



Life's
Moments

TELEKOM MALAYSIA BERHAD
33rd Annual General Meeting
26th April 2018



**RESPONSES TO QUESTIONS FROM MINORITY
SHAREHOLDER WATCHDOG GROUP (MSWG)**



COMPANY UPDATES



**FY2017: FINANCIAL & OPERATIONAL
HIGHLIGHTS**



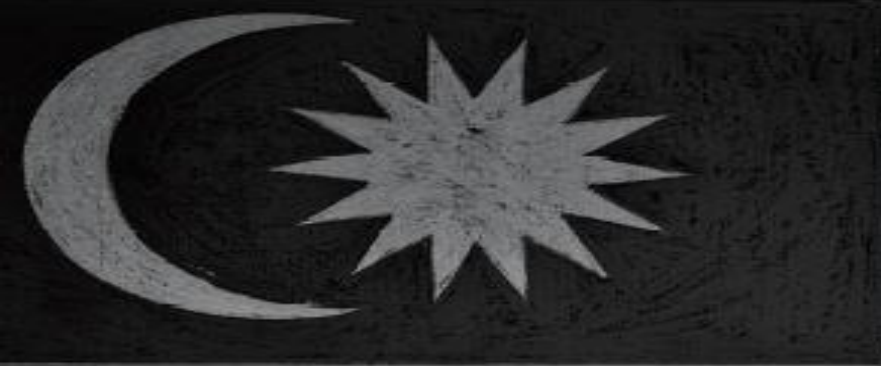
LATEST UPDATES



MOVING FORWARD

NEGARAKU

In life, and in business, there are moments that stand out over and above everything else. Moments that inspire positivity and awaken us to better possibilities. For TM, the change in leadership in 2017 infused new energy into our organisation, and inspired transformational action that further strengthens our capabilities and underpins our competitive advantage.



Inspiring
Moments



Responses To Questions From MSWG

Questions from MSWG – Strategic & Financial Matters:



Question 1

TNB and Telekom had entered into a Memorandum of Understanding (MOU) in mid-January 2018 to jointly develop an implementation plan to deliver on the Government's Nationwide Fiberisation Plan (NFP).

- (i) Could the Board elaborate on TM's role in this collaboration?
- (ii) Will this collaboration involve Broadnet Network Sdn Bhd which has been selected by the Government to undertake the Nationwide Fiberisation Plan?

Answer 1

(i) Under this collaboration, TM and TNB will jointly deploy High Speed Broadband access network infrastructure in areas to be determined and agreed by both parties. As a proven High Speed Broadband provider through the implementation of the HSBB and SUBB projects, TM will support in terms of sharing TM's experience and capabilities upon conclusion of the definitive agreement.

(ii) As for now, the discussion for the collaboration is only between the two GLCs, i.e. TM and TNB.

Questions from MSWG – Strategic & Financial Matters:



Question 2

Telekom achieved a revenue growth of 0.2% for FY2017, which was lower than the targeted growth rate of 3.5%-4% stated in its FY2017 Headline KPIs set by the Board.

What was the reason for the Group to achieve a lower growth rate compared to its target?

Answer 2

Our revenue performance was driven by Internet & Multimedia, which grew by 8.3% against FY2016 on the back of strong unifi home and mobile takeup. However, overall Data revenue decreased by 2.6% mainly due to lower revenue at TM GLOBAL and TM ONE.



Question 3

It was stated under the Corporate Overview on page 73 of the Integrated Annual Report 2017 that 10% of TM Households had subscribed to unifi mobile and the number of customers have reached 1.1 million by end of 2017.

- (i) What would be unifi Mobile's targeted percentage of TM Households becoming its subscribers by end-2018 and what would be the total number of subscribers if the above percentage is achieved?
- (ii) Based on the existing ARPU, what would be the additional revenue if the above targeted percentage of TM Households is reached?



Answer 3

- (i) unifi Mobile is an important and latest element in Convergence, and we are focused on delivering a full convergence experience, which comprise broadband, TV, mobile and wifi services to our households. As such, we measure penetration of households subscribing to our suite of convergence services.*

As at end-2017, 42% of our households are with a convergence portfolio of 3 services or more - a combination of phone, broadband, mobile, TV. We expect close to 50% of households to be a convergence household (having 3 services or more) by end-2018.

- (ii) Our focus is on offering households a converged experience, to gradually increase household spend (share of wallet) with unifi. We have seen average household spending or average revenue per customer (ARPC) steadily increase year-on-year.*



Question 4

unifi Mobile 4G LTE network coverage reached 74% of the population at the end of 2017. However, it is still below the population reached by its main competitors such as Maxis, Digi and Celcom. Maxis has the highest 4G LTE network coverage with 92% of the population whilst both Digi and Celcom came second with 87%.

- (i) When will unifi Mobile be expected to reach similar or better level of coverage compared to its competitors?**
- (ii) What would be the expected CAPEX to be incurred for the unifi Mobile to reach the above target population coverage?**
- (iii) The new spectrum 700MHz will be available for cellular operators in 2019 which will improve indoor coverage. It would be used as coverage band for the deployment of high-speed mobile broadband services using long-term evolution (LTE) technology and beyond.**

Would Telekom be bidding for this new spectrum?

Questions from MSWG – Strategic & Financial Matters:



Answer 4

- (i) From a convergence perspective, unifi's service coverage is nationwide. This encompasses service delivery via various technology – fixed (fibre, copper), wireless (LTE and domestic roaming) and wiFi. With a convergence Go-To-Market strategy targeting households, it is imperative that we be efficient in our investments and maximise all of our technology assets at hand. As such, we are focusing on an integrated rollout of a convergence infrastructure to deliver a seamless experience to our customers, as opposed to focusing only on LTE.*
- (ii) Capex guidance for TM Group for FY 2018 is between 25% - 30% of revenue. This includes spending for mobility.*
- (iii) TM Group has submitted its bid for the 700MHz spectrum in January 2018.*

Questions from MSWG – Strategic & Financial Matters:



Question 5

As disclosed in Note 34(a) of the Financial Statements on page 98 of the Integrated Annual Report 2017 (Financial Statements), the Group's allowance for impairments stands at RM978.8 million as at 31 December 2017. What are the measures taken to recover this amount and how much is expected to be recovered?

Questions from MSWG – Strategic & Financial Matters:



Answer 5

TM undertakes structured efforts and has processes in place to maximise the recovery of doubtful or non-performing debts, which include:

- 1. Issuing credit reminders via voice recording and SMS, mobilizing services of debt collection agencies and subsequently discharging appropriate legal action. Such efforts are executed on a continuous basis in mitigating the relevant time-bar regulations.*
- 2. Implementation of continuous collection campaigns held by TM together with collection partners, which include campaigns on aged debts to improve collection rate on old debts.*
- 3. Carrying out on-boarding checks on new customers or new accounts, which also serve as a collection avenue for old debts as returning customers are required to pay their old debts before new services can be rendered.*

The amount of recovery of bad debt will depend on several factors, such as statutory limitation and collection efforts undertaken and their success rate.

Questions from MSWG – Corporate Governance Matters:



Question 1

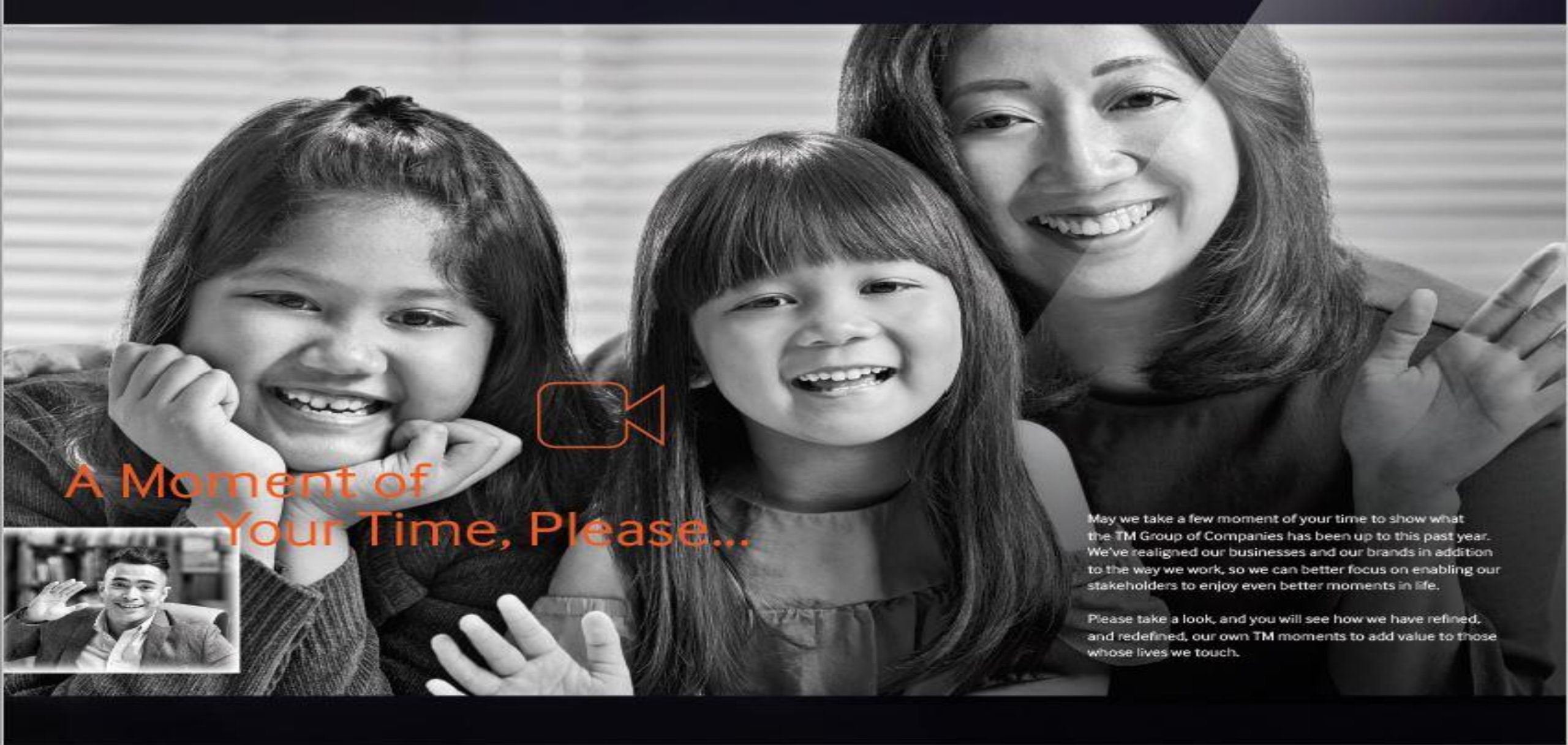
Telekom in its CG Report had stated that it had departed from Practice 6.1 of MCCG which requires the Company to publish on its website the policies and procedures in determining the remuneration of directors and senior management. Telekom had stated that it will publish on its website its Directors and Subsidiaries Board Remuneration Framework by end 2018. However, Telekom did not give the timeline as to when the Senior Management Framework will be published.

We wish to highlight that under paragraph 3.2C(b) of Practice Note 9 of the Main Market Listing Requirements, Large Company is required to disclose the timeframe required to achieve the application of the Practice.

We hope the Board would take note of this.

Answer 1

The Board thanks MSWG for the observation and will take note of MSWG's findings accordingly.



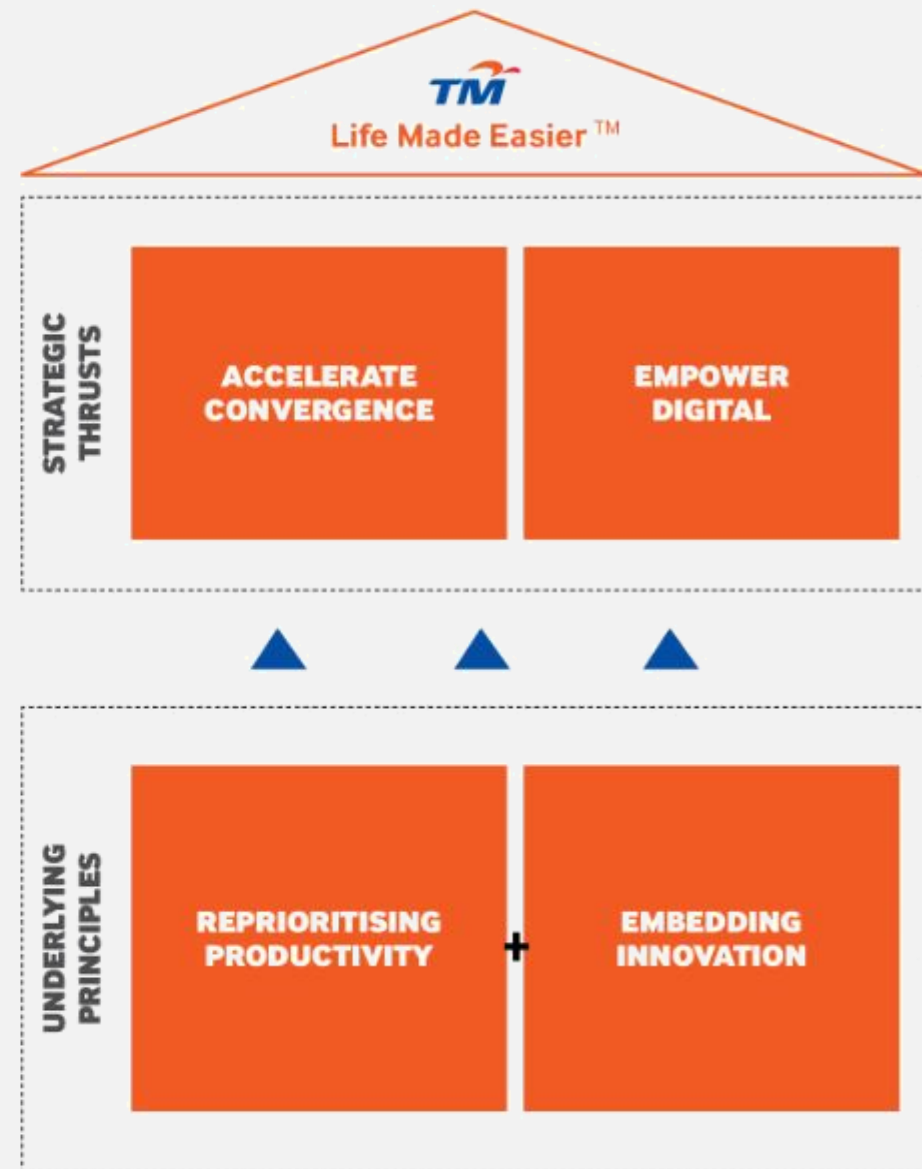
A Moment of
Your Time, Please...

May we take a few moment of your time to show what the TM Group of Companies has been up to this past year. We've realigned our businesses and our brands in addition to the way we work, so we can better focus on enabling our stakeholders to enjoy even better moments in life.

Please take a look, and you will see how we have refined, and redefined, our own TM moments to add value to those whose lives we touch.

Company Updates

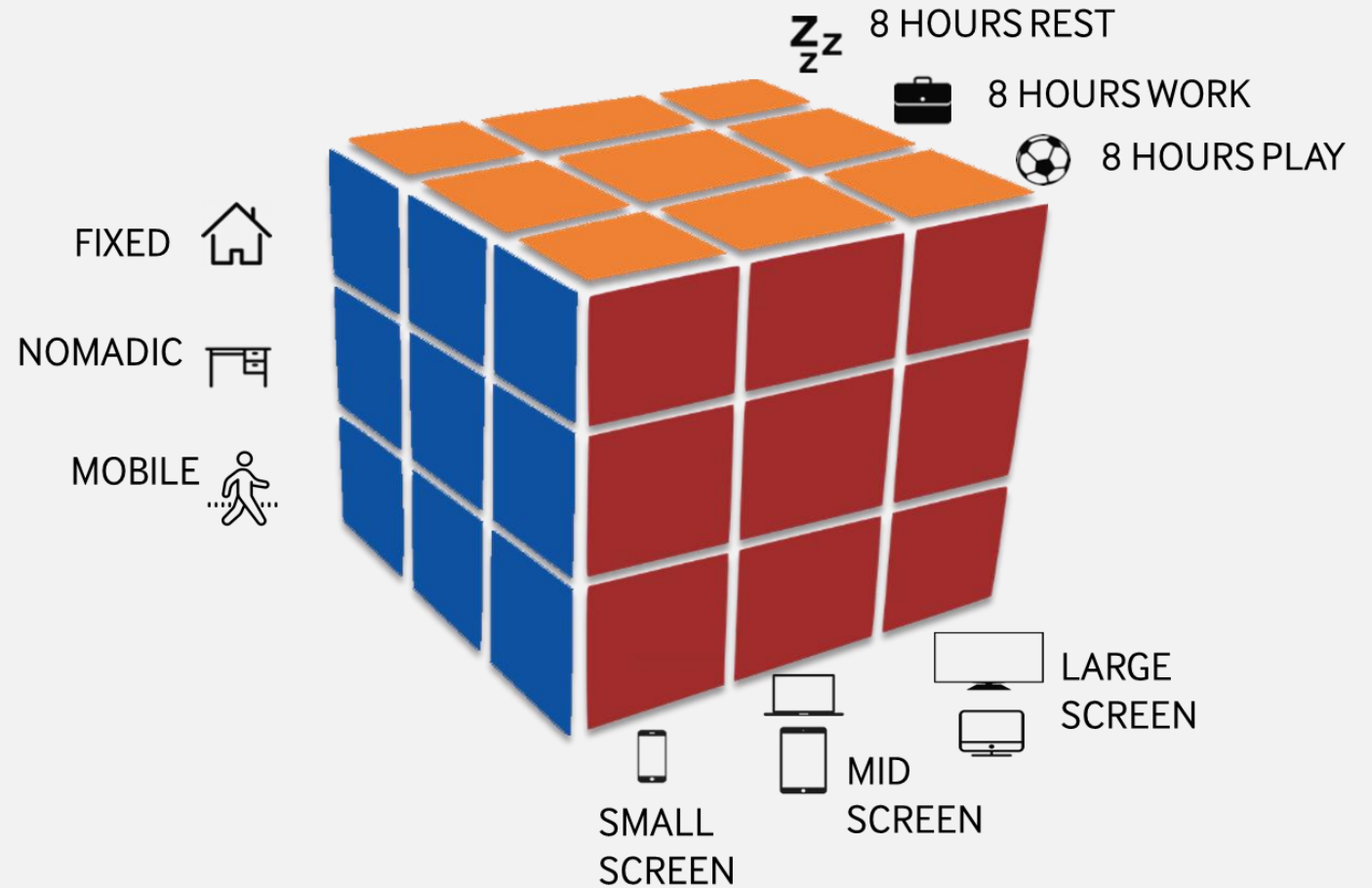
Overall strategic framework remains intact, redefined execution to Accelerate Convergence and Empower Digital



Capturing Share of Moments with Convergence

Hours in a day = Moments
Spent with TM

8 - 8 - 8
八 八 八
𑀓 𑀓 𑀓
𑀕 𑀕 𑀕
Rest – Work – Play



PERFEXE 10 as the enabler in Accelerating Convergence and Empower Digital

Execution Model 2018 - 2020



Key principles

- ▶ **Aspiration** 
Focus on targets, driven by aspirations. KPI and KHI
- ▶ **Acceleration** 
Speed of executing our initiatives
- ▶ **Execution** 
Execute in a differentiated manner

TM: A National Institution Safeguarding National Interest



- **>26,000** Warga Keluarga TM
- **>6,000** active vendors



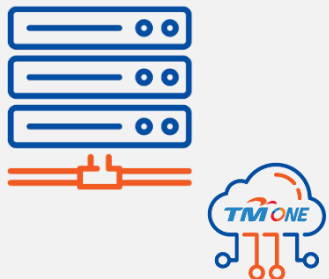
- **>2.9mn** highspeed broadband ports nationwide



- more than **540,000 km** fibre-optic cables nationwide and access to more than **190,000 km** submarine cables worldwide



- **74%** LTE coverage nationwide; nationwide service coverage
- unifi mobile achieved **10%** TM HH penetration



- First commercial Data Centre in Malaysia to achieve The Uptime Institute **Tier III Certification**



- Total Shareholder Return of **340%** since demerger



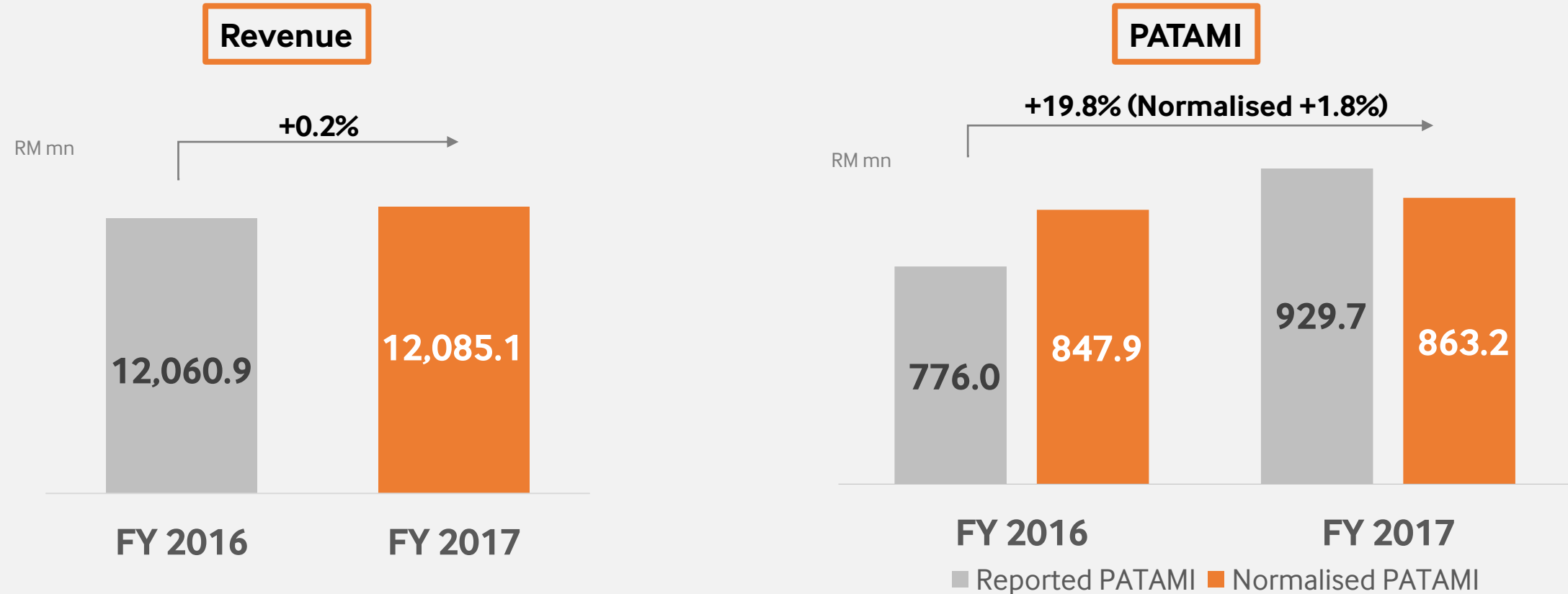
Assuring
Moments



In today's complex, technological world, we need moments of assurance to give us the confidence to perform, and to face challenges. As Malaysia's leading communications provider, TM adheres to the strictest corporate governance and employs best practice standards to continuously deliver state-of-the-art services. Assuring the nation of first class communications quality and services that will make my life that much easier.

FY2017: Financial and Operational Highlights

Resilient Financial Performance amid a challenging environment

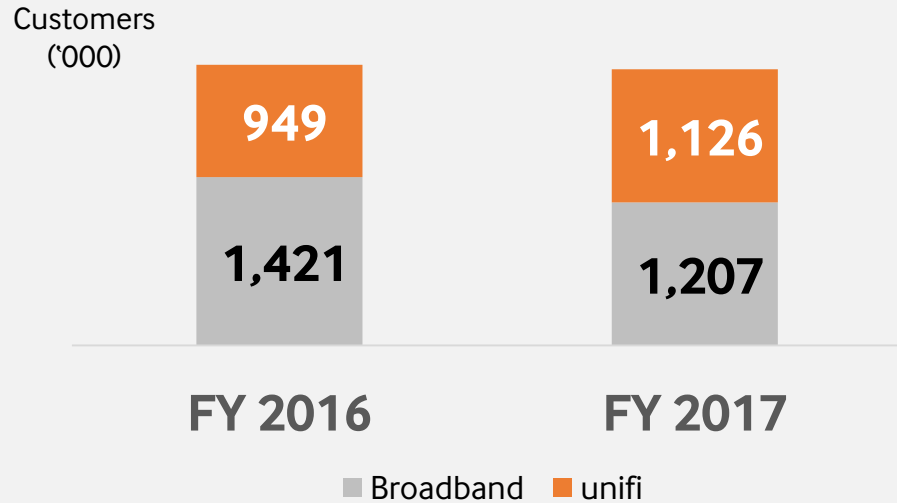


- **Healthy Reported PATAMI growth of 19.8% at RM929.7mn; Normalised PATAMI growth of 1.8% at RM863.2mn**
- **Good traction of unifi Mobile and increased takeup of unifi home service**
- **Total dividend payout of 21.5sen per share or RM808 million; higher payout ratio**

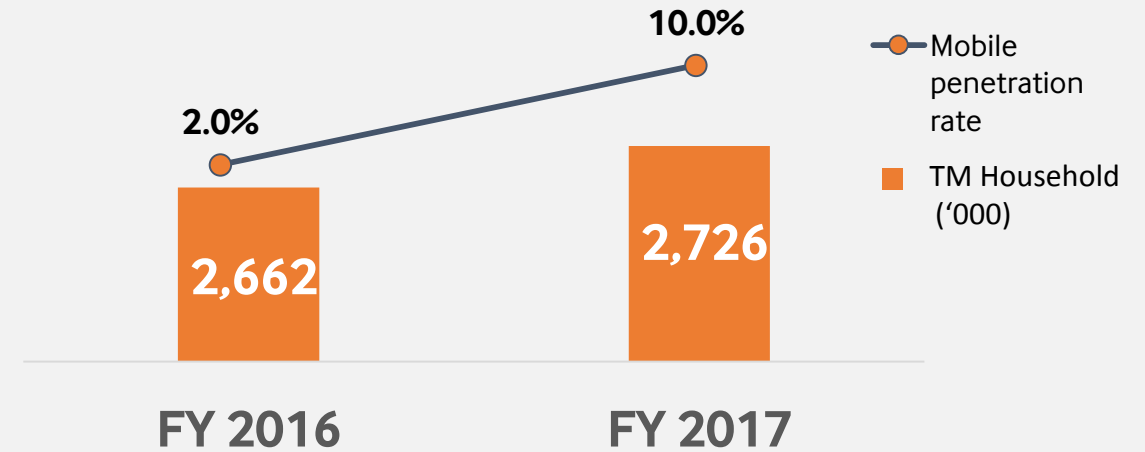
Delivering Convergence: Traction in mobility complementing fixed broadband services



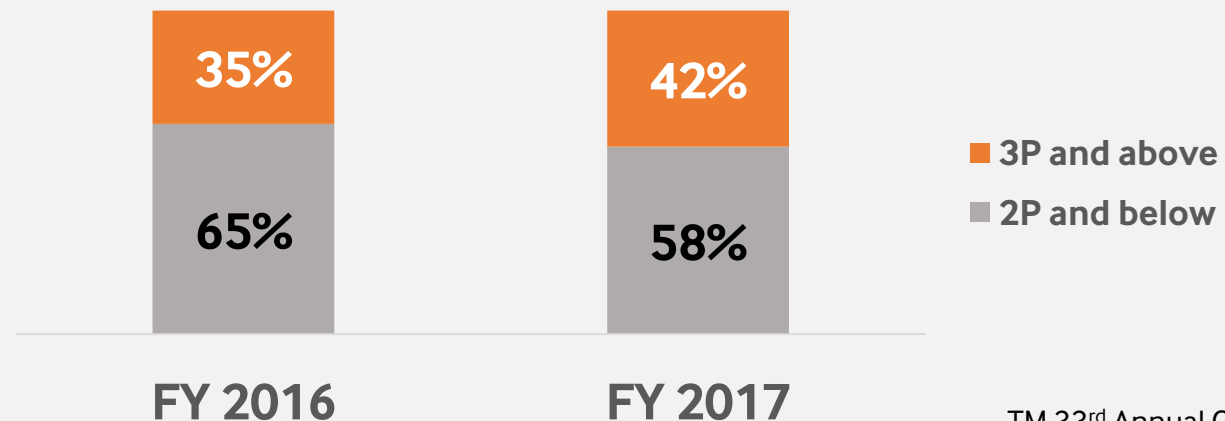
Fixed Broadband Customers



Mobile Penetration of TM Households



Increasing Convergence Households



Global and local recognition received in 2017



Minority Shareholder Watchdog Group (MSWG) Awards

- Top 4 Excellence Award for Overall CG & Performance
 - Top 2 Excellence Award for CG Disclosure
 - Excellence Award for Sustainability Practices
 - Merit Award for Board Diversity
- Industry Excellence Award - Telecommunications & Media

Malaysia's leading ICT, BPO provider in Gartner market guide for Year 2017

7th Asia Communication Awards (ACA) 2017

Best Customer Care: Business Category –
TM R&D for Mobile Application Self
Troubleshooting Tool (MAST)

**Top 25 Data Centre Solution Provider
in the APAC Region for Year 2017**

12th Employer Branding Awards 2017

Asia's Best Employer Brand Awards

National Annual Corporate Report Awards (NACRA) 2017

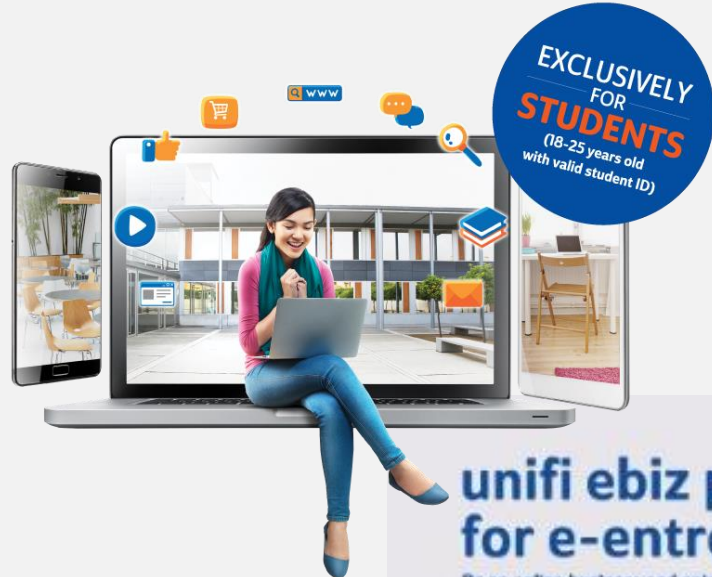
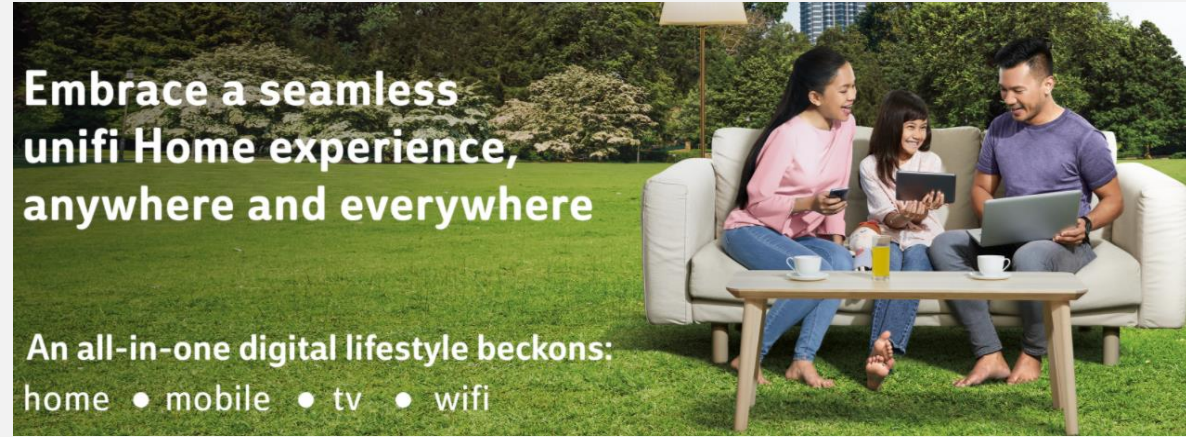
- Overall Excellence Awards for Most Outstanding Annual Report of the Year (Silver)
 - Annual Integrated Reporting (Gold)
 - Sustainability Report (Gold)
- Best Annual Report in Bahasa Malaysia (Silver)
- Industry Excellence Award for Main Board Company in Trading and Services category – 21st consecutive year

Big Moments



Big moments in our lives often become milestones that change the way we are or behave and help us grow. One of the biggest moments for TM in 2017 was the streamlining and delineation of our services into three core businesses. Enabling us to better focus on delivering our promise of making life easier for our customers, businesses and our nation.

Latest Updates



- Offers **liberation** for customers to choose their preferred mobile plan
- No expiry date, no wastage, pay anytime, anywhere
- **1 million** registrations within 2 weeks of launch
- **100%** digital platform



- **Seamless** unifi Home experience, anywhere, everywhere
- All-in-one digital lifestyle **solution**
- **Iskandar Puteri Data Centre**
- **3 new Submarine Cable Systems** operational

*excludes GST

An underwater photograph showing a diver on the left and a large sea turtle on the right. The diver is wearing a mask and a BCD, and is holding a small sea turtle. The background features coral reefs and sunlight filtering through the water. The text 'Everlasting Moments' is overlaid in orange in the upper left quadrant.

Everlasting Moments



The future of our world lies in the efforts each one of us make in caring for our environment. Every moment we spend on the preservation and conservation influences how the future would be for generations to come. TM is committed to minimising our environmental footprint across our value chain through initiatives that address climate change, energy consumption within our networks, stakeholder awareness on green issues as well as product and resource stewardship. By doing so, we hope to make an everlasting impact that will make life better and easier for everyone. Now and in the future.

2018 and Mid-term Headline KPI

	2018	Mid Term
Revenue Growth	3.5 – 4%	3.5 – 4%
EBIT Growth	Maintain 2017 EBIT RM	3.5 – 4%
Customer Satisfaction Measure ¹	73	75

¹Using 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."



**Our sincere appreciation to
Dato' Sri Dr Mohamad Isa Hussain**

Life
Made
Easier™



Thank you!

www.tm.com.my/investor
investor@tm.com.my