

**YOUR  
NEXT  
IS NOW**



**38<sup>th</sup> TELEKOM  
MALAYSIA BERHAD  
ANNUAL GENERAL MEETING**

**25<sup>th</sup> May 2023**

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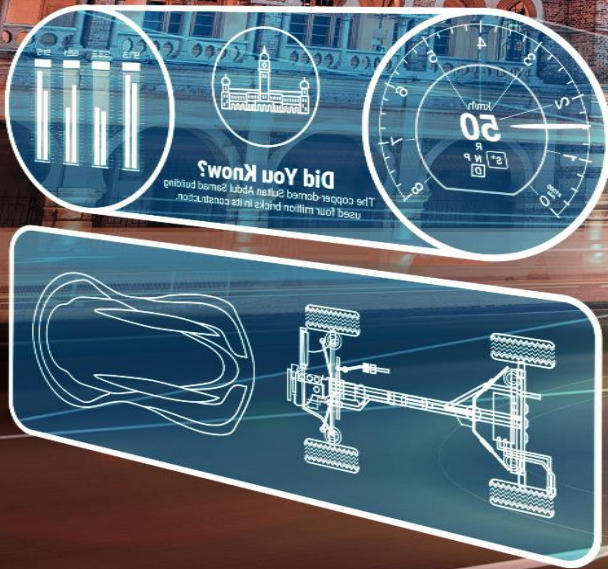


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# 2022 REVIEW





# Powering a Digital Malaysia through Technology for Community, Businesses, Government and the Telco-Technology Sector



**SOCIETY**

**BUSINESS**



Home & Individuals



SME

We enrich everyday moments by enabling converged lifestyle solutions



**BUSINESS**

**GOVERNMENT**



Enterprise



Government

We accelerate the nations aspiration towards becoming Digital Malaysia with holistic connectivity, platform and Digital Solutions



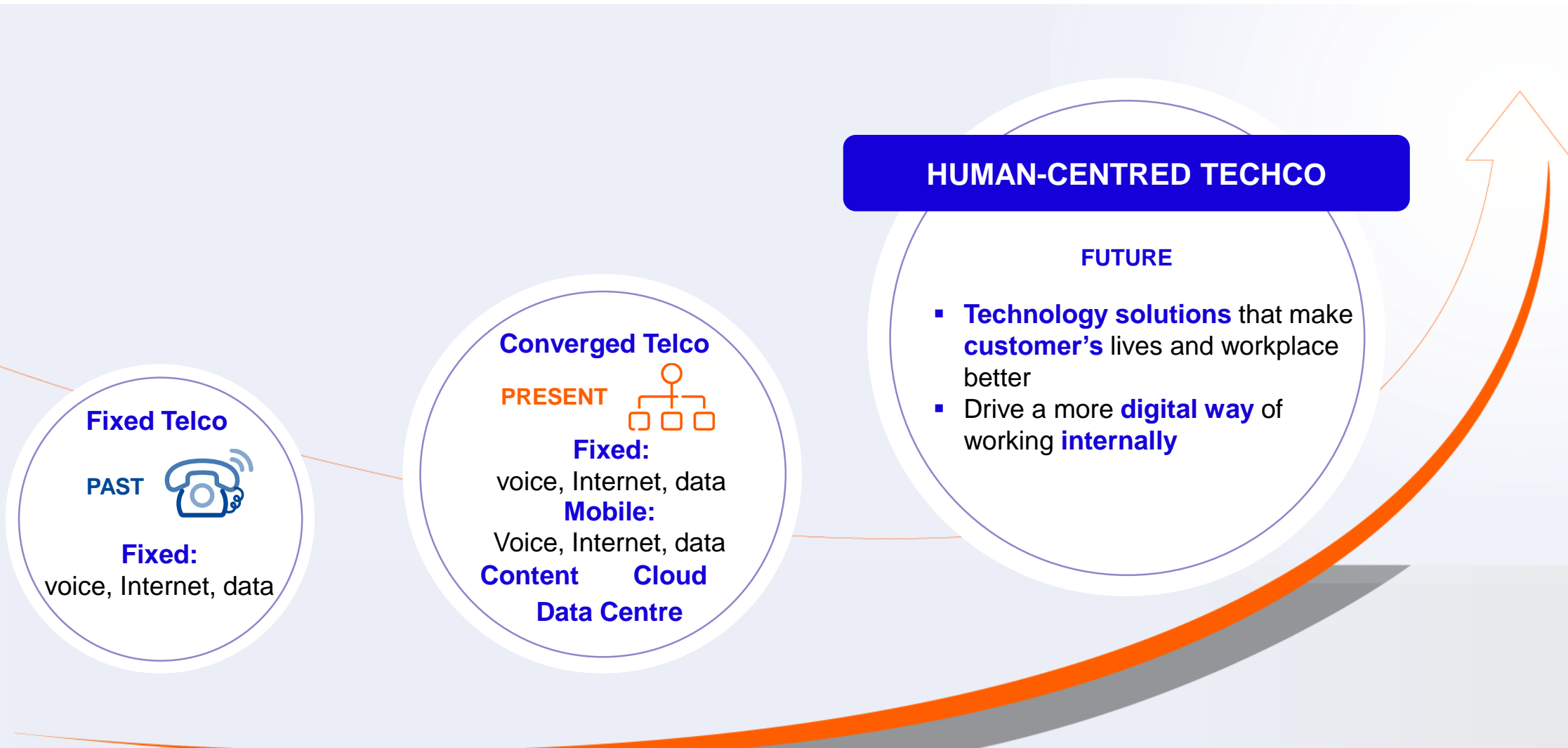
**INDUSTRY**



Domestic & International  
Telco, Tech Companies

We enable growth by providing integrated solutions and strategic collaborations that accelerate business transformation

# Evolving towards a Human-Centred Technology Company in delivering a Digital Malaysia





# Balanced Role for all Stakeholders

As both a PLC and GLC, we are in a unique position of creating commercial value that contributes to the Government's nation building agenda. At the core of TM's strategy lies our purpose to ensure we can continue playing this dual role as a PLC and GLC, to create a better tomorrow for all Malaysians.

## Our Role as a PLC

- Provide returns to TM shareholders
- Contribute to the Government via taxes
- Provide the capital expenditure needed for nation building
- Create jobs and sources of income for Malaysians through our local vendor ecosystem

## Our Role as a GLC



Deliver critical connectivity to the *Rakyat* in support of JENDELA



Accelerate digital adoption and bridge the gaps in the digital divide



Empower all segments of the community through social programmes



Promote a more sustainable and capable Malaysia through ESG and sustainability programmes



## TM Group ESG Achievements



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



FTSE4Good

4 out of 4 stars on  
FTSE4Good Bursa Malaysia



ESG index rated by  
FTSE Russell Score improved  
from 3.1 to 3.6 in 2022



Supplier  
Engagement  
Rating (SER)

B- to A-

CDP  
Rating

C to B

# 2<sup>nd</sup> Year of our Transformation

## Year 1: 2021



### OUR PURPOSE

Enable Digital Malaysia

New Mid-Long Term ESG commitments announced



### OUR BUSINESS

Stronger Financial Position

2021 Guidance Achieved

Revenue: RM 11.53 bill  
EBIT: RM 1.71 bill  
Capex/Revenue: 14.7%  
Fixed Broadband Subscribers: 2.78 mil



### OUR CUSTOMERS

Enable Customer Happiness

TM Group NPS at 23



### OUR PEOPLE

Execution Engine to Perform & Transform

>20,000 workforce

## Year 2: 2022



### OUR PURPOSE

Building a Better Malaysia

- Mid-Long Term ESG commitments Tracked & Improved
- 2022 ESG Rating Upgrade



### OUR BUSINESS

Delivering Profits with Purpose

2022 Higher Revised Revenue Guidance Achieved

Revenue: RM 12.11 bill  
EBIT: RM 2.09 bill  
Capex/Revenue: 20.0%  
Fixed Broadband Subscribers: 3.04 mill



### OUR CUSTOMERS

Creating Value & Seamless Experience

TM Group NPS increased to 39



### OUR PEOPLE

Future-Proofing our Workforce

>19,000 workforce with increased productivity ready to upskill

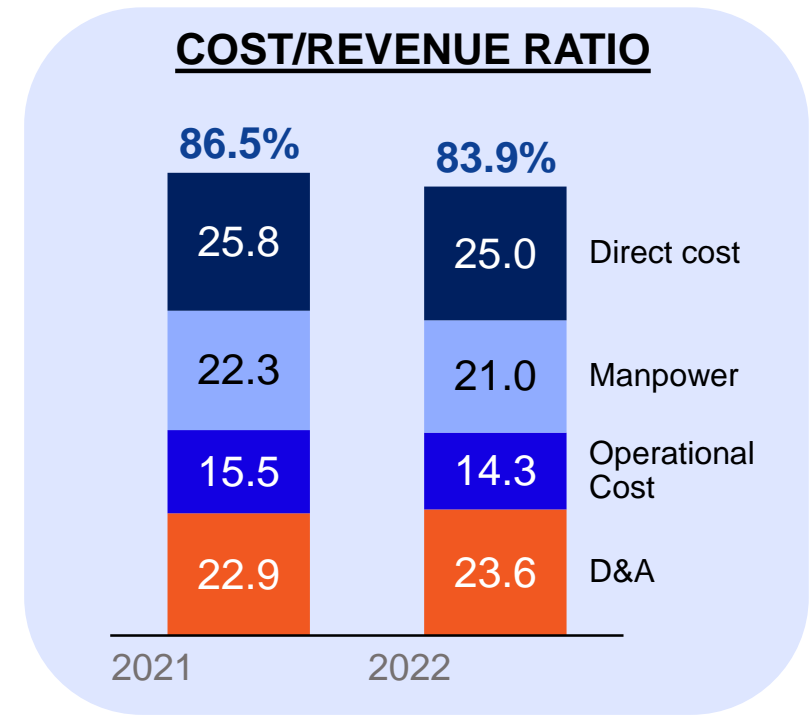
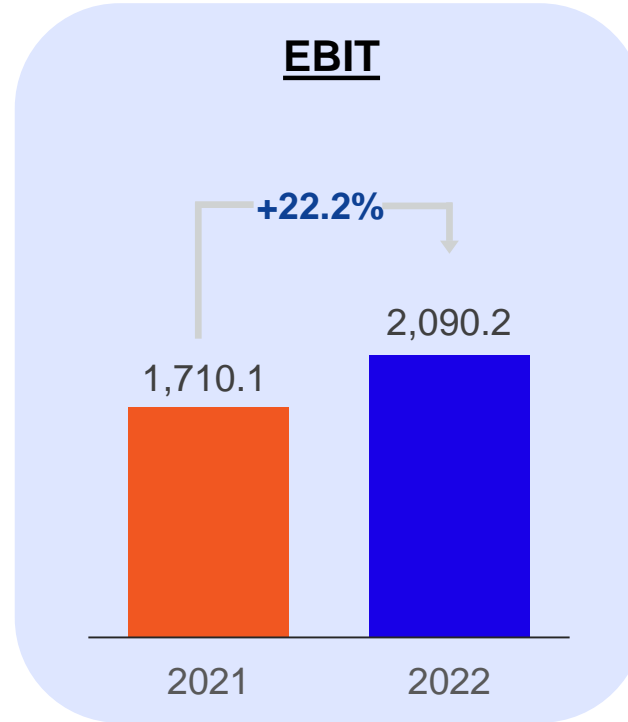
2023:  
Year 3 of the  
Transformation  
Program





# Delivering Profits with Purpose

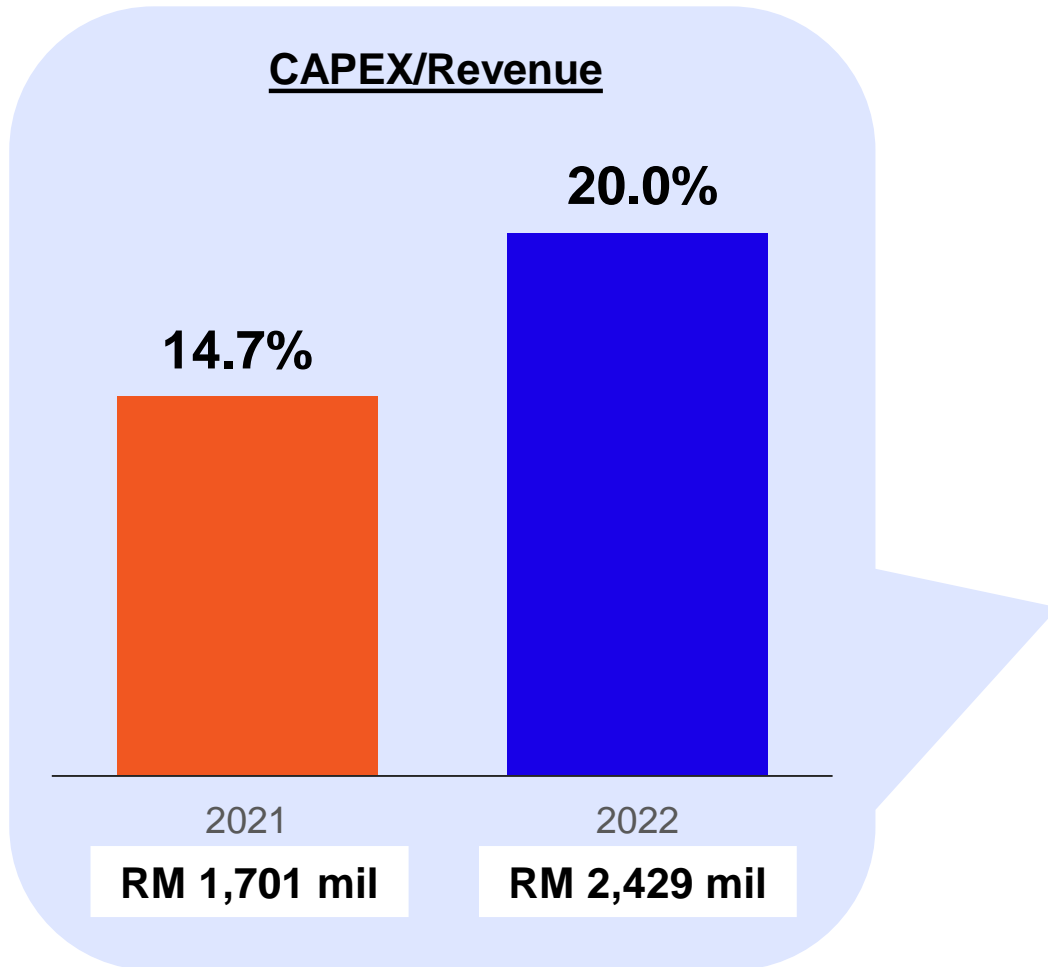
(RM million)



 3.1 mill Homes 0.4 mill SMEs	 >8,800 Enterprises & Public Sector	 163 Malaysian Telcos, service providers 571 International Telcos, OTT, hyperscalers
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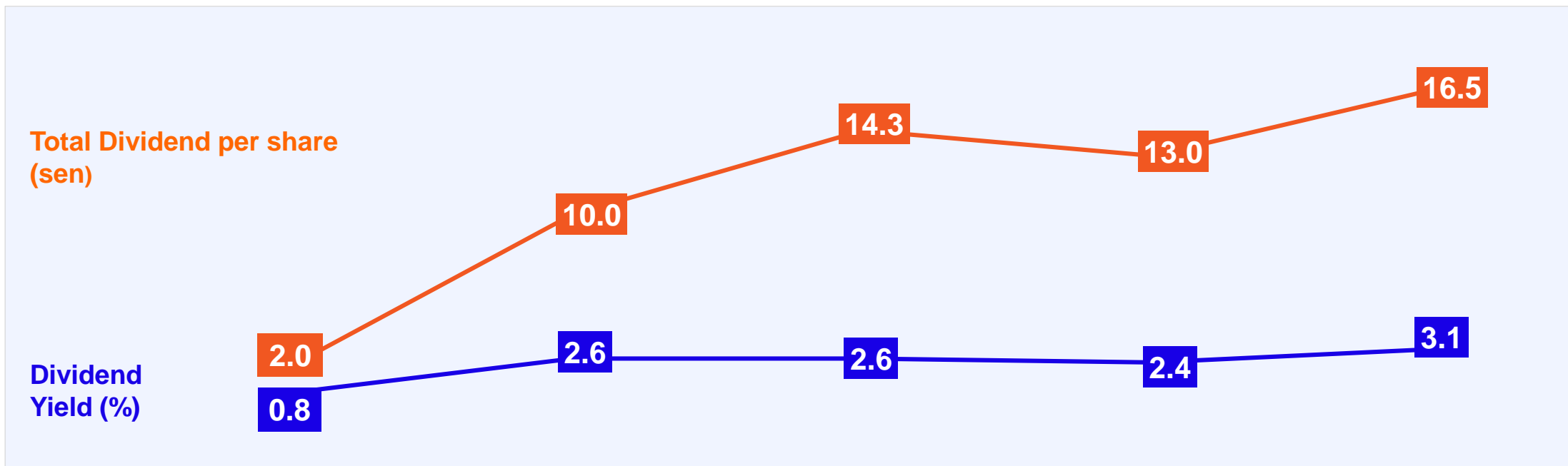
# Continuous Investment for Growth



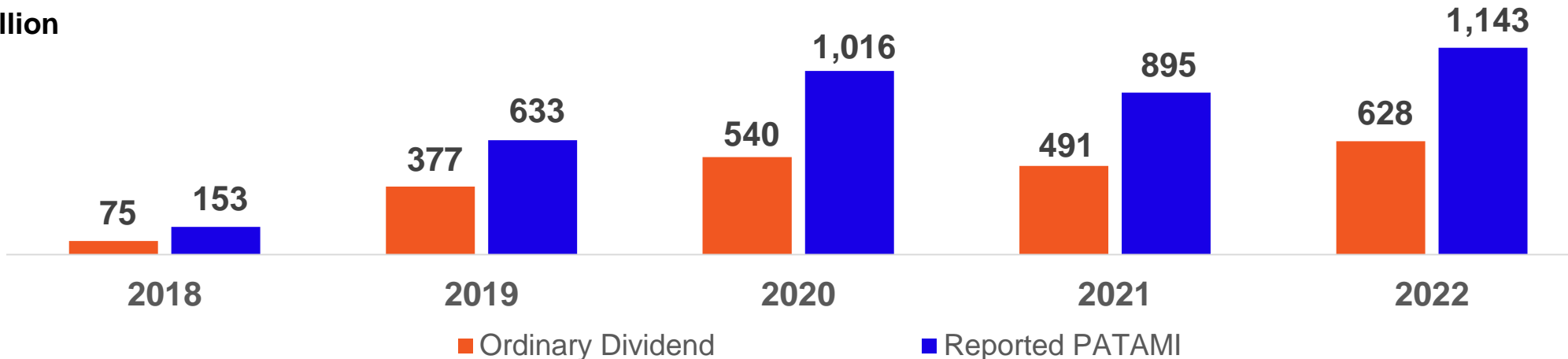
## Our Fixed & Wireless Convergence Network

- > 690,000 km fiber-optic cables nationwide
- > 90 content delivery nodes (CDN) worldwide
- ~32 submarine cable systems
- >340,000km submarine cables
- 29 Points-of-Presence worldwide
- 4,800 Fiberised Mobile sites
- >15,000 WiFi hotspots
- Data Centre footprint  
8 in Malaysia, 1 in HK  
~ 200k sq. ft space

# Dividend Payout to Shareholders



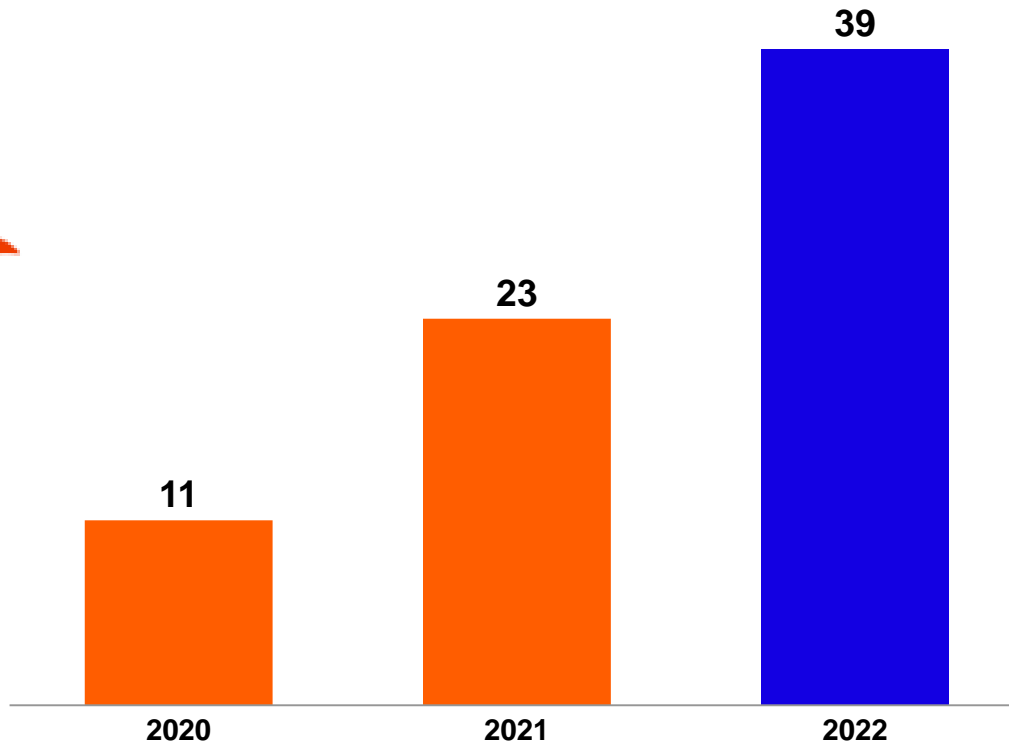
RM million





# Creating Value & Differentiated Experience for our Customers

Our transformation towards becoming a human-centred TechCo centers around how we deliver differentiated customer experience driven by evolution of customer lifestyle and market landscape towards digital-first experience



- Enhanced experience through analytics-driven journey
- Increased services availability
- Resolved customer issues fast with 89% first-time
- Enhanced self-serve functions on MyUnifi app

Instilling customer-driven culture

**WE ARE HERE TO HELP**

Have a question? We have the answers. Select any one of our customer service options to begin.

**EVERYTHING UNIFI IN ONE APP**

Pay bills, manage accounts, redeem Unifi Rewards and get support - all in one app. Download MyUnifi for FREE

**MY Unifi**

**MANAGE, MONITOR YOUR OWN ACCOUNT**

View monthly bills and usage in one dashboard, with visibility to manage your account better. Discover the easiest way to pay your Unifi bills, or even pay for others, securely.

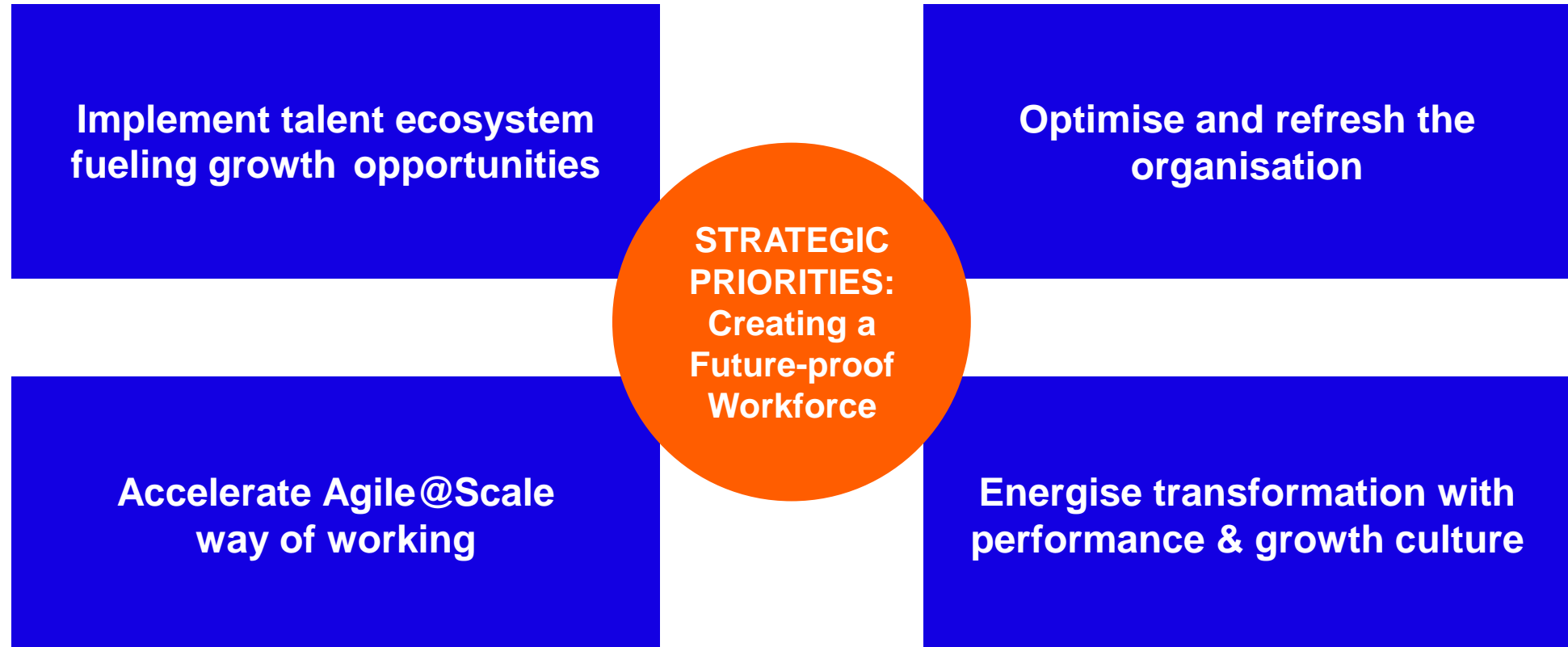


# Future Proofing Our Workforce

38<sup>th</sup> AGM  
25 May 2023



As the engine powering the Group, Warga TM is instrumental in our transition towards becoming a human-centred TechCo. In this regard, our commitment lies in cultivating a future-proof workforce equipped to propel our strategy and fulfill our nation-building aspirations for a sustainable future.





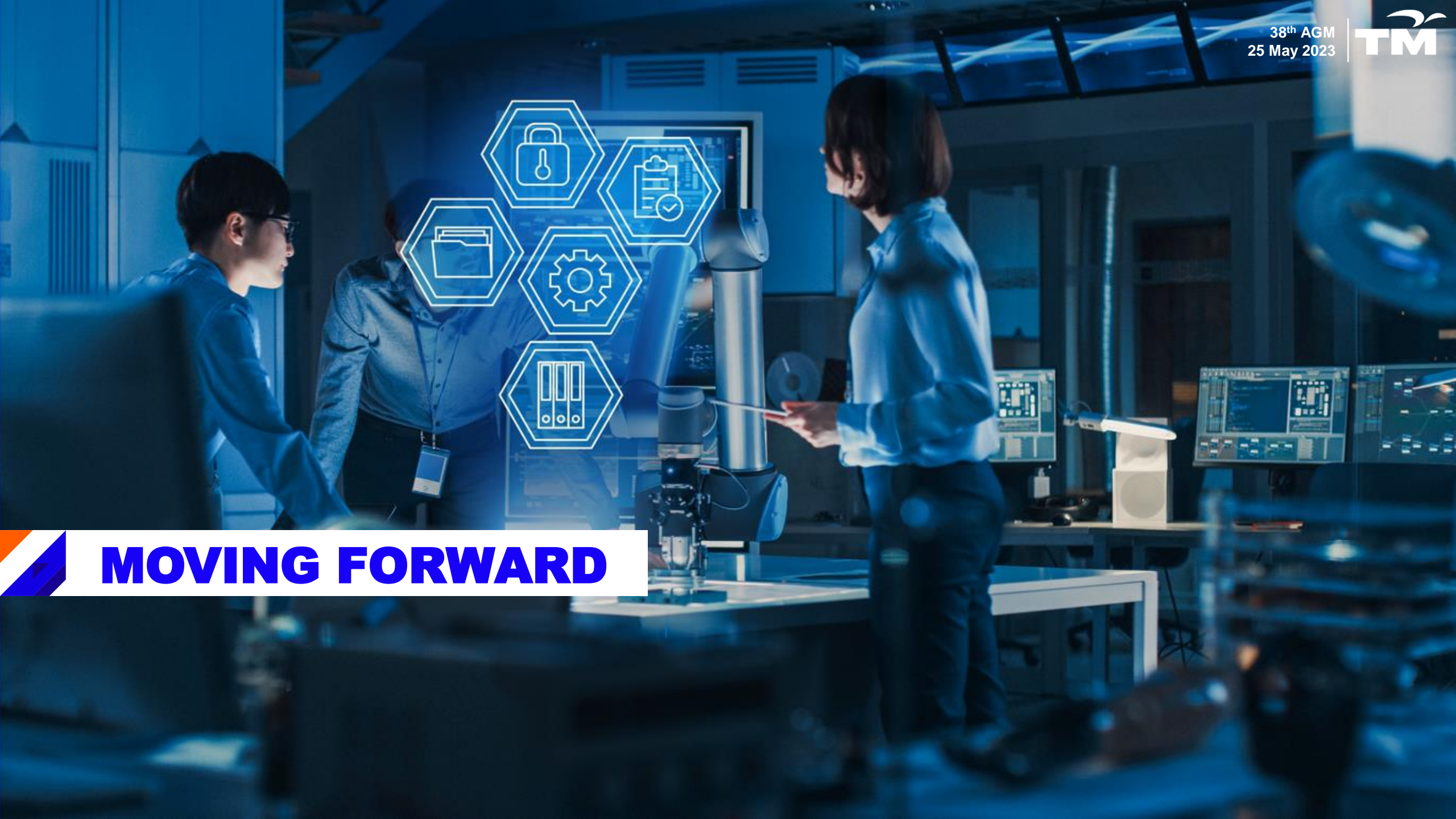
## Our Philosophies

1. Fair, non-discrimination and equal opportunity
2. Culture of inclusivity, high performance and growth
3. Employee engagement and well-being

## Awards in 2022



- **Best Companies to Work For in Asia 2022** by HR Asia Magazine
- Human Resource **Minister Award** 2022
- **Telecommunication Sector Winner 2022** by Malaysia's 100 Leading Graduate Employers
- **Most Preferred Employer Award by GRADUAN** Brand Awards 2022
- **Winner of GLC** Category, Graduates Choice Award



 **MOVING FORWARD**

# Our Business Priorities



## Strengthening our Core



- Continued **leadership in Fixed Broadband** and **convergence** with mobile and enriched TV/streaming content



- **End-to-end** managed services with **robust connectivity** and infrastructure
- Sole home-based **Cloud Service** provider with **data sovereignty**



- **Enabler of broadband and 4G** network via fibre infrastructure for domestic telcos
- **International traffic** gateway, connectivity and data center



## Investing for Growth

- Drive **Fixed Mobile Convergence (FMC)** with better and seamless service experience
- One-stop-service for solutions under **SME Digital platform**

- Strengthen TM's position in the **growing B2B Digital** solutions market, focusing on high potential industry verticals for Enterprise and Government

- **Enabler of 5G network** via fiber infrastructure
- Establish **Malaysia as digital hub for ASEAN** via **new submarine cables** and **edge computing**





# Updates on Menara KL and Menara TM

## Exit Rationale

## Exit Notification

## Key Results

### Menara KL



- Non Core
- Business Shifted

October 2021

- Focus on core business

### Menara TM



- Non Core
- Moved to own, new TM Campus

January 2020

- Savings on rental
- Agile way of working



# RESPONSES TO QUESTIONS FROM MINORITY SHAREHOLDER WATCH GROUP (MSWG)



# Questions from MSWG

## Business and Financial Matters

**Q1** The Group has improved its cost efficiency in which the percentage of total cost to revenue is lower at 83.9% for the current year as compared to 86.5% in FY2021.

(page 17 of IAR 2022)

Which major cost items registered the greatest cost efficiency? Is the improvement likely to sustain or even be better in FY 2023? Has any target been set?

**A1** FY2022 total cost increased marginally by 1.9% to RM10.2 billion. Nevertheless, as the revenue for the year grew at a higher rate of 5.1%, the cost efficiency, measured as a cost-to-revenue ratio had improved from 86.5% in 2021 to 83.9% in 2022. Cost optimisation initiatives under the 3-year transformation plan encompasses organisation optimisation, shift to better margin services, process simplification, modernising infrastructure/platform, as well as collaboration with vendors and suppliers contributed to improvement in the following areas:

- Reduction in manpower costs
- Improvement in cost of sales
- Lower repair and maintenance costs for Group's network, system and software

As our business transitions to post-Covid normalisation in FY 2023, TM will continue to identify, analyse and implement measures to reduce costs and improve overall efficiency.



# Questions from MSWG

## Business and Financial Matters

**Q2** Unifi Business maintained its growth momentum, recording a significant increase in SME digital adoption from over 30,000 customers in 2021 to more than 75,000 in 2022. This reflects Unifi's ongoing efforts in supporting SMEs' growth through digital. (page 18 of IAR 2022)

What is the basis for Management's optimism in recording such a significant increase in SME adoption in FY 2023 or even surpassing its achievements made in FY 2022?

**A2** SME digital adoption is expected to continue in FY2023, driven by:

- Continuous demand for business enhancing tools such as sales & marketing, cloud storage, cybersecurity
- SME Digitalisation Grant as announced in 'Belanjawan 2023'

Wider awareness and adoption programmes with Government agencies and technology partners will also extend the reach out to the SME base and drive digital adoption.



# Questions from MSWG

## Business and Financial Matters

**Q3** Increasing digitalisation is causing enterprises to create data at an unprecedented level, creating a challenge for them to store, manage and protect their large volumes of data. Enterprises are becoming increasingly aware of the benefits that data analytics can provide to their business. (page 36 of IAR 2022)

What actions or plans has TELEKOM instituted to capitalise on the increasing digitalisation in regard to data centres and data analytics?

**A3** Enterprise digitalisation and data creation is expected to continue in FY2023 onwards - driving demand for data centre, cloud and data analytics solutions.

TM has set out a blueprint to consolidate, strengthen and expand our data centre portfolio to capture this growing demand by enterprises and more so, international hyperscalers.

For cloud and data analytics solutions, TM has established Credence, a cloud and solution focused subsidiary to assist enterprises in their digitalisation programmes.



# Questions from MSWG

## Business and Financial Matters

**Q4** Complementing Malaysia's 5G network pledge to achieve 40% targeted 5G population coverage in 2022, TELEKOM has delivered almost 4,000 5G sites; ahead of schedule. (page 70 of IAR 2022)

What is the target by end of FY 2023 and what is the achievement to date?

**A4** Through the existing fiber agreement with Digital Nasional Berhad (DNB), TM is committed to deliver the fibre infrastructure required to achieve the 80% 5G coverage of populated areas by the end of FY 2023 as set by the Government. As updated by the Government recently, 5G coverage today has reached 60% of populated areas.

In addition to providing the fibre infrastructure for the 5G network rollout, TM is also providing 5G services to our end customers - 5G mobile through *unifi mobile* and 5G enterprise solutions through *TM One*.



# Questions from MSWG

## Business and Financial Matters

### Q5

	Group (RM million)	
	2022	2021
Receivables from external customers	1,416.9	1,645.9
Impairment		
- external customers	(506.2)	(821.0)
Other receivables	463.7	373.0
Impairment of other receivables		
- external parties	(137.4)	(141.1)
(page 113 of FS 2022)		

(a) What is the nature of other receivables which are impaired?

(b) Though impairments for both receivables and other receivables have decreased, the impairments are still substantial in proportion to their respective outstanding receivables and other receivables. What were the main causes of the impaired receivables?

How much of the impaired amount has been recovered to date and what is the probability of recovering the balance?

### A5

(a) Other receivables impaired are mainly provisions for damage caused to TM's infrastructure by accidents or other reasons, as well as long-term deposits placed with local authorities for repair works. These provisions, along with trade receivables, on average, account for only 0.5% of TM's operating revenue over the past 6 years



# Questions from MSWG

## Business and Financial Matters

### **A5** **(cont.)**

(b) The impairment balances disclosed on page 113 of the FS are balances accumulated from more than 6 years ago that have yet to be written off as these represent TM's efforts in exhausting all possible actions including legal actions and employing the services of collection agencies in continuously recovering the outstanding debts.

These debts mainly comprise of amount owing from delinquent customers or enterprises which encountered financial difficulties. TM is also expected to demonstrate such efforts of recovery before the corresponding tax deductions can be claimed on these losses. Recovery of debts impaired in respective financial years have been in the range of 10% to 17% of the cumulative impairment balances over the past 3 years.





# Questions from MSWG

## Business and Financial Matters

**Q6** On 17 December 2015, the Company signed two (2) PPP agreements with the GoM for the implementation of the HSBB2 and the SUBB to deploy access and domestic core networks to deliver an end-to-end broadband network infrastructure and services for the nation. The SUBB infrastructure is rolled out over a period of ten (10) years, involving the upgrading of existing copper lines to deliver high-speed broadband access speeds of up to 20Mbps and up to 100Mbps in areas deployed with Fibre-to-the Home (FTTH) technology, to over 420,000 premises by 2019. (page 123 of FS 2022)

What is the current status and plans going forward?

**A6** TM had successfully completed the fibre network rollout of HSBB2 and SUBB, achieving 180% of the committed target. Subsequently, under the JENDELA programme, TM had fiberised additional premises bringing a total of 6.28 million premises nationwide with fibre coverage by FY2022. Over 2023-2025, TM will continuously invest in fibre coverage expansion under the JENDELA 2 programme.

From the fibre coverage above, TM has migrated majority of copper-based broadband customers to fibre broadband (Unifi). As at FY2022, there are only 75,000 copper-based broadband customers left nationwide compared to 278,000 in FY2021.



# Questions from MSWG

## Sustainability Matters

**Q7** The Group's KL, Cyberjaya and Johor Bahru data centres have successfully secured the Green Electricity Tariff (GET) from Tenaga Nasional Berhad (TNB), to provide Malaysian consumers with the option of using green electricity from renewable energy supply. This is consistent with the Government's initiatives in achieving net zero Greenhouse Gas (GHG) emissions for the country by the year 2050. (page 12 of IAR 2022)

What are the plans for the remaining six data centres to secure the GET from TNB? (ESG)

**A7** Our priority has been to secure the Green Electricity Tariff (GET) for our three main data centres in KL, Cyberjaya and Johor Bahru, which have been successfully achieved. These data centres now offer our customers the option of utilizing green electricity sourced from renewable energy. As for our remaining data centres, we have plans in place to pursue the GET from Tenaga Nasional Berhad (TNB). Our strategy includes exploring various renewable energy solutions such as solar-powered buildings, Renewable Energy Certificates (REC), Virtual Power Purchase Agreements (VPPA), and solar-powered air-conditioning for our data centres, TM Exchanges, and other TM facilities.

These initiatives are aligned with TM's net zero emission commitment by 2050.



# Questions from MSWG

## Business and Financial Matters

**Q8** Number of data-related incidents

2022 - 96

2021 - 13

2020 - 11

(page 99 of IAR 2022)

Why are there increasing data-related incidents over the last few years especially in 2022 when the number rose significantly to 96 from only 13 in 2021? What measures have been taken to minimize the number of incidents?

**A8** As TM invest and increase our monitoring and detection capabilities, we are able to widen the coverage in detecting cyber threats. As such, this has resulted in a higher number of incidents being identified. It is important to highlight that despite the increase in incidents, we are pleased to report zero cases of data loss in 2022.

In addition to cyber security platform and solutions, the human factor is also addressed. We have continuous activities on staff awareness to cyber treats whilst continuing to strengthen our security tools, controls, and resources, which have enhanced our threat visibility and early detection capabilities.



# Questions from MSWG

## Corporate Governance Matters

**Q9** Puan Rossana Annizah Ahmad Rashid, an Independent Non-Executive Director of TELEKOM and she is also a Non-Independent Non-Executive Director of Astro. This represents a conflict of interest as both companies are involved substantially in telecommunications and digitalisation. How does the Board manage such conflicts of interest? Is it practical to have the INED's recusal at meetings given that deliberations will very often centre on policies, strategies and tactics involving telecommunications and digitalisation?

**A9** As a responsible listed company, TM has appropriate procedures and processes in place to manage conflicts of interests. If necessary, internal and external legal advice are sought to ensure conflicts of interests are addressed objectively.

Additionally, TM Directors are well aware of the need to disclose their interest or any possible conflicts of interest on any matter put forth for the Board's consideration. The interested Director will recuse him or herself from the Board meeting, not participate and abstain from deliberation and voting to allow unbiased, free flowing discussion and decision-making.

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# THANK YOU