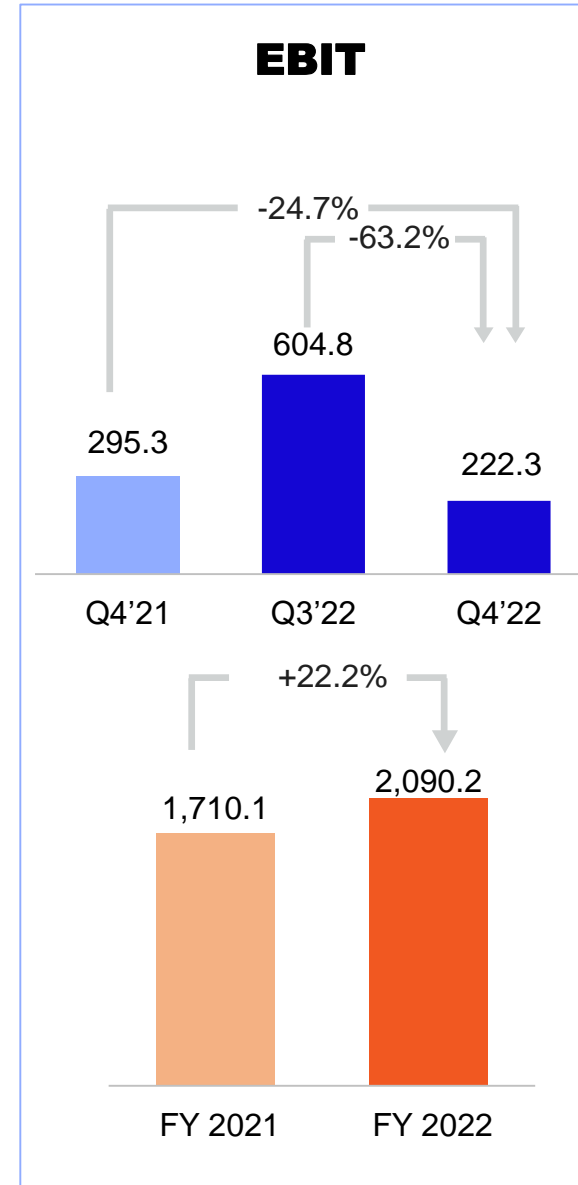
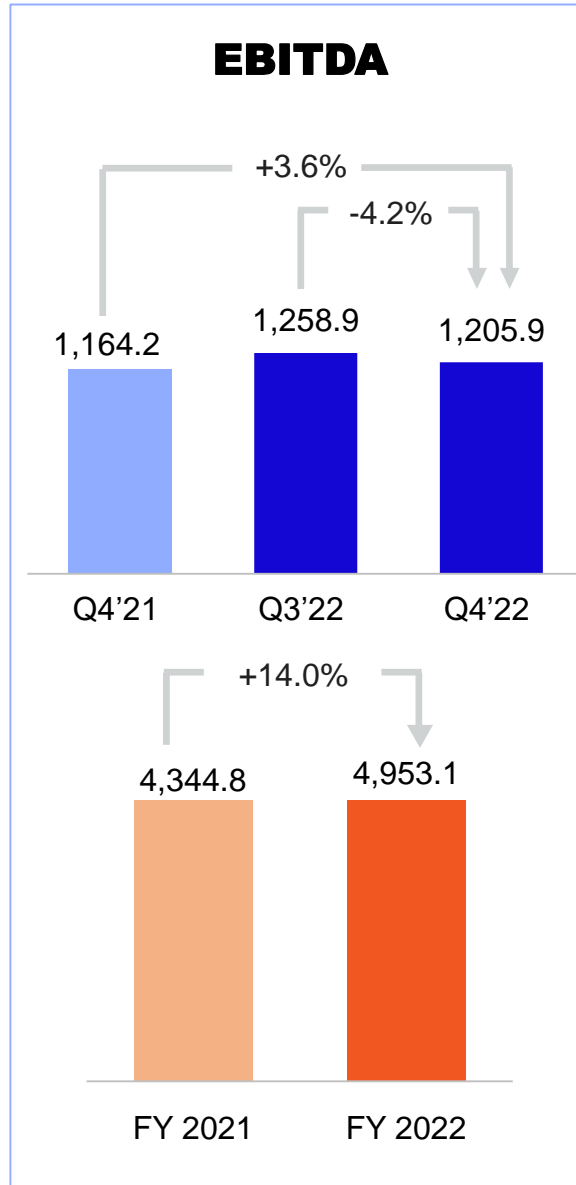
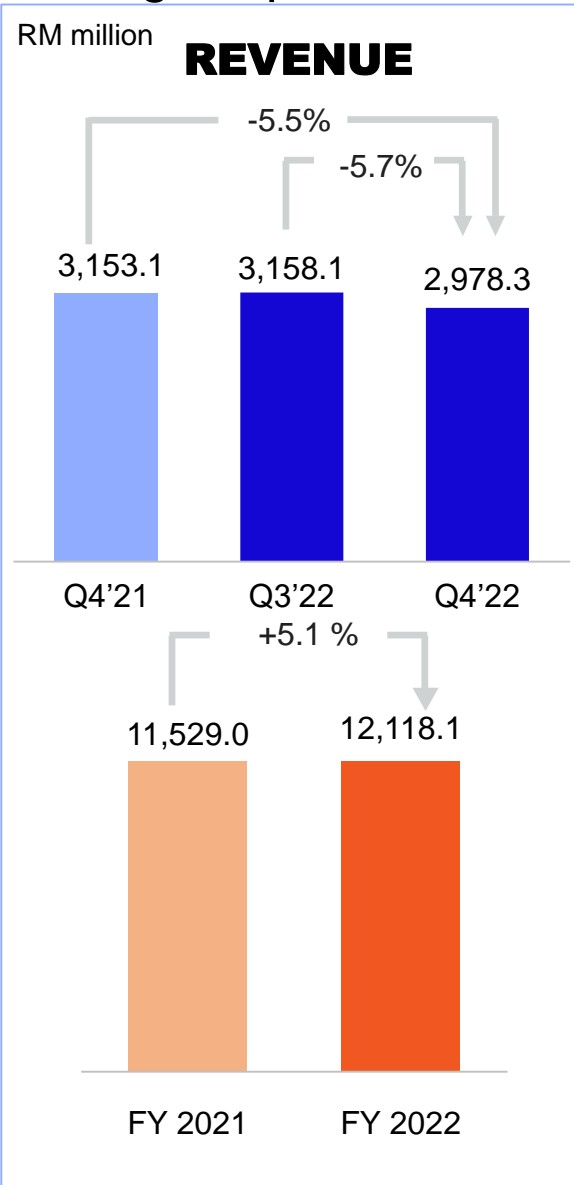
- Higher 2022 revenue guidance achieved with strong FY profitability growth
- Continuous customer growth for all segments
- Greater FY dividend amount declared



# FY 2022 Reported Results



Strong FY performance on all financial metrics

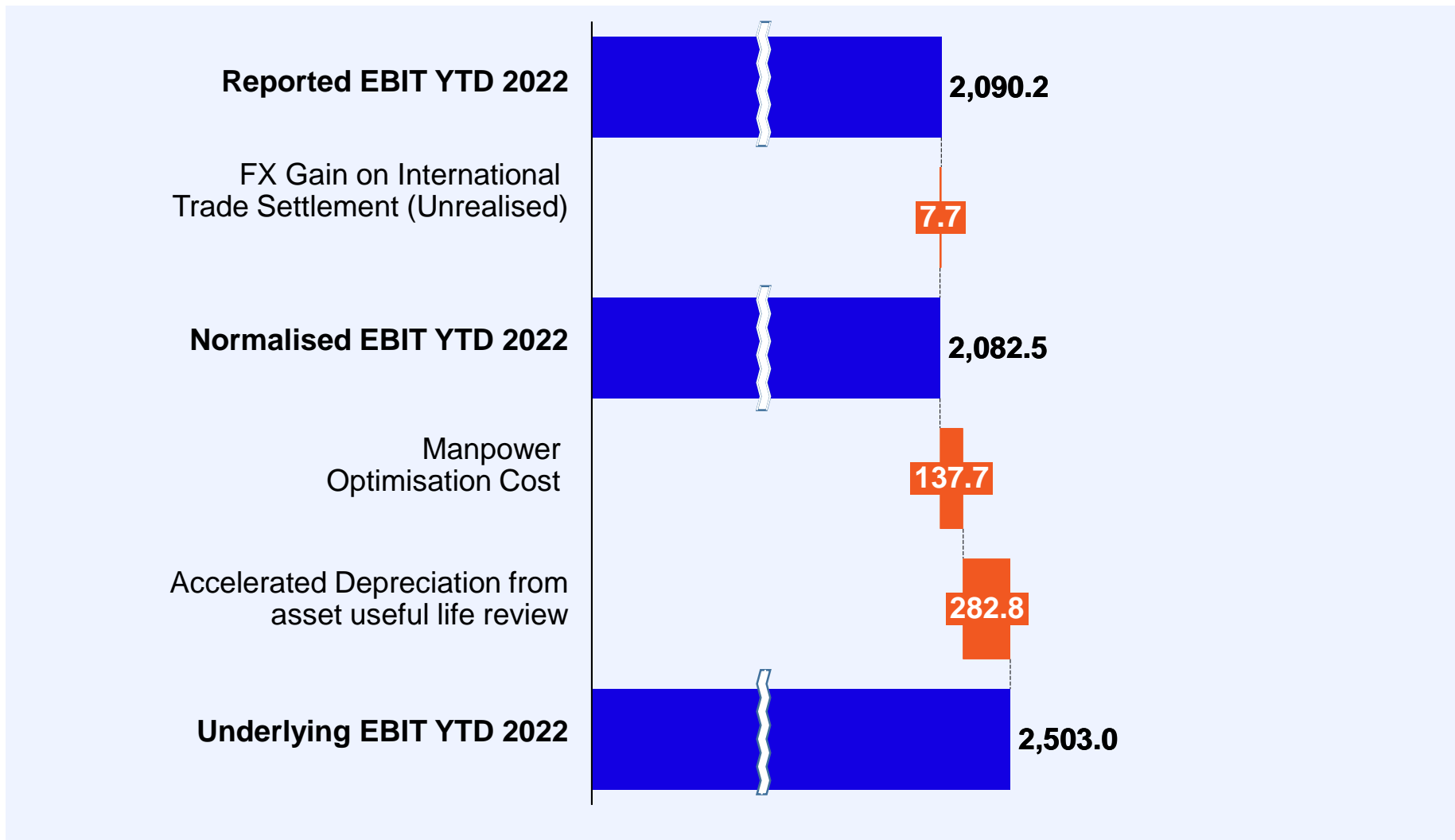




# Underlying EBIT

Higher FY underlying EBIT from normalizing items

EBIT walk from reported, RM million





# CUSTOMER SEGMENT & PRODUCT OVERVIEW

unifi

TM  
ONE

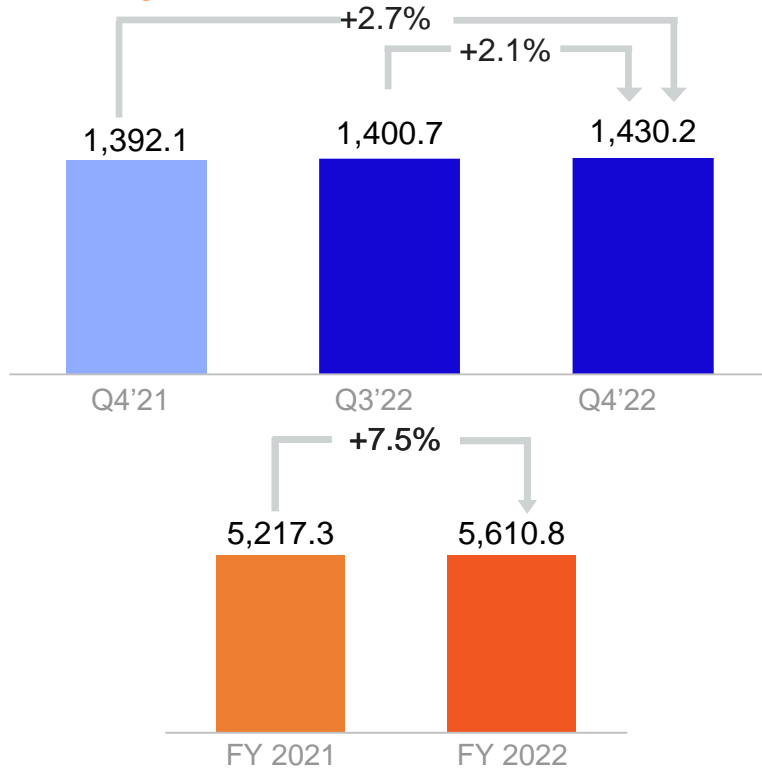
TM  
GLOBAL

credence

Continuous growth of customer base (home & SME)

## Revenue Trend

RM million

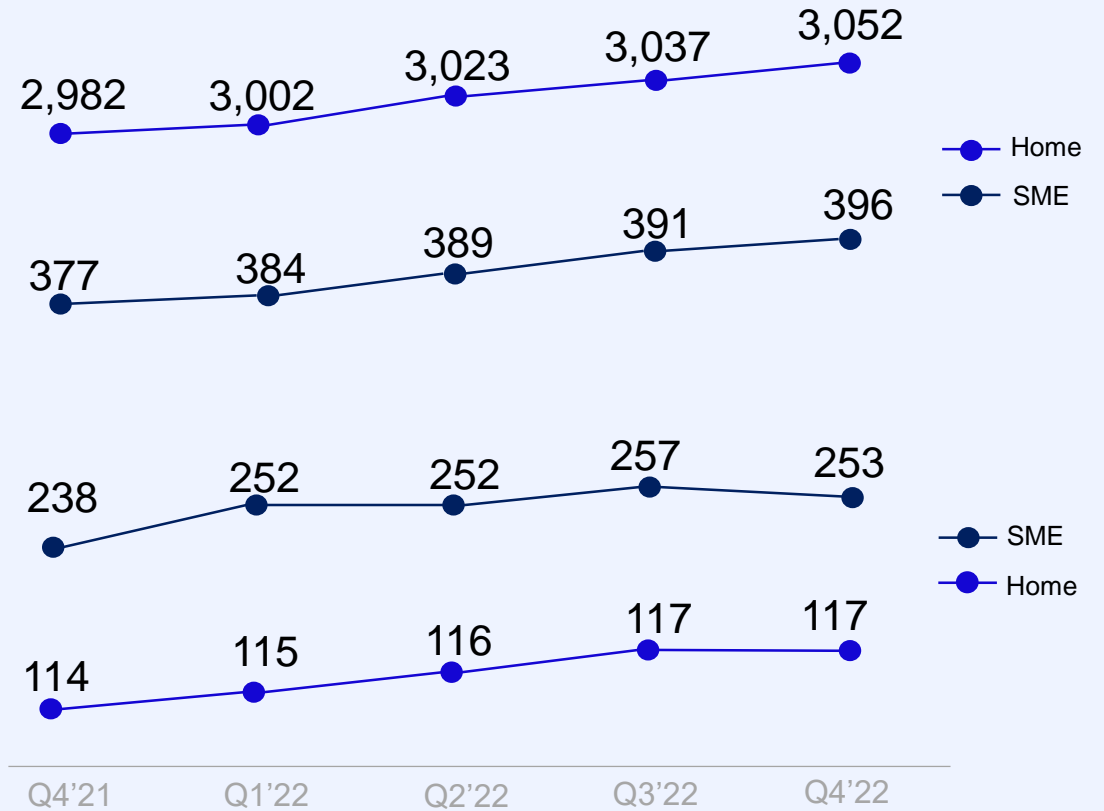


### QoQ, YoY & FY increased due to:

- Higher cumulative fixed broadband subscribers driven by aggressive sales and Year End promotions & retention programs

## No of Customers

Total (in '000)



## ARPC<sup>1</sup>

In RM / month



- Home ARPC remained stable QoQ with growth from Broadband and converged take-up while SME ARPC decreased QoQ due to reduction of Voice revenue and discontinuation of SME Digital Grant.

Note

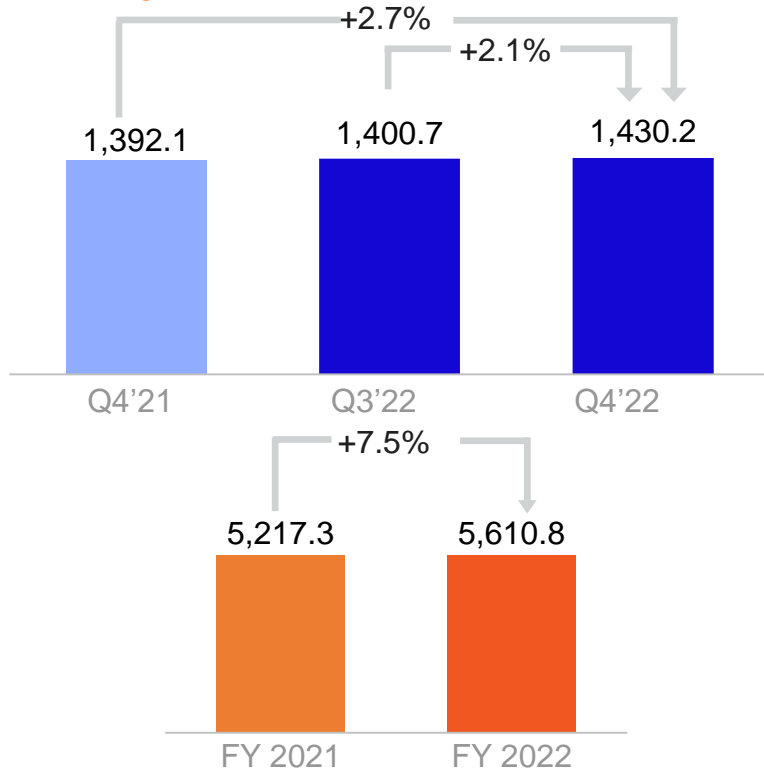
1. ARPC: Average revenue per customer (average revenue contributed by a customer based on products subscribed with Unifi)



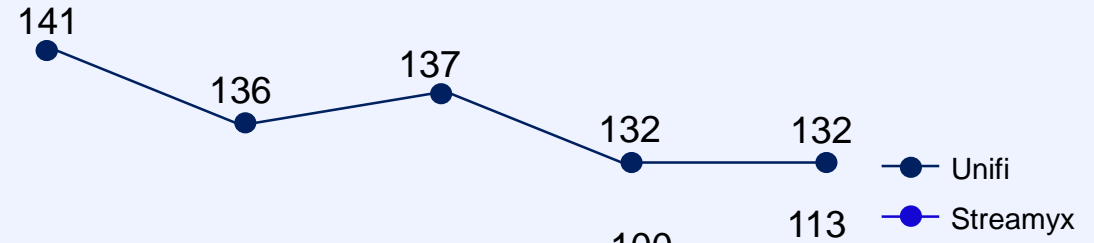
Continuous growth of customer base (home & SME)

## Revenue Trend

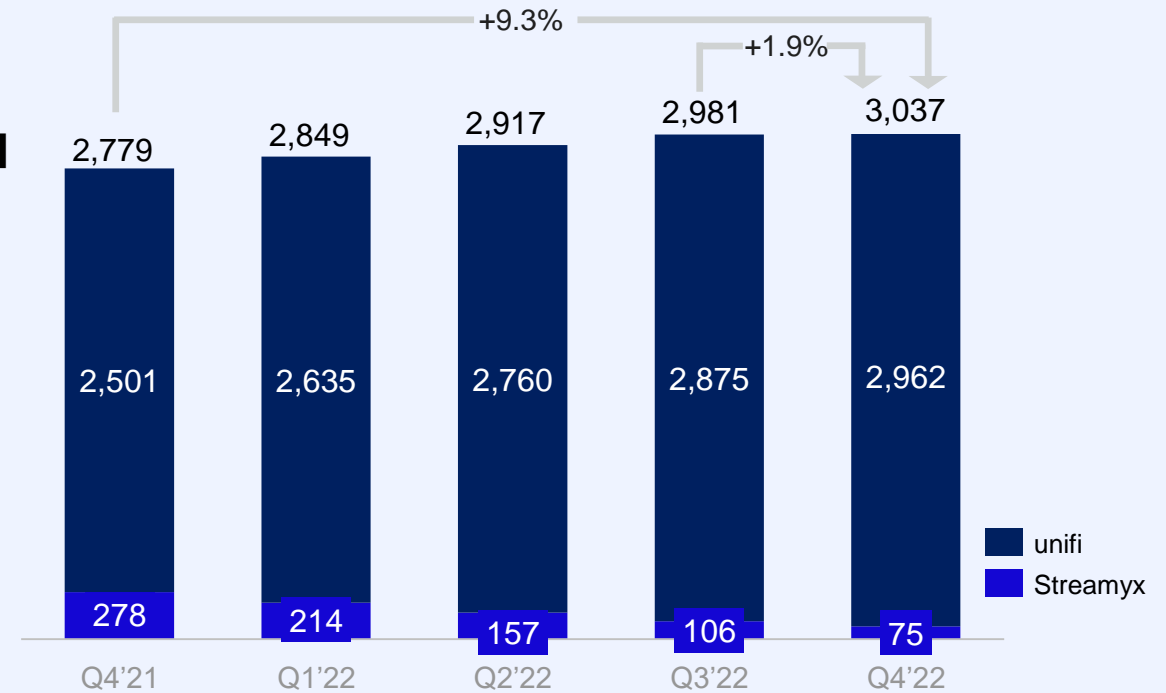
RM million



## Fixed Broadband ARPU<sup>1</sup>



## Fixed Broadband Subscribers Total (in '000)



### QoQ, YoY & FY increased due to:

- Higher cumulative fixed broadband subscribers driven by aggressive sales and Year End promotions & retention programs

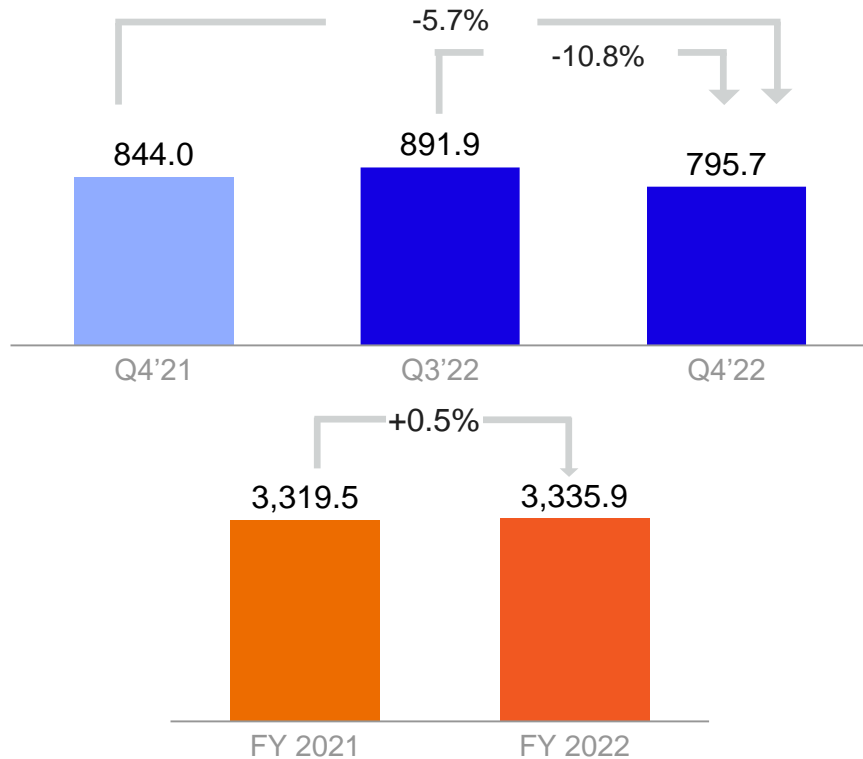
Note

1. ARPU: Average revenue per user (average revenue contributed by a service)

Adapting to changing market dynamics

## Revenue Trend

RM million



**FY increased** mainly due to higher recurring revenue

**YoY & QoQ decreased** due to more evenly solutions-based revenue earned and recorded through all four quarters in 2022 compared to 2021



Full Year growth contributed by ICT & Smart Services, POP and USP



ICT & Smart Services revenue show improvement by 4.8% in 2022



Utilization of Data Centre space and power have increased in 2023. TM One Twin Core Data Centre KVDC & IPDC have obtained Green Electricity Tariff (GET) from TNB as well as Green Building Index (GBI) & Leadership in Energy and Environmental Design (LEED) certifications



TM One 5G Sphere Program, Malaysia's leading technology and smart solutions partnership ecosystem to support the next phase of enterprise innovation and transformation, leveraging 5G has gained traction from various entities

# Promising B2B digital services revenue

Stronger YoY Q4 growth driven by all existing segments and new Maintenance & Support segment

## 2022 Key Achievements

- ★ Beaten its forecasted revenue numbers and **delivered 90% portfolio growth**
- ★ Attracted and cultivated **5 new additional customers in Q4**, strengthening its market presence
- ★ Achieved **2.5x growth for Alpha Edge** (cloud) compared to same quarter last year
- ★ **Attracted key technology leaders** to work with Credence, to offer a wider set of competitive solutions

## Focus Areas: Solutions Offerings



Cloud



Software as a Service (SaaS)



Analytics



Managed Services



Digital Upskilling

## Strategic Partnership Progress

As of Q4 2022, Credence managed to complete:

- ✓ Participation in **vmware** Explore Singapore, where Credence is recognized as the First Sovereign Cloud Partner in Malaysia
- ✓ Partnership registration with **Hewlett Packard Enterprise**
- ✓ Partnership registration with **+ a b | e a u**

## Other Highlights

165

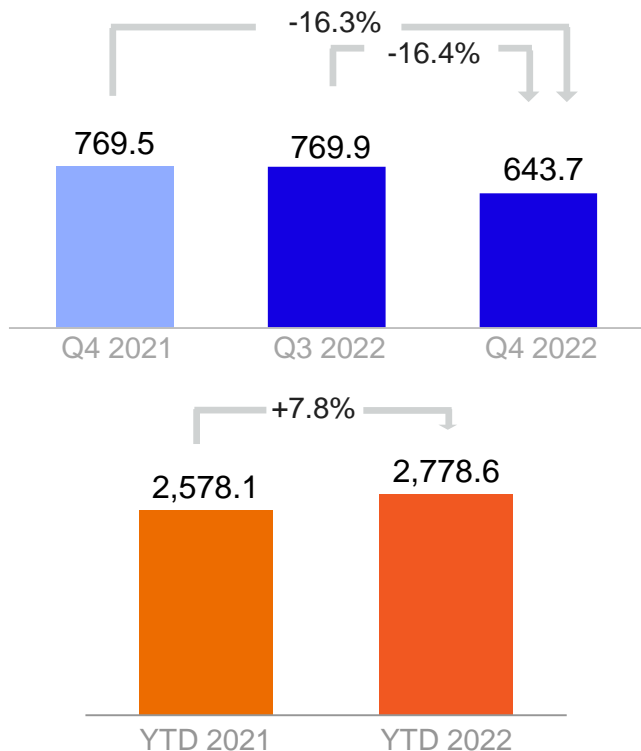
**Skilled talent force** comprising TM resources and subject matter experts hired from technology industry, and growing

5

**New customers added** from various industries, delivering cloud solutions and managed services

Entrenched as the trusted wholesale infrastructure provider to catalyse digital industry and 5G ecosystem in positioning Malaysia as a digital hub in the region

## Revenue Trend RM million



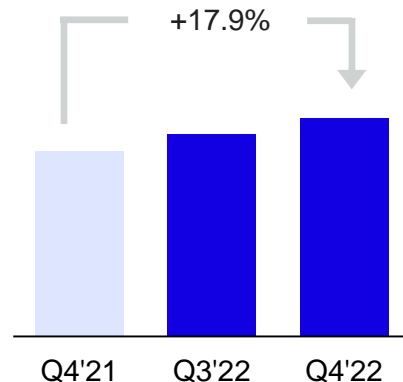
### YoY & QoQ decreased due to:

- Lower IRU & International voice in the current quarter

### FY increased due to:

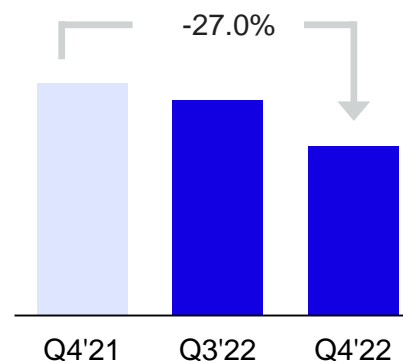
- Higher Domestic & International Data

## Domestic Revenue



Accelerating digital proliferation in Malaysia by providing comprehensive wholesale infrastructure services to domestic service providers through Domestic Data offerings

## International Revenue



Catering to terabits end-to-end requirements within the region for hyperscalers, global carriers and digital players through International Data offerings

### DOMESTIC

- Catalysed nationwide digital inclusivity with almost **4,000 5G fiberisation sites** deployed, anchoring on our role as the trusted wholesale infrastructure provider in Malaysia
- Preferred infrastructure partner for High Speed Broadband (Access) services expansion nationwide with highest new installation rate in Dec and more than **20% YoY physical growth**
- Secured new deals on edge solutions providing **Edge Facilities and domestic backhaul services** in bringing content closer to end users, for greater customer experience

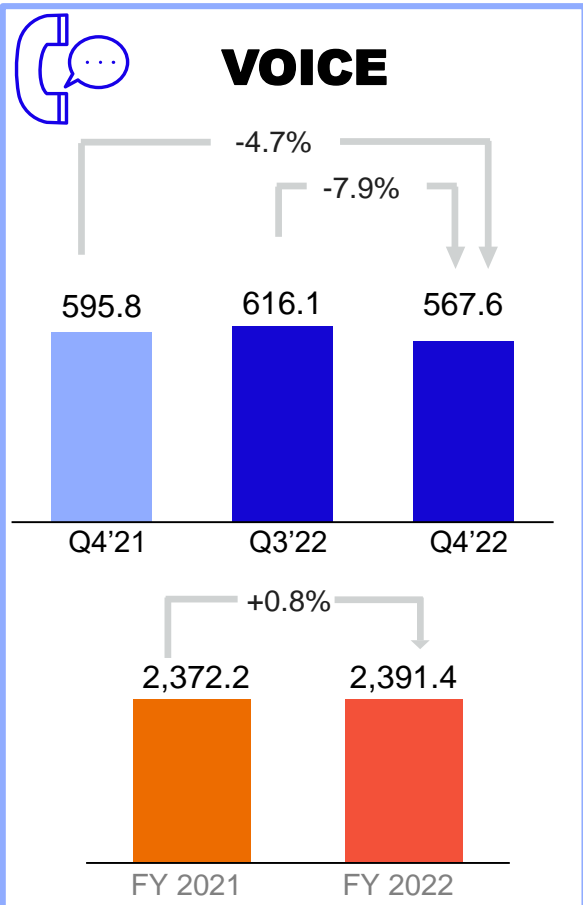
### INTERNATIONAL

- Secured mega requirement from a US-based hyperscaler for **>1.5MW wholesale data centre solutions** in IPDC and KVDC with 5 years contract term
- Enriched regional IP ecosystem with **2x Content Delivery Network (CDN) traffic growth YoY** providing enhanced streaming experience to end users
- Concluded **~34Tbps long term international data services** within this year mainly from US-based hyperscalers and Asia-Pacific carriers in elevating Malaysia as the trusted digital hub for the ASEAN region
- YoY and QoQ decline in Q4 2022 is mainly due to **proportionated IRU distribution across 2022** coupled with **lower International Voice**



# Revenue by Product

Positive FY performance across the board

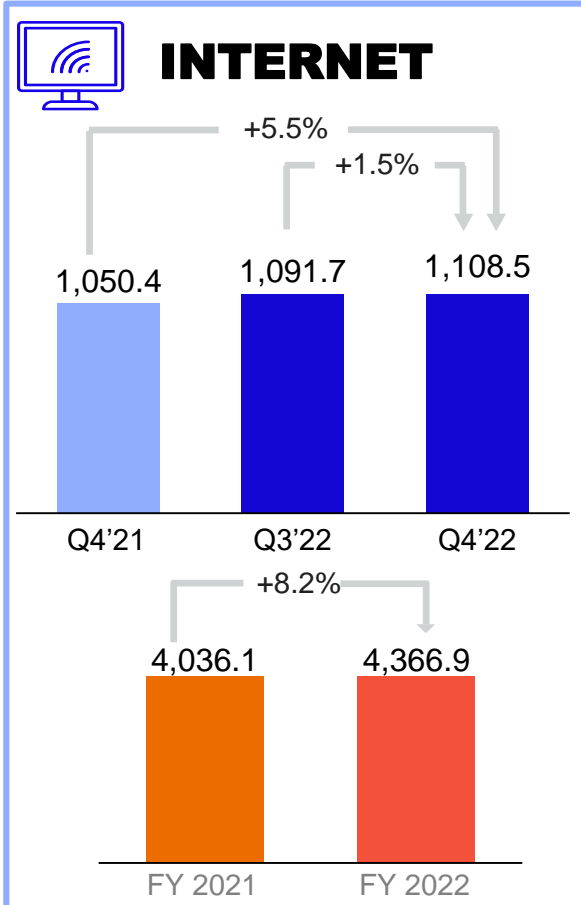


**QoQ and YoY declined due to**

- Lower international voice at TM Global in the current quarter

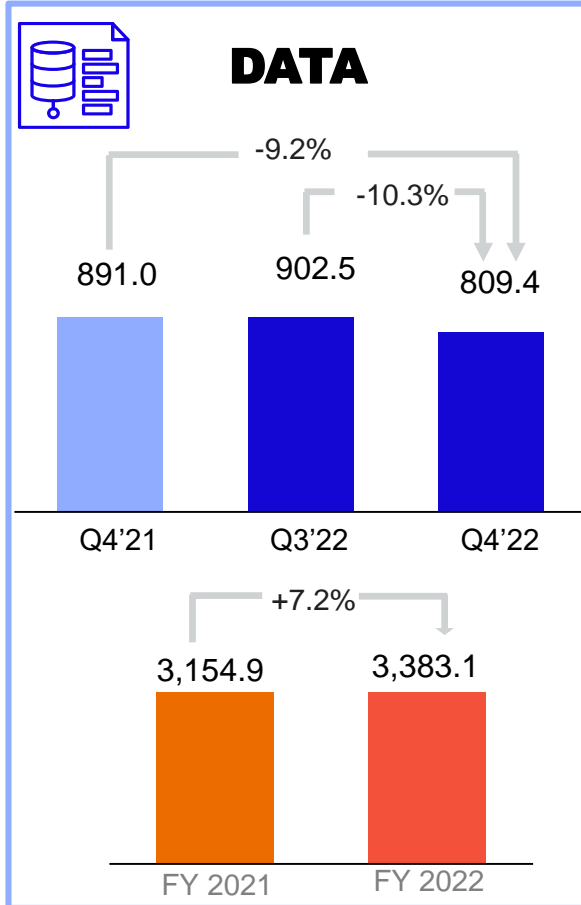
**FY increased due to:**

- Higher contribution from Unifi



**QoQ, YoY and FY increased due to:**

- Higher cumulative Unifi & fixed broadband subscribers

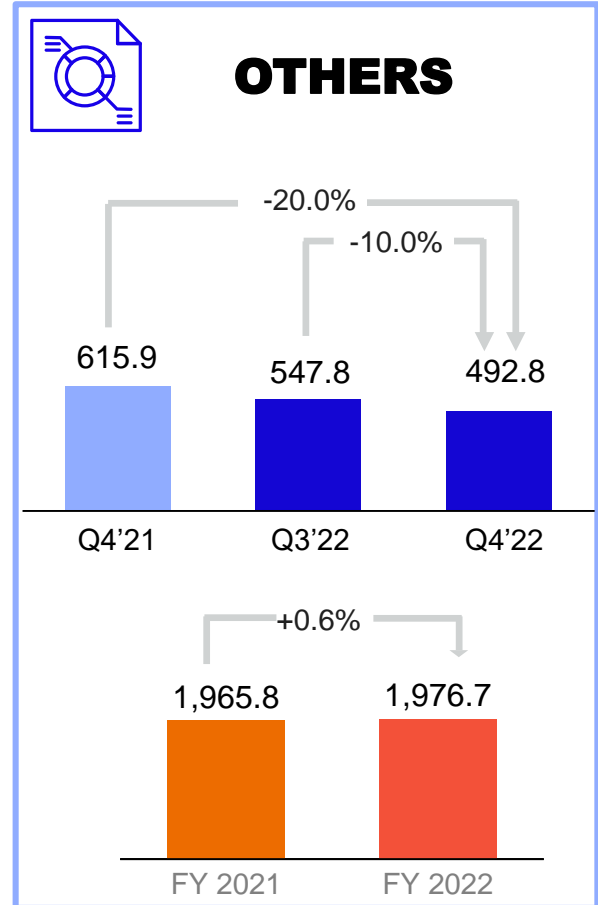


**QoQ and YoY declined due to**

- Lower IRU at TM Global in the current quarter

**FY increased due to:**

- Strong Domestic & International Data at TM Global



**QoQ and YoY declined due to:**

- Lower ICT & Bespoke Solutions at TM One in the current quarter

**FY increased due to:**

- Higher Revenue from MMU



**COST, INVESTMENTS  
& OTHER FINANCIALS**

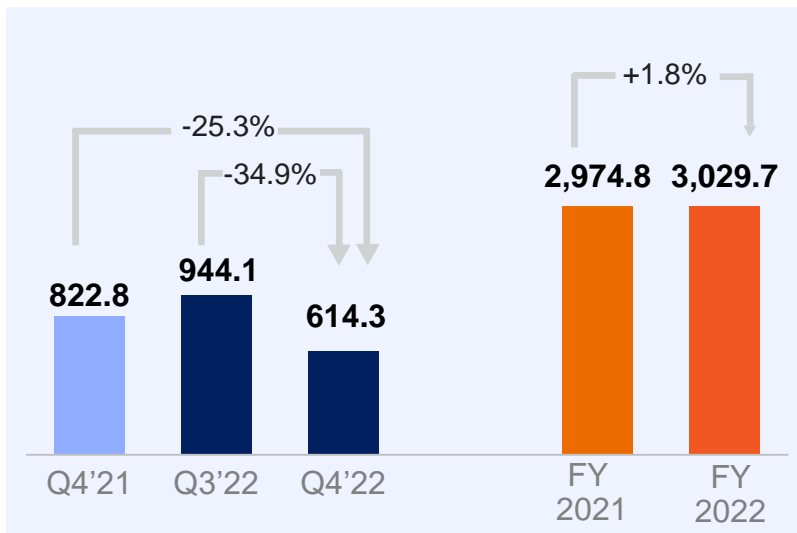


# Improved FY Total Cost/Revenue %

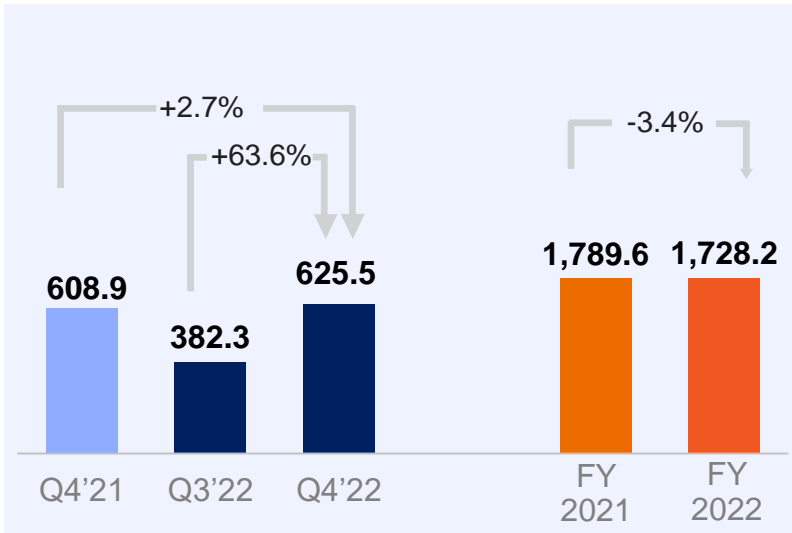


Lower Manpower & Operational Costs

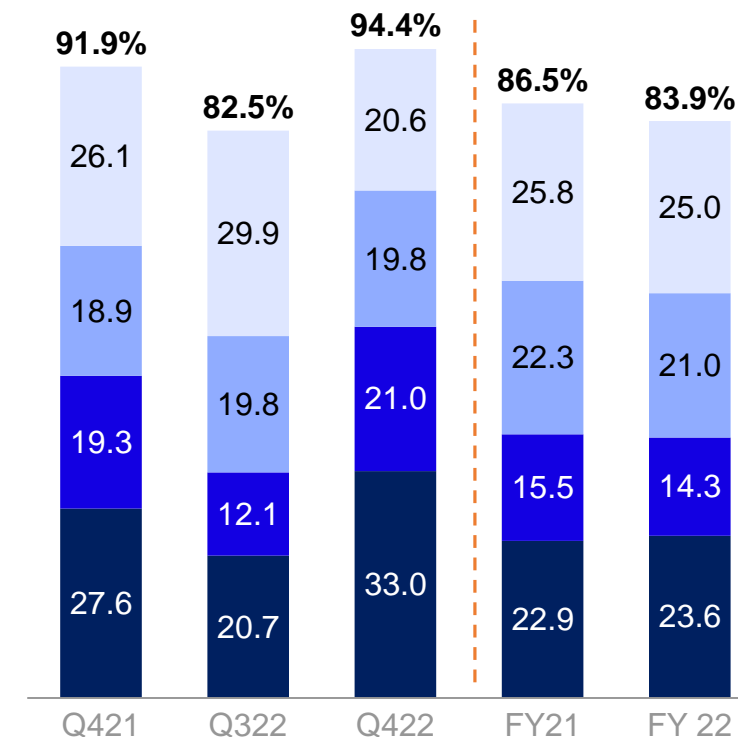
### Direct Cost, RM million



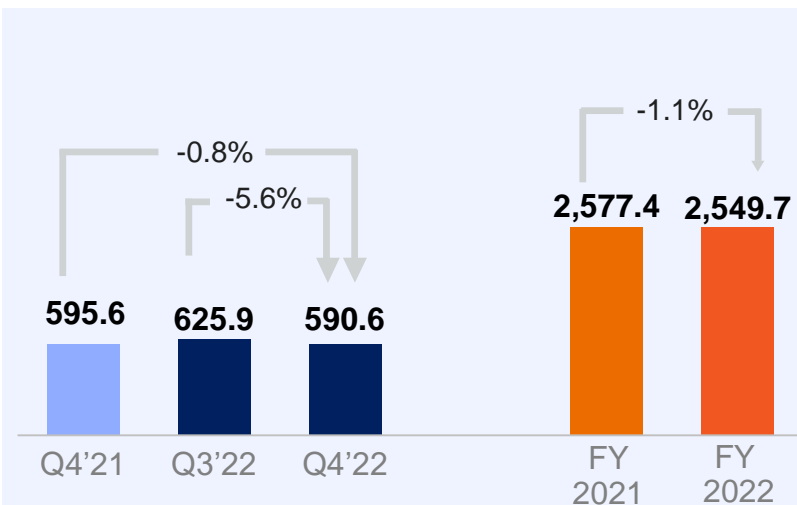
### Operational Costs, RM million



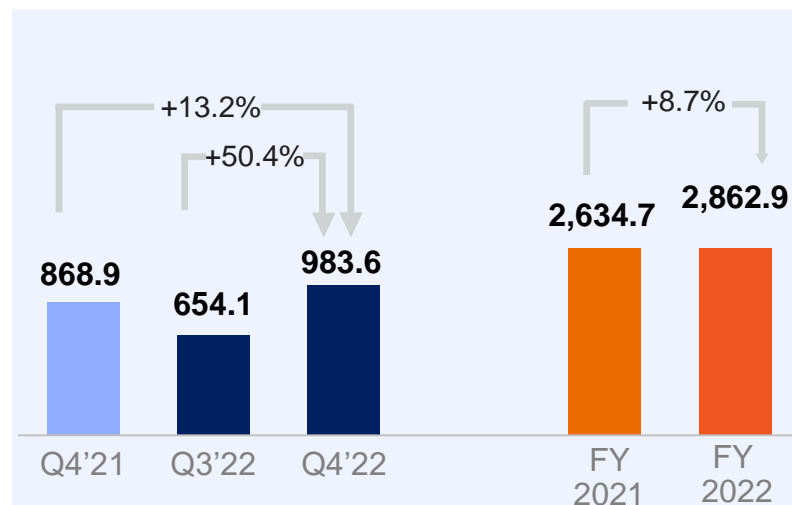
### % Total Cost to Revenue



### Manpower, RM million



### Dep. & Amortisation\*, RM million



■ Direct cost    ■ Operational Cost  
■ Manpower    ■ Depreciation & Amortisation\*

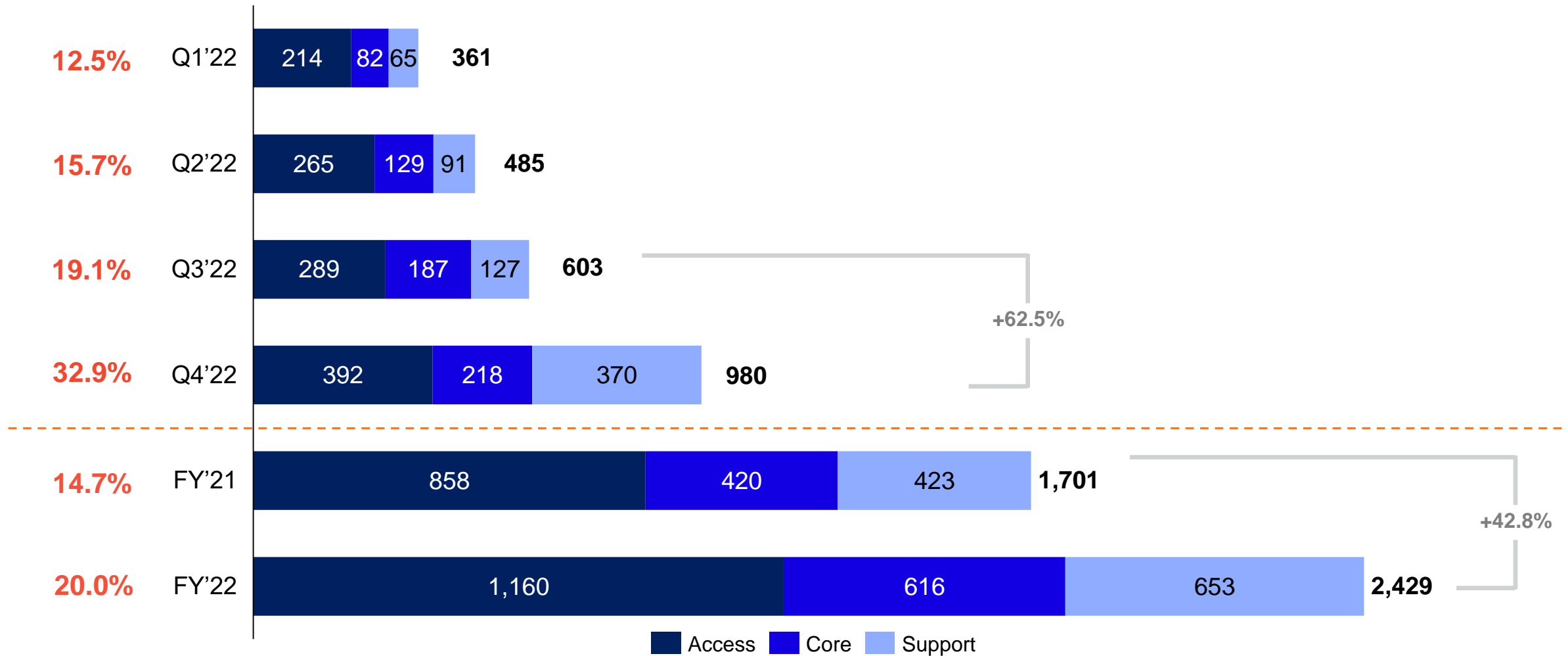
Notes:  
\* Including impairment

# Group Capital Expenditure

Guidance exceeded from accelerated investments

## CAPEX/Revenue (%)

## TM CAPEX Breakdown (RM mill)





# Group Cash Flow & Financial Ratios

Improved Cash flow from Operations & Value Creation

| RM mn  | FY 2022                    | FY 2021                    |
|--|----------------------------|----------------------------|
| Cash Flows from Operating Activities                           | 3,265.8                    | 2,975.6                    |
| Cash Flows used in Investing Activities                        | -1,334.9                   | -2,320.2                   |
| Cash Flows used in Financing Activities                        | -1,465.6                   | -2,946.1                   |
| Cash and Cash Equivalents at beginning of the Financial Period | 1,880.0                    | 4,146.4                    |
| Effect of exchange rate changes                                | -1.0                       | 24.3                       |
| Cash and Cash Equivalents at end of the Financial Period       | 2,344.3                    | 1,880.0                    |
| <i>Free Cash Flow</i> <sup>1</sup>                             | 2,024.1                    | 2,206.0                    |
| <b>Financial Ratios</b>  | <b>FY 2022<sup>2</sup></b> | <b>FY 2021<sup>2</sup></b> |
| Return on Equity   | 17.70%                     | 13.94%                     |
| Return on Assets   | 5.95%                      | 4.33%                      |
| Return on Invested Capital                                     | 10.74%                     | 9.02%                      |
| WACC   | 8.16%                      | 7.72%                      |
| Current Ratio  | 1.16                       | 1.21                       |
| Gross Debt to EBITDA   | 1.48                       | 1.93                       |
| Net Debt/EBITDA  | 0.94                       | 1.14                       |
| Gross Debt/Equity  | 0.95                       | 1.17                       |
| Net Debt/Equity  | 0.60                       | 0.69                       |
| Net Assets/Share (sen)   | 199.08                     | 198.81                     |

**Notes:**

1. Free Cash Flow = EBITDA-CAPEX-Lease Repayments

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



**ENVIRONMENTAL,  
SOCIAL & GOVERNANCE**

# 2022 TM Group ESG Achievements

Award-winning year with higher rating score



# AIGA

ANUGERAH INTEGRITI, GOVERNANS DAN ANTIRASUAH

**Gold Winner of the 2022 National Integrity, Governance, and Anti-Corruption Award (AIGA)**



FTSE4Good



|                    | 2021 | 2022  |
|--------------------|------|-------|
| FTSE4Good          | 4 ★  | 4 ★   |
| CDP Discloser 2021 | C    | B ↑   |
| FTSE Russell       | 3.1  | 3.6 ↑ |

# TM Group ESG Progress

We are committed towards a sustainable tomorrow



## 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

### Our Commitments

- Carbon Emission reduction by **30% in 2024**
- Carbon Emission reduction by **45% in 2030**
- **Net Zero emission by 2050**
- Task Force on Climate-Related Financial Disclosures (**TCFD**) disclosure by **2023**

- **At least 70% of premises with high speed internet access** to enable Digital Malaysia by **2025**
- **100% mega suppliers** complied with **ESG** by **2024**, **50% mid-tier suppliers** complied by **2030**
- Minimum of **30% women representation** in Board by 2022

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

### Our Progress



**Carbon Emission reduction by 15%<sup>1</sup>** (~15,000 tCO<sub>2</sub>e) in Q4, 2022 (vs 14% in Q3 2022 ) through

- **Scope 1**- Fleet optimisation
- **Scope 2**- Energy saving/optimisation and renewable energy
- **Scope 3**- Reduce waste through green campaigns (3R) and awareness



• **Tree Planting** >10,000 trees planted aligning with the Government's Penghijauan Malaysia (Greening Malaysia) program



Bridging Connectivity with high speed internet with **69% premises passed** in Q4, 2022 (vs 68% in Q3)

**Women representation as at Q4 2022 (no changes since Q3):**



- **36% in Board**
- 31% in TM's Management bench<sup>2</sup>
- 40% in total TM's workforce



Continuous ESG engagement with key stakeholders and **completion of validation on ESG self-declaration survey with mega & mid-tier supplier** as per target for progressive ESG on-boarding



**100% Warga TM & Suppliers** signed TM Integrity Pledge Progressive execution of **OACP** action plan, **97% completion** in Q4, 2022 (vs 66% in Q3)



**100% ABMS certification & compliance** - cover high risk processes in 6 divisions



**Continuous tracking on ESG KPI** for Pivotal Positions

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# CONCLUSION





# TM Core Growth Areas



TM serves as the enabler of a Digital Malaysia, empowering digital transformation within communities, businesses & the Government to facilitate the nation's next stage of digital progress, now

TM aims to become a human-centered TechCo, innovating converged connectivity and digital solutions to improve lives, and strengthen its dual role in nation-building as well as ensuring sustainable commercial success



Consumers & SMEs (B2C)



- 1 **FMC/Mobile**  
Enhanced FMC strategy and 4G/5G mobile network coverage
- 2 **Content acceleration and monetisation**  
Higher content spend to scale. Advertising monetisation with sufficient scale
- 3 **Lifestyle Convergence**  
New lifestyle convergence offerings (e.g. Cloud gaming, Smart Home/Security)
- 4 **SME Digital Ecosystem**  
Enhanced channels via Value Added Resellers (VAR) and SME product proposition e.g. mobile, solutions



Enterprise & Public Sector (B2B)



- 5 **Smart services**  
IoT sandbox approach with partners to co-create smart service use cases in target verticals
- 6 **Cybersecurity**  
Expand cybersecurity solutions (e.g. endpoint, managed services) for target verticals
- 7 **Cloud**  
New market offerings to serve B2B digital transformation needs



Global (C2C)



- 8 **Submarine cables**  
Expand submarine cable capacity in partnership with hyperscalers; maintain market position
- 9 **CDN**  
Build regional scale in CDN, selectively expand in gaming platforms
- 10 **Data Centres (DC)**  
Turnaround underperforming DC assets; build for leadership post turnaround



# Key Takeaways



2022 was a momentous year as we had achieved multiple accomplishment and maintained our uptrend momentum. This was contributed by **revenue growth from all our Lines of Business:**

- **Unifi continue to increase the fixed broadband subscriber base**
- **TM One** managed to close the year with a **positive performance** adapting to the dynamic landscape
- **TM Global** continue to see **strong International & Domestic industry demand**

In addition, our cost optimization initiatives continue to yield results as we accelerate our investments for future business development. As a result, our financial indicators and cash position have also improved from the previous year.

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TM will continue the drive to strengthen its core business and invest in new growth areas beyond connectivity. Starting the year with the Internal Reorganisation, the transformation will benefit TM in improving its operational efficiencies, streamlining processes, and simplifying customer touchpoints to provide a more seamless customer experience which will reinforce TM's competitive edge, solidifying our foundation to become a human centred TechCo.

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On the back of higher technology costs and industry development in terms of regulatory policy, 5G and support for the B40, the Group is cautious of general economic headwinds, which may lead to slower market growth and measured spending by customers, businesses and the public sector. In view of the ongoing industry development, TM considers it prudent to disclose a financial outlook for FY2023 when there is further clarity. The Group is cautiously optimistic of its business growth and remains committed to champion its nation-building efforts in expanding and modernising the country's fibre network domestically and internationally, providing and humanising technology that is accessible to all in this digital era.



# QUESTION & ANSWERS



# APPENDICES

# Cost % Revenue comparison



| Revenue (RM mn)                 | 4Q 2021        | 3Q 2022        | 4Q 2022        | QoQ            | YoY           | FY 2021        | FY 2022         | FY 2021 vs FY 2022 | Comments FY 2022 v FY 2021  |
|---------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|-----------------|--------------------|---|
|                                 | 3,153.1        | 3,158.1        | 2,978.3        |                |               | 11,529.0       | 12,118.1        |                    |   |
| <b>Direct Costs %</b>           | <b>26.1%</b>   | <b>29.9%</b>   | <b>20.6%</b>   |                |               | <b>25.8%</b>   | <b>25.0%</b>    |                    |   |
| <b>RM mn</b>                    | <b>822.8</b>   | <b>944.1</b>   | <b>614.3</b>   | <b>-34.9%</b>  | <b>-25.3%</b> | <b>2,974.8</b> | <b>3,029.7</b>  | <b>+1.8%</b>       | <ul style="list-style-type: none"> <li>Increased IRU direct cost</li> <li>Higher commissions at Unifi</li> <li>Higher TM One bespoke solutions direct cost</li> </ul> |
| <b>Manpower %</b>               | <b>18.9%</b>   | <b>19.8%</b>   | <b>19.8%</b>   |                |               | <b>22.3%</b>   | <b>21.0%</b>    |                    |   |
| <b>RM mn</b>                    | <b>595.6</b>   | <b>625.9</b>   | <b>590.6</b>   | <b>-5.6%</b>   | <b>-0.8%</b>  | <b>2,577.4</b> | <b>2,549.7</b>  | <b>-1.1%</b>       | <ul style="list-style-type: none"> <li>Lower headcount</li> </ul>   |
| <b>Operational Costs %</b>      | <b>19.3%</b>   | <b>12.1%</b>   | <b>21.0%</b>   |                |               | <b>15.5%</b>   | <b>14.3%</b>    |                    |   |
| <b>RM mn</b>                    | <b>608.8</b>   | <b>382.3</b>   | <b>625.5</b>   | <b>+63.6%</b>  | <b>+2.7%</b>  | <b>1,789.6</b> | <b>1,728.2</b>  | <b>-3.4%</b>       | <ul style="list-style-type: none"> <li>FX gain</li> <li>Lower repair &amp; maintenance expenses</li> <li>Lower supplies &amp; materials</li> </ul>                    |
| <b>Total OPEX</b>               | <b>2,027.2</b> | <b>1,952.3</b> | <b>1,830.4</b> | <b>-6.3%</b>   | <b>-9.7%</b>  | <b>7,341.8</b> | <b>7,307.6</b>  | <b>-0.5%</b>       |   |
| <b>Dep &amp; Amortisation %</b> | <b>27.6%</b>   | <b>20.7%</b>   | <b>33.0%</b>   |                |               | <b>22.9%</b>   | <b>23.6%</b>    |                    |   |
| <b>RM mn</b>                    | <b>868.9</b>   | <b>654.1</b>   | <b>983.6</b>   | <b>+50.4%</b>  | <b>13.2%</b>  | <b>2,634.7</b> | <b>2,862.9</b>  | <b>+8.7%</b>       | <ul style="list-style-type: none"> <li>Accelerated depreciation including review of asset useful life in 2022</li> </ul>  |
| <b>Total Cost (RM mn)</b>       | <b>2,896.1</b> | <b>2,606.4</b> | <b>2,814.0</b> | <b>+8.0%</b>   | <b>-2.8%</b>  | <b>9,976.6</b> | <b>10,170.5</b> | <b>+1.9%</b>       |   |
| <b>Total (%)</b>                | <b>91.9%</b>   | <b>82.5%</b>   | <b>94.4%</b>   | <b>-11.9pp</b> | <b>-2.5pp</b> | <b>86.5%</b>   | <b>83.9%</b>    | <b>-2.6pp</b>      |   |



# Statement of Financial Position



| RM mn                                       | As At<br>31 Dec 2022 | As At<br>31 Dec 2021 | Var.     |
|---|----------------------|----------------------|----------|
| <b>Shareholders' Funds</b>                  | 7,936.5              | 7,502.5              | 5.78%    |
| <b>Non-controlling Interests</b>            | 152.6                | (174.6)              | -187.40% |
| <b>Deferred &amp; Long Term Liabilities</b> | 9,584.9              | 10,069.5             | -4.46%   |
| <i>Long Term Borrowings</i>                 | 4,959.6              | 5,338.4              | -7.10%   |
| <i>Lease Liabilities</i>                    | 1,544.2              | 1,553.4              | -0.59%   |
| <i>Deferred Tax</i>                         | 1,425.8              | 1,499.0              | -2.48%   |
| <i>Deferred Income</i>                      | 1,630.7              | 1,649.8              | -1.16%   |
| <i>Others</i>                               | 24.6                 | 28.9                 | -14.88%  |
|   | 17,674.0             | 17,397.4             | 1.80%    |
| <b>Current Assets</b>                       | 6,399.4              | 6,173.2              | 3.66%    |
| <i>Trade and Other Receivables</i>          | 2,312.3              | 2,050.8              | 12.75%   |
| <i>Cash &amp; Bank Balances</i>             | 2,579.4              | 2,733.8              | -5.65%   |
| <i>Inventories</i>                          | 305.4                | 176.9                | 72.64%   |
| <i>Others</i>                               | 1,202.3              | 1,211.7              | -0.78%   |
| <b>Current Liabilities</b>                  | 5,457.3              | 5,433.7              | -0.23%   |
| <i>Trade and Other Payables</i>             | 3,718.0              | 3,633.7              | 2.32%    |
| <i>Short Term Borrowings</i>                | 309.7                | 381.6                | -18.84%  |
| <i>Lease Liabilities</i>                    | 230.3                | 330.3                | -30.28%  |
| <i>Others</i>                               | 1,199.3              | 1,088.1              | 6.91%    |
| <b>Net Current Assets/(Liabilities)</b>     | 942.1                | 739.5                | 25.33%   |
| <b>Non-Current Assets</b>                   | 16,731.9             | 16,657.9             | 0.44%    |
| <i>Property Plant &amp; Equipment</i>       | 13,547.0             | 13,356.1             | 1.43%    |
| <i>Other Non-Current Assets</i>             | 3,184.9              | 3,301.8              | -3.54%   |
|   | 17,674.0             | 17,397.4             | 1.74%    |

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# THANK YOU