

TELEKOM MALAYSIA BERHAD
32nd Annual General Meeting
26th April 2017

Life
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Easier™



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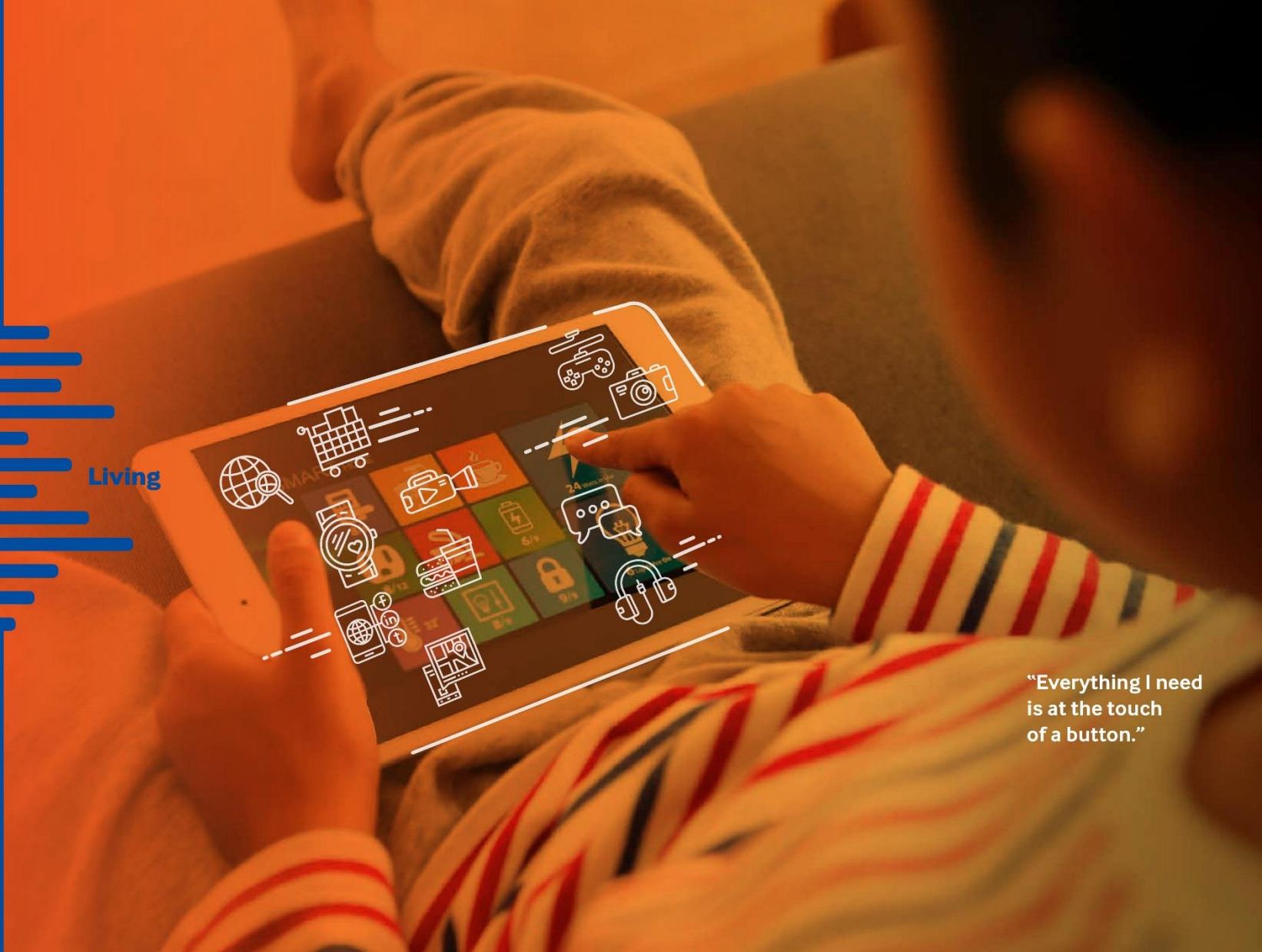
LIFE
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Smarter

Living



Through our products
and services, we are
making life more
intuitive... and effortless.



“Everything I need
is at the touch
of a button.”



RESPONSES TO QUESTIONS FROM MINORITY SHAREHOLDER WATCHDOG GROUP (MSWG)

Questions from MSWG:



Question

1

The CEO has stated in his Management Discussion and Analysis (MDA) that webe had achieved its first-year internal targets within four months of its launch in August 2016. It was also reported that the launch of its prepaid products were targeted for second half of 2017.

- i. In a highly competitive industry, how has webe performed to-date and how does TM expect webe to perform for FY 2017?
- i. What is the percentage of TM's customers subscribing to webe?
- ii. Competitors such as Maxis and Digi have a population coverage for LTE of 88% and 86% respectively. webe has a population coverage of about 61% at the end of 2016.
 - a) What would be the targeted population coverage for webe at the end of 2017?
 - b) What would be the expected capital expenditure to be incurred in expanding webe's population coverage?
 - c) Would webe be targeting to reach similar or better level of coverage compared to its competitors?

Questions from MSWG:



Answer 1

webe is strategically positioned as TM's Centre of Excellence for Mobility and Digital, completing our portfolio of convergence services to further create value for our household customers. It offers a truly digital proposition and provides customers with the freedom to “start here, go anywhere” – this is something unique in the market.

We are seeing encouraging take-up of webe's services. Its penetration into the TM household is at approximately 2% and we are on track to achieving 8-10% penetration for FY2017.

The 2017 capital expenditure for webe forms part of the TM Group's overall capex guidance in the low-30% of revenue and webe already has nationwide coverage today.

Questions from MSWG:



Question 2

The Government announced in its 2017 Budget a desire to see fixed broadband providers offer higher speeds at the same price as of January 2017. It was also announced that within the next two years, the speed will be doubled with the reduction in price by 50%.

Would the Board foresee any significant impact to the average revenue per user (ARPU) and if yes, how would the Company address this?

Answer 2

At this juncture, we are implementing the Broadband Improvement Plan 2017. To date, we are still engaging with the authorities for further clarity on the requirements for the next two years.

Notwithstanding, for 2017 we do not foresee a significant impact on ARPU as customers are paying the same price for their broadband services despite the upgrade. We are optimistic that we will see continued growth in total broadband ARPU mainly due to increased attractiveness of our products in terms of price, speed, and other value added services offered.

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Smarter Businesses



We empower businesses with cloud-based business solutions to forward their B2B2C journey.

“Where we are able to go beyond our boundaries and stay on top of everything.”



Company Updates



RECAP: 2016 Outlook and Business Priorities

- The Year of Convergence – entry into mobility space
- Aggressive rollout of major projects: HSBB2, SUBB
- Focus on new platforms for growth
- Operationally: focus on innovation, productivity enhancement, digitalization.



Life Made Easier





- Manifests TM's Convergence Champion aspiration
- Malaysia's first fully digital mobile company
- Service launched 30th September 2016
- More than 2,100 LTE sites operational; more than 61% population coverage
- “Data Liberation” – never-ending proposition of data, calls and SMS’



Our digital transformation supported by Convergence



Superfast & seamless internet connection, everywhere and anytime



Fixed
ünifi

Mobile
webe[®]



Relevant lifestyle and business services on all your devices



Delivered to you through an easy and enjoyable experience





- ❖ CONVERGENCE CHAMPION
- ❖ 2.37mn broadband customers
- ❖ >2.23mn HSBB ports nationwide
- ❖ TRI*M measure >72
- ❖ >28,000 Warga TM



- ❖ RM12bn revenue
- ❖ RM847.9mn Normalised PATAMI
- ❖ >400% Total Shareholder Return since demerger*
- ❖ RM808mn total dividend paid for FY2016

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Smarter Cities

“Where technology can help us become ‘heroes of the day.’”

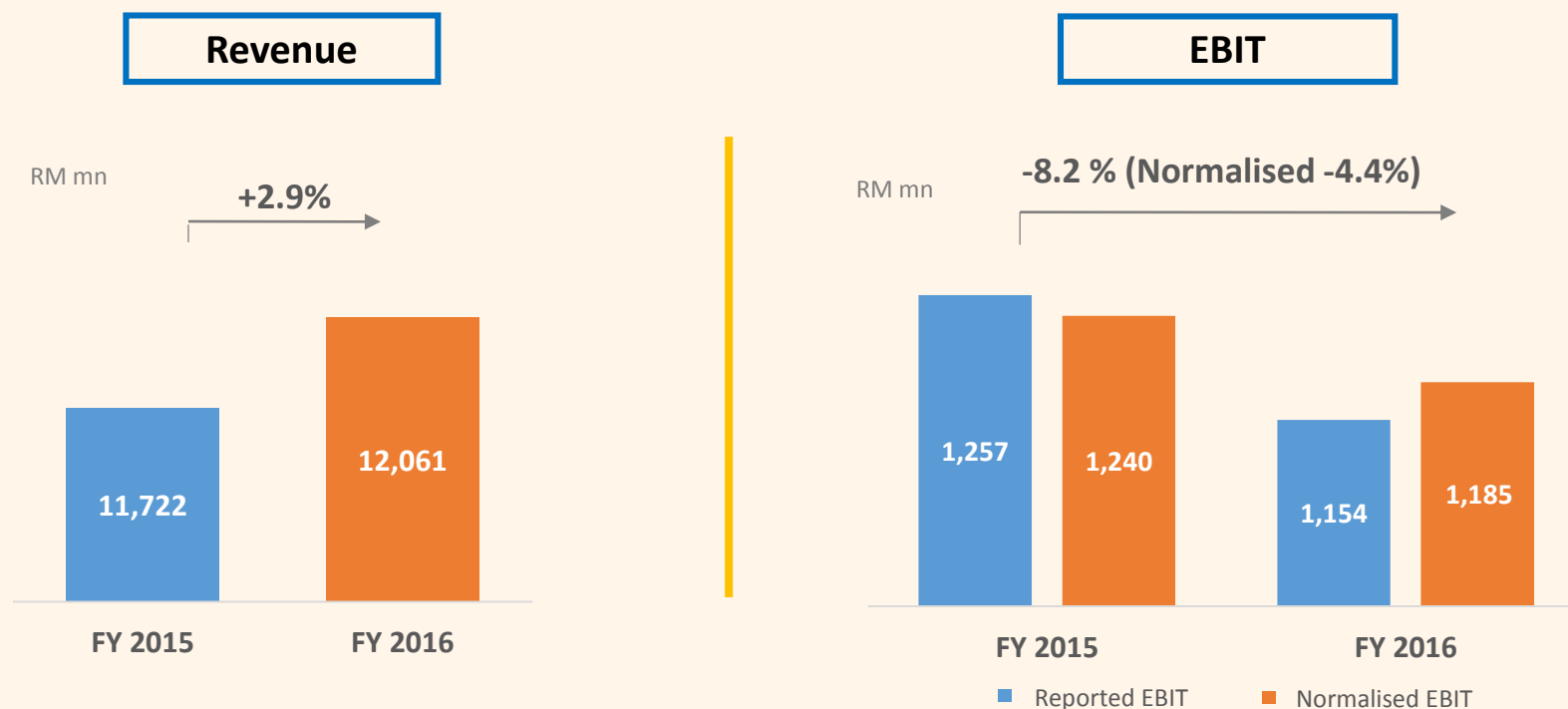


We are embedding intelligent technology into how cities are planned and run.



Financial & Operational Highlights

Transformation toward Convergence Champion for sustainable value creation

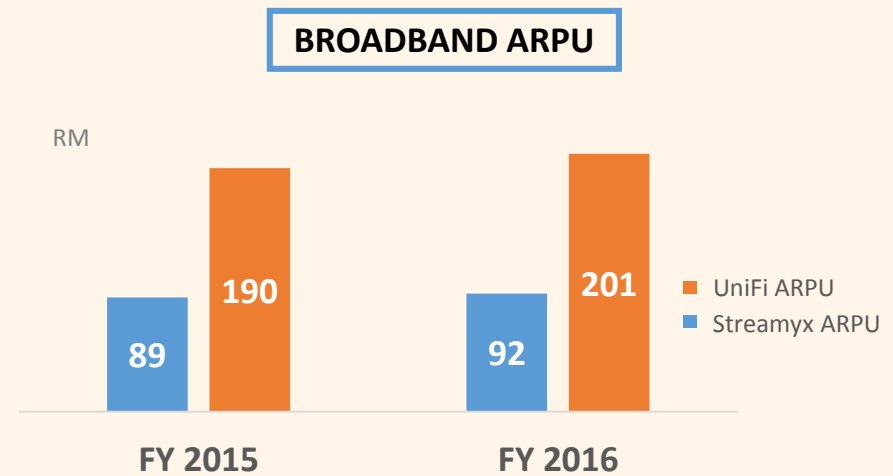
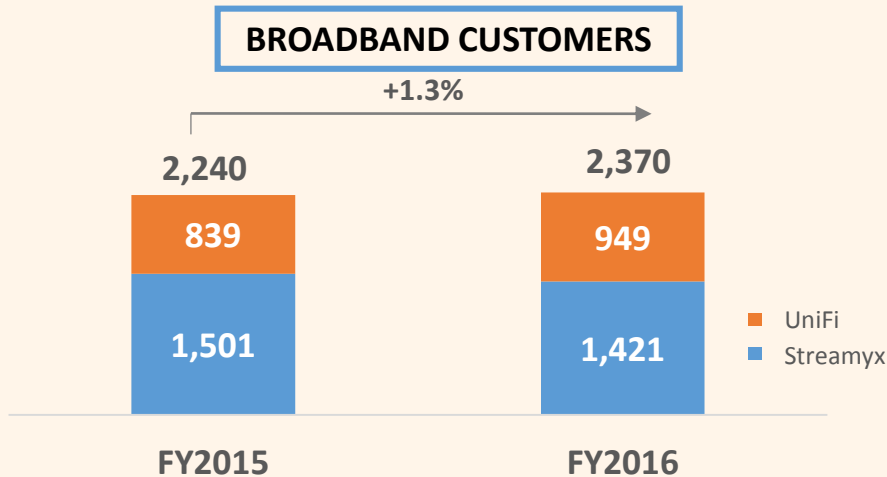


Note: Unless stated otherwise, all figures stated shall be inclusive of webe

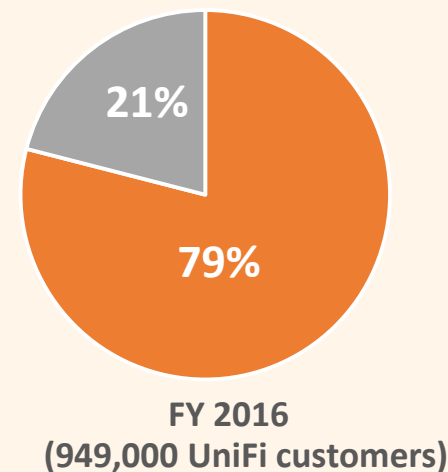
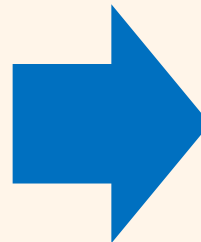
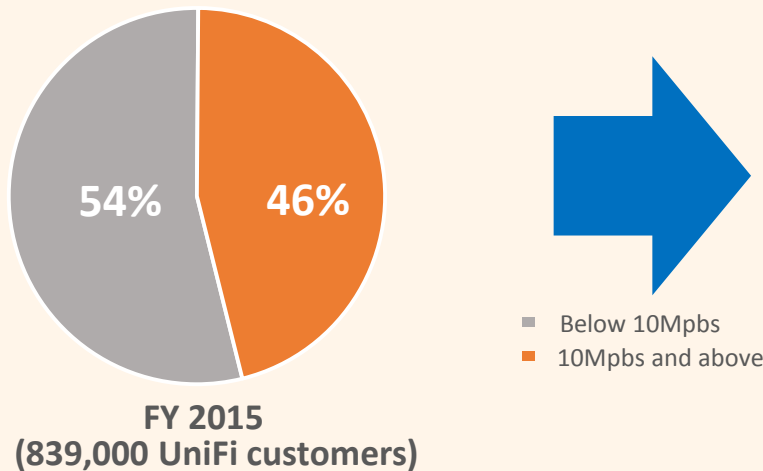
- Crossed the RM12bn revenue mark; growth across all customer clusters
- Increased expenditure from aggressive LTE network rollout and other growth initiatives
- Total dividend payout of 21.5 sen per share or RM808 million for FY2016; higher payout ratio

Strong high speed broadband takeup driving revenue growth

Higher speed and content buys driving ARPU expansion



More customers subscribing to UniFi ADVANCE & PRO packages



TM's leadership in all fields recognized globally



Frost & Sullivan Malaysia Awards 2017

- Outstanding Contribution to the Industry Award – Tan Sri Dato' Sri Zamzamzairani Mohd Isa
- Telecom Service Provider of the Year
- Infrastructure as a Service Provider of the Year – VADS Berhad

Alpha Southeast Asia's Institutional Investor – Corporate Awards 2016 (Malaysia)

- Best CFO in Malaysia - Datuk Bazlan Osman
- Most Organised Investor Relations
- Strongest Adherence to Corporate Governance
- Most Consistent Dividend Policy

Malaysian-Asean Corporate Governance Transparency Index, Findings and Recognition (MSWG) 2016

- Excellence Award for Top CG and Performance (Overall)
- Excellence Award for Long-Term Value Creation
- Merit Award for CG Disclosures
- Industry Excellence (Telecommunications & Media)
- Merit Award for Board Diversity
- Merit Award for Best AGM (Overall)

Jim Bound IPv6 Awards - Malaysia

- World Leader Award – Tan Sri Dato' Sri Zamzamzairani Mohd Isa

5th Annual CFO Innovation Awards

- CFO of the Year (Excellence in Financial Planning & Analysis) – Datuk Bazlan Osman

16th Malaysia HR Awards 2016

- Grand Award for Employer of Choice (GLC)

National Center For Sustainable Reporting (NCSR)'s Sustainability Reporting Awards 2016

- Commendation for Best Practice in Sustainability Reporting in Malaysia

National Annual Corporate Report Awards (NACRA) 2016

- Most Outstanding Annual Report of the Year – Gold
- Industry Excellence Award for Main Board Companies in the Trading & Services Sector – 20th consecutive
- Best Design Annual Report – Platinum
- Best CSR Reporting Award - Silver

2017 and Mid-term Headline KPI



	2017	Mid Term
Revenue Growth ¹	3.5 – 4%	3.5% - 4%
EBIT Growth ¹	Maintain 2016 RM level	3.5 – 4%
Customer Satisfaction Measure ²	73*	73

¹ These KPIs are for TM including Webe.

² This KPI excludes Webe for 2017.

² Using TRiM index measuring end to end customer experience at all touch points. TRiM (Measuring, Managing and Monitoring) is a standardized indicator system. It analyzes, measures and portrays stakeholder relationships on the basis of standardized indicators. The TRI*M Index is an indicator of the status quo of a particular relationship. The index is made up of four points of view on the stakeholder relationship, e.g. for customer loyalty: overall rating, recommendation, repeat purchasing of product/services, and a company's competitive advantage. The information is based on surveys/interviews on a sample customer base."

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Smarter Communities



By bringing people together, we harness the power of communities to achieve common goals – be it for social or economic gain.



“Where it only takes a moment to bring communities together.”



Latest Updates



Life Made Easier™

Broadband Improvement Plan 2017

- **Thank You Surprise!** progressing well and will benefit 641,000 UniFi customers
- 22% of eligible customers have been upgraded
- Expected completion of upgrades over the next few months

Here is your 'Thank You Surprise!'
Thank you for believing in TM.
Please complete the form to discover your surprise.

UniFi

#ForTheMakersOfTomorrow™

You get a FREE SPEED UPGRADE!
Enjoy it at **No Additional Cost & No Contract Extension!**

UniFi

#ForTheMakersOfTomorrow™

**Subject to technical availability*



Business Made Easier™

- Exploring and developing solutions blueprints across business verticals, going Beyond Connectivity

-  MARKETPLACE launched in August 2016

- Collaboration with property developers in building smart cities/providing smart solutions
- Increased Global connectivity through submarine cable expansion – Bay of Bengal and SEA-ME-WE 5 cable systems
- Development of Iskandar Puteri and Klang Valley Twin Core Data Centres



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Smarter Nation



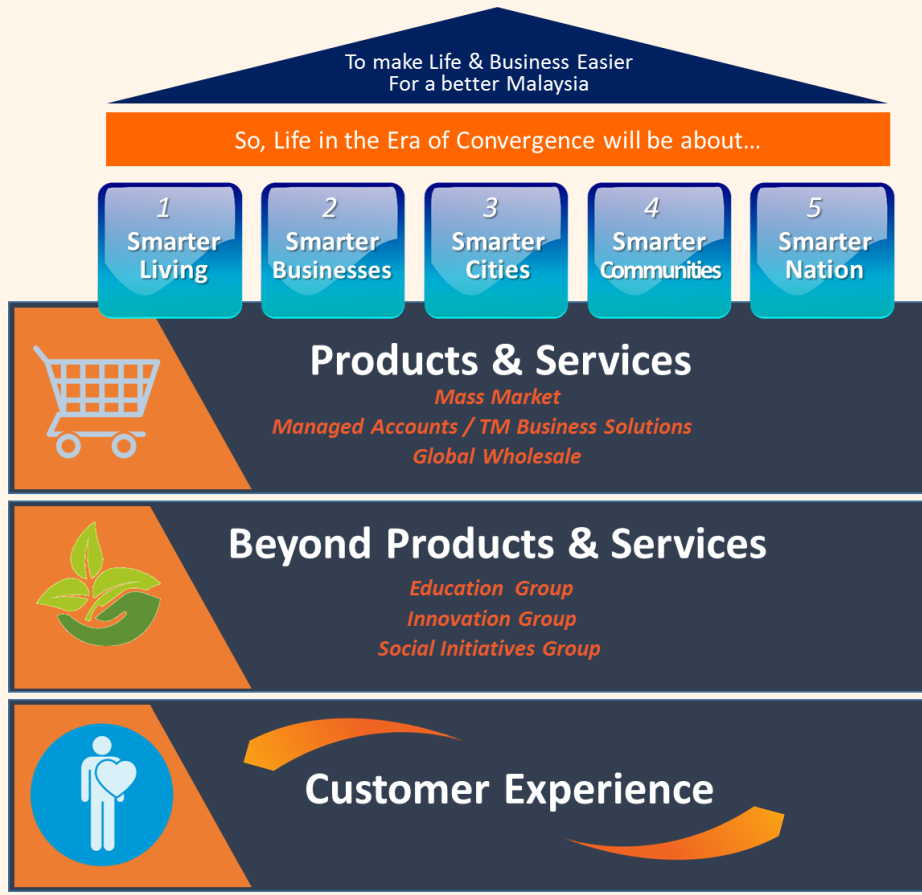
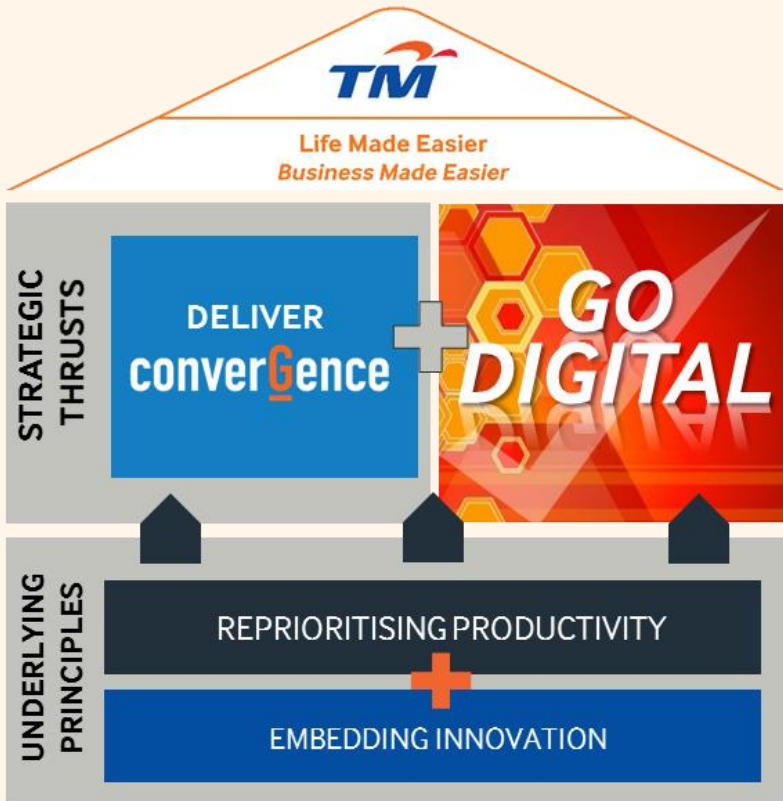
We strive continuously to leverage on our technologies to improve lives, of individuals, families, neighbourhoods, communities, villages, institutions and the nation at large.

“Where young minds are inspired to find new solutions to old challenges.”



Moving Forward

Convergence 2.0: Moving TM to deliver Life in the Era of Convergence



SMARTER LIVING



SMARTER BUSINESSES



SMARTER CITIES



SMARTER COMMUNITIES



SMARTER NATION

TM's milestones since Demerger



- **DEMERGER**
- PPP Agreement for HSBB Project signed
- Revenue RM8.6bn
- Total broadband customers 1.3mn

- Malaysia's Broadband Champion
- **unifi** launched



- Total broadband customers crosses 2mn
- Smart/Connected City collaborations
- PIP 3.0

- TM invests into P1
- UniFi surpasses 500,000
- TMGo launched
- Graduated GLC Transformation Programme top of class

- **webe**® launched
- **Malaysia's Convergence Champion**
- **Revenue crosses RM12bn mark**



- Physical rollout of HSBB and NGN infrastructure
- Performance Improvement Programme (PIP) 2.0



- 100,000 UniFi customers
- UniFi expands beyond Klang Valley ahead of schedule
- VADS introduces cloud computing
- HSBB Smart Partnerships with developers



- **Streamyx** 8Mbps introduced
- HyppTV for Streamyx
- UniFi surpasses 500,000
- Cahaya Malaysia goes live
- Next-Gen Backhaul™ Services launched
- Revenue crosses RM10bn mark



- HSBB2 and SUBB Agreements
- All-new UniFi launched



Revenue CAGR (2008-2016): >3.7%

Broadband customers from 1.3mn to 2.37mn

Total Dividend & Capital Repayment: RM12.66bn

Market Cap from <RM11bn to >RM24bn

TSR >400%

New leadership of TM



Dato' Sri Shazalli Ramly
Managing Director/Group Chief Executive Officer
w.e.f. 1 May 2017



Datuk Bazlan Osman
Executive Director/Deputy Group Chief Executive Officer
w.e.f. 1 April 2017



THANK YOU

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