



INTEGRATED ANNUAL REPORT 2018 | TELEKOM MALAYSIA BERHAD  
CORPORATE OVERVIEW



Here for you ...



A group of diverse people, including men and women of various ethnicities, are shown in profile, smiling and interacting in what appears to be a social or professional gathering. The lighting is dim and blue-toned, creating a warm and collaborative atmosphere. One woman in the foreground is clapping her hands, and another man in the background is wearing glasses and smiling broadly.

## **Welcome to the TM Group of Companies.**

We have an important responsibility to connect people to what matters most to them via converged products and services, be it fixed, mobile or wireless, wherever they are – at home, at work or at play – on any digital device. We've got you covered. We're here to meet your needs 24/7.

As the enabler of Malaysia's Digital Nation aspiration, we have always been with you through every advancement. Beyond just connectivity, we touch every facet of your lives. It is the very purpose of our existence – to improve lives, fuel aspirations and foster growth that is meaningful for each one of you – to make life easier for a better Malaysia.

At the heart of everything that we do, we bring each and every one together – we connect people, businesses and communities to each other and to a world of possibilities. Because at the end of the day, you are the reason for all our achievements and all that we do. Now and always, we are HERE FOR YOU. And we are here to stay.





# What's Inside

- 4 Facts at a Glance 2018
- 5 About this Report
- 6 Integrated Thinking: Our Key Resources

## Here for you... in everything we do

### HOW WE'RE ORGANISED

- 10 What We Do
- 12 Where We Operate
- 16 Group Corporate Structure
- 17 Group Organisation Structure
- 18 Corporate Information
- 20 Corporate Milestones
- 22 TM in the News
- 24 Corporate Gallery
- 33 Achievements

### OUR STRATEGY & SUSTAINABILITY

- 34 Strategy at a Glance
  - Our Business Model
  - TM's Value Creation Model
- 38 Who Keeps Us in Business: Stakeholder Management
  - Managing Our Material Issues

## Here for you... on our continuous journey

### 42 CHAIRMAN'S STATEMENT

### MANAGEMENT DISCUSSION & ANALYSIS

- 48 Acting Group Chief Executive Officer's Statement
- 54 Market Analysis and Outlook
- 56 Key Risks and Mitigation Measures
- 57 Financial Performance Review
- 58 Business Review
  - unifi
  - TM ONE
  - TM GLOBAL
- 70 IT & Network Technology  
The Backbone of our Customer Solutions
- 71 Group Digital Centre  
Here to Empower Digital
- 72 Group Human Capital Management  
Here to Nurture Digital Talent
- 73 Way Forward In 2019

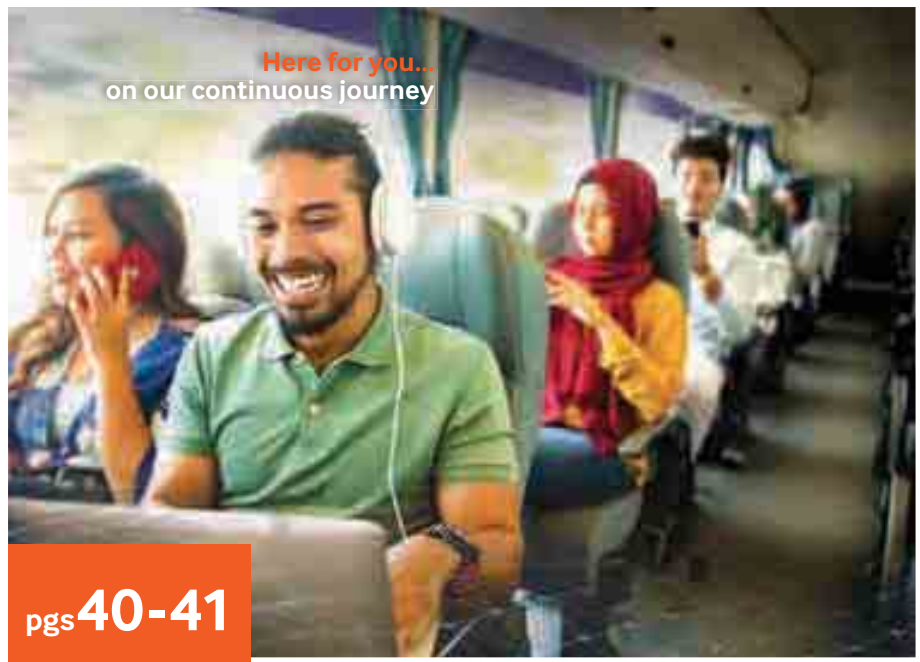
### BOX ARTICLE 1

- 74 Malaysia, unifi is doing right by you!

### 76 GROUP CHIEF FINANCIAL OFFICER'S REVIEW

### BOX ARTICLE 2

- 80 TM ONE Enabling Industrial Revolution (IR) 4.0





Here for you...  
for a better future

pgs **82-83**



Here for you...  
with integrity at heart

pgs **98-99**

Here for you...  
for a better future

**SUSTAINABILITY AT TM**

- 84 Sustainability Statement
- 85 Sustainability Disclosures
- 86 Sustainability Framework
- 87 Here for you...  
to create better value
- 90 Here for you...  
to build a sustainable tomorrow
- 92 Here for you...  
to empower lives

Here for you...  
with integrity at heart

**CORPORATE GOVERNANCE**

- 100 Who Governs Us
- 102 Board of Directors' Profile
- 107 Profile of Company Secretaries
- 108 Who Leads Us
- 110 Profile of Key Senior Management
- 118 Corporate Governance Overview
- 148 Directors' Statement on Risk Management  
and Internal Controls
- 156 Statement of Internal Audit
- 158 Enterprise Risk Management (ERM)  
– Risk Committee Report
- 160 Business Continuity Management

- 163 Additional Compliance Information
- 166 Group Directory
- 168 Glossary
- 171 Notice of Annual General Meeting
- 177 Statement Accompanying Notice of  
the 34<sup>th</sup> Annual General Meeting
- Proxy Form

**34<sup>th</sup>** Annual General Meeting

**Venue** : Kristal Hall, TM Convention Centre  
Menara TM, Jalan Pantai Baharu  
50672 Kuala Lumpur

**Date** : 29 May 2019





















**Time** : 10.00 a.m.

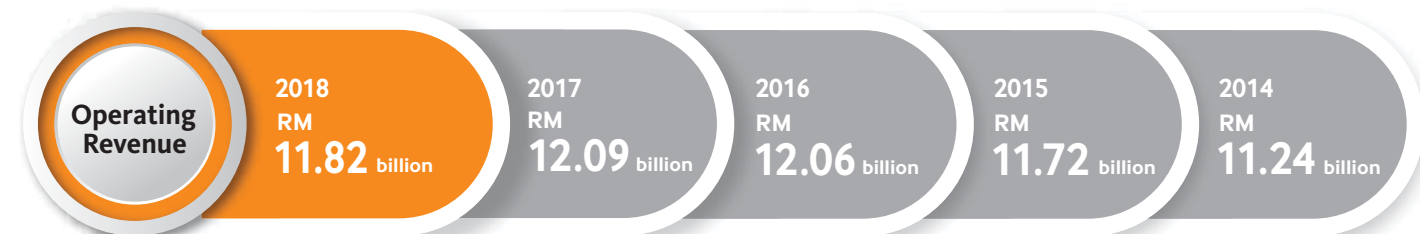
# Facts at a Glance 2018

At TM, we have the responsibility to fulfil multiple roles as a business, as a key enabler or driver of national initiatives, as an industry thought leader, and also as a responsible corporate citizen. In managing and delivering on these roles, we are mindful of our strategic purpose and our overall objective, which is to create value for all our stakeholders.

Our financial and non-financial performance therefore include tangible and non-tangible benefits and all the essential elements to achieve our long-term business goals.

## Malaysia's Convergence Champion – Connecting and serving the nation since 1946

 <b>Customers we Serve</b>	 <b>Enabled by our Convergence Network</b>	 <b>Powered by Warga TM</b>
 <ul style="list-style-type: none"> <li> <b>&gt;2.5 million</b> homes</li> <li> <b>&gt;400,000</b> Small and Medium Enterprises (SMEs)</li> </ul>	<ul style="list-style-type: none"> <li> <b>&gt;540,000 km</b> fibre-optic cables</li> <li> <b>&gt;246,000 km</b> copper cables</li> <li> <b>&gt;20</b> submarine cable systems</li> <li> <b>&gt;3,400</b> LTE sites</li> <li> <b>&gt;13,000</b> WiFi hotspots</li> <li> <b>12</b> Data Centres</li> </ul>	<ul style="list-style-type: none"> <li> <b>&gt;24,000</b> Warga TM</li> <li> <b>55.0%</b> Non-executives</li> <li> <b>45.0%</b> Executives</li> <li> <b>32.0%</b> women in management role</li> </ul>
 <ul style="list-style-type: none"> <li> <b>&gt;11,000</b> Enterprise and Public Sector customers</li> </ul>		
 <ul style="list-style-type: none"> <li> <b>&gt;500</b> Domestic and International carriers and service providers</li> </ul>		



Group Operating Revenue  
**RM11.82 billion**

Total Return to Shareholders  
**112.8%**  
since demerger

Total Interim Cash Dividend Payout  
**RM75.1 million**



# About this Report

This year, we continue our journey on integrated reporting, which gives our stakeholders a better view of TM's contributions as a multi-faceted organisation, fulfilling multiple roles and responsibilities.

A major highlight of this year's report is our Value Creation Model, which presents six (6) capitals that are vital to our near-term and long-term growth. Beyond financial performance, it is important for our stakeholders to gain a perspective on other critical areas where we continue to create important value in terms of job creation, national infrastructure development, industry standards, innovation, leadership potential and growth. This is the story of TM's continued role in the economy.

This report has been documented as per the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities) and Securities Commission's Malaysian Code on Corporate Governance 2017 (MCCG 2017). The financial statements have been prepared as per the prescribed guidelines of the Malaysian Companies Act 2016 and Malaysian Financial Reporting Standards (MFRS).

Our Integrated Annual Report consists of Corporate Overview and Financial Statements. These should be read concurrently with our online Sustainability Report, available at [tm.com.my/annualreport/sustainability](http://tm.com.my/annualreport/sustainability). Together these three (3) reports encapsulate TM's performance during the year under review, some of the key challenges and opportunities as well as our future plans and strategies.

## REPORTING PRINCIPLES

In keeping with our commitment to publish a coherent and credible report year on year, we have adhered to the following principles:



TRANSPARENCY

**Transparency** is our openness in providing clear and truthful information in this report. This is important for not just good governance, but to adequately inform and educate our stakeholders, who in turn can accurately assess our strategies, outcomes and effectiveness.



MATERIALITY

**Materiality** covers various economic, environmental and social (EES) aspects of our business, which are important to both the organisation and our stakeholders. Highlighting these matters or concerns reflect our commitment to devising long-term solutions as well as our responsiveness to various stakeholders.



BALANCE

**Balance** in our reporting ensures that we transparently highlight both positive and negative aspects of our business. This enables our stakeholders to make a fair and rational evaluation of our overall performance.



COMPARABILITY

**Comparability** serves to set benchmarks for our performance against previous years. By presenting our yearly information consistently, we help our stakeholders measure changes in our performance over time.



POTENTIAL

**Potential** is what we as a business and our people hold in charting out our current and future growth. Where necessary, we have indicated the 'potential' that we see in ideas, our products, strategies, human capital etc., which are all important for our stakeholders to understand our reason behind every business decision.

### Statement of the Board of Directors

We have ensured that the information shared in the report is substantiated with accurate and transparent data, where necessary. The Integrated Annual Report 2018 has been reviewed and approved by our Board, with the support from the Board Audit Committee.





# Integrated Thinking: Our Key Resources

## THE CAPITALS THAT IMPACT OUR BUSINESS

Our value creation model is anchored on the solid foundation of our corporate values, principles of good governance, robust business strategies, risk management framework and the inter-play between all of these, and our resources referred to as the six (6) capitals.

Addressed throughout this Integrated Annual Report is the link between the different capitals with the outcome of our strategic initiatives. There is a feedback loop, as contributions from these capitals contribute towards value creation while our actions impact the capitals.

Despite each capital being different and distinct from one another, every action has impact on more than one (1) capital. It is therefore important to contemplate the dynamics between the capitals during the decision-making process to ensure optimal outcomes.





## THE 6 CAPITALS



**Human Capital**

The skills and experience of our people allow us to **deliver beneficial products** and services, enabling us to achieve our goals and targets. We invest in our people and their development, which accelerates their performance as well as makes positive contributions to the business. **We strive to build strong and diverse teams, with different perspectives that truly reflect Malaysia's cultural and ethnic diversity, which also helps us to understand our customers better.** While we optimise the potential of our human capital, we also prepare them to adapt to and manage future market, business, and technology challenges.



**Intellectual Capital**

Our intellectual capital is our legacy and our formidable network of business partners and people; our brand; our knowledge repository to include research and innovation; the technologies we have pioneered as well as the processes and operations responsible for the smooth functioning of our business. We continue in our efforts to build our intellectual capital, which is instrumental in strengthening our value proposition and gaining a competitive edge. For instance, **TM has applied advanced data analytics** technology utilising our **Big Data platform** to improve the effectiveness and efficiency of our broadband infrastructure and planning. This was proven when we won the Gold Prize at the International Convention on Quality Control Circle 2018, which reinforces the international standards of our Network Operations Centre (NOC).



**Natural Capital**

We rely heavily on radio spectrum, a key enabler of the telecommunications industry. We are also dependent on consistent access to energy, which is crucial for operating our network and premises. Our activities also leave an impact on the environment, which **we continuously monitor and manage by minimising our energy consumption, waste production and carbon footprint across our operations.** Over the years, we have developed a credible network of NGOs, which partner with us in our efforts to protect the environment.



**Financial Capital**

We rely on income and earnings generated by our operations to uphold and responsibly grow our organisation. This **allows us to balance stakeholder value with sustainable growth.** While generating income to produce dividends for shareholders, salaries for employees as well as general investments in communities, we use the financial capital to innovate and develop new opportunities in digitalisation – Internet, Broadband, Mobile Network Data, Cloud, WiFi services and Content Development.



**Social & Relationship Capital**

This capital represents the relationships that we build and depend on to successfully function as the nation's Digital Enabler. This includes our rapport with our stakeholders as well as the impact of our businesses on social matters. Encompassing a wide range of impact areas ranging from national development to the growth of local SMEs, we take great pride in our contributions towards social inclusion, opportunity and growth. **We work to build our relationships based on trust and understanding, and this covers our interactions with all our stakeholders** – the Government, Regulators, Shareholders, Investors, Industry Partners, Employees, Suppliers, Customers, NGOs, Communities and the Media.



**Manufactured Capital**

The strength, reach and reliability of our physical assets set us apart from our competitors. **TM's infrastructure such as our vast fibre and copper networks, Submarine Cables, New-Generation all-IP Networks, Data Centres, Exchange Buildings, and Long-Term Evolution (LTE) Base Stations are key assets that help us in the seamless delivery of our quality products.** In addition, the IP equipment, native sites, software, applications, office buildings and the retail network of TMpoint outlets continue to ensure that we deliver top notch service and provide continuous access to users.





**Here for you...**  
in everything we do





We are here for you in more ways than one. We have experienced and demonstrated remarkable growth in terms of technology and breakthrough product development. As we move forward on our road to success, achieving new goals and strengthening our position as a market leader, we seek to focus even more on the needs of our customers.





# What We Do



Telekom Malaysia Berhad (TM) was first established as the Telecommunications Department of Malaya in 1946. Since its humble beginnings, the Group has grown into an institution on its journey of elevating the nation's telecommunication infrastructure, technology and services.

As the enabler of Malaysia's Digital Nation, TM is the trusted service provider, committed to connect its customers from all segments – consumers, SMEs, enterprises, and the public sector – fulfilling their communications needs. In other words, our vision is "To Make Life and Business Easier, for a Better Malaysia" and we fulfil this by providing converged communications services and solutions in fixed, mobility, WiFi, content, ICT, Cloud and Smart Services.

As the key enabler of Malaysia's communications infrastructure, we continue to enhance the lives of Malaysians by providing connectivity anywhere, anytime via convergence, empowering a digital lifestyle towards creating a digital nation. We are also committed to our role as an enabler and accelerator of business opportunities by providing solutions and value for businesses to realise their digital aspirations.

Recently, we have rebranded our customer clusters to better serve you:

- ✓ unifi is geared towards convergence lifestyle offerings for homes, individuals as well as SMEs
- ✓ TM ONE offers end-to-end converged solutions to industry verticals in the enterprise and public sector
- ✓ TM GLOBAL puts us in a unique position to serve the digital needs of domestic and international telecommunications

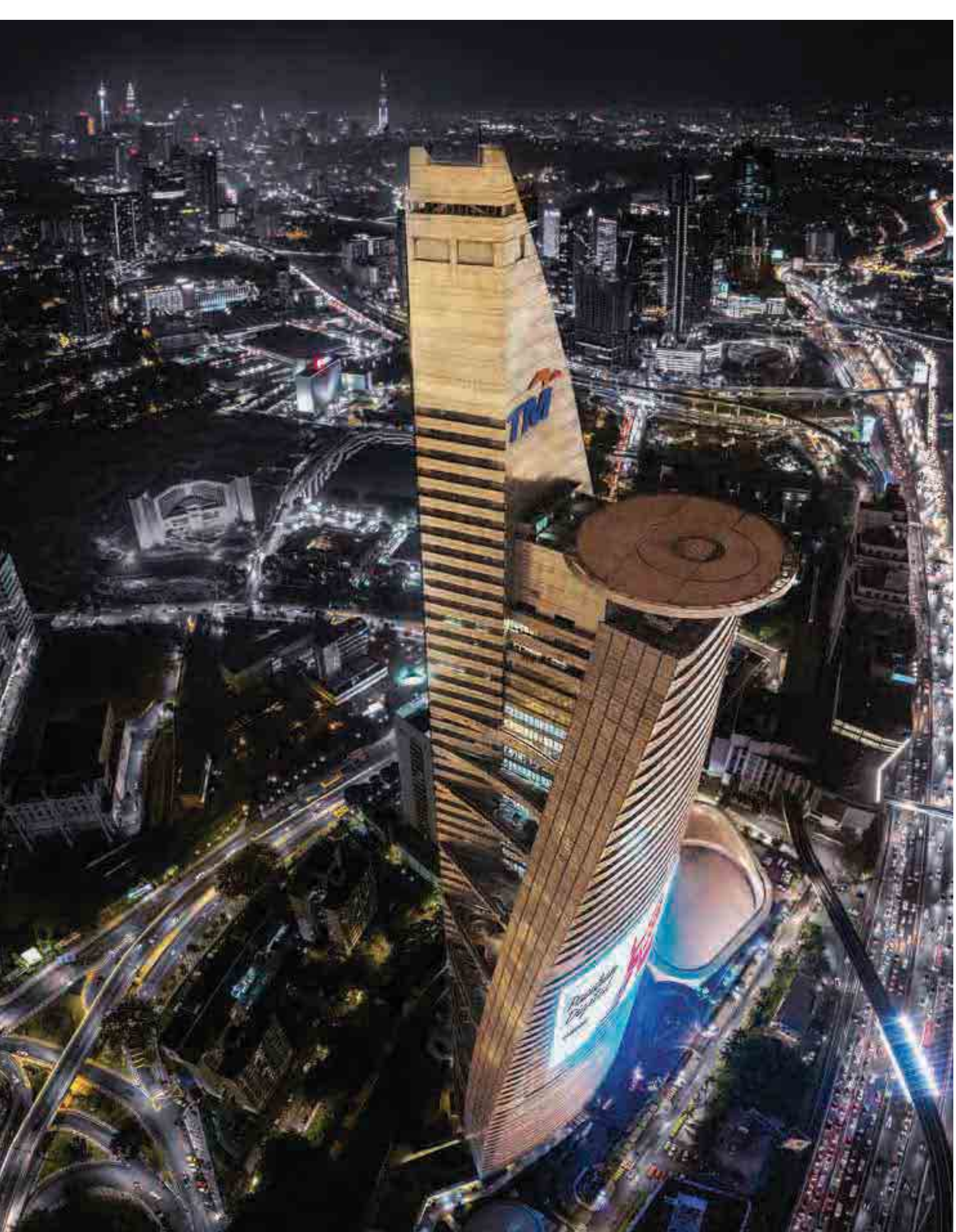
TM is in its strategic journey to transform into a customer centric organisation to enable Malaysia's Digital Nation aspirations through Connectivity and Digital Infrastructure.

As a Group, we continue to be at the forefront of Malaysia's digital economy by increasing nationwide connectivity reach and narrowing the digital divide. The Group is also in a unique position to serve national interests, on the back of its robust infrastructure, capacity and capability to deliver connectivity solutions, and most importantly, its human capital.

In addition to that, we have long been a strategic partner of the Government to catalyse and implement nation-building initiatives beyond products and services. In the process, we open up more business opportunities by creating jobs and ecosystems. We remain committed to our strategic roles in fulfilling the communications needs of Malaysians nationwide and supporting the development of Malaysia's digital economy whilst being the industry backbone, connecting Malaysia to the world.

For more information on TM Group, visit [www.tm.com.my](http://www.tm.com.my).



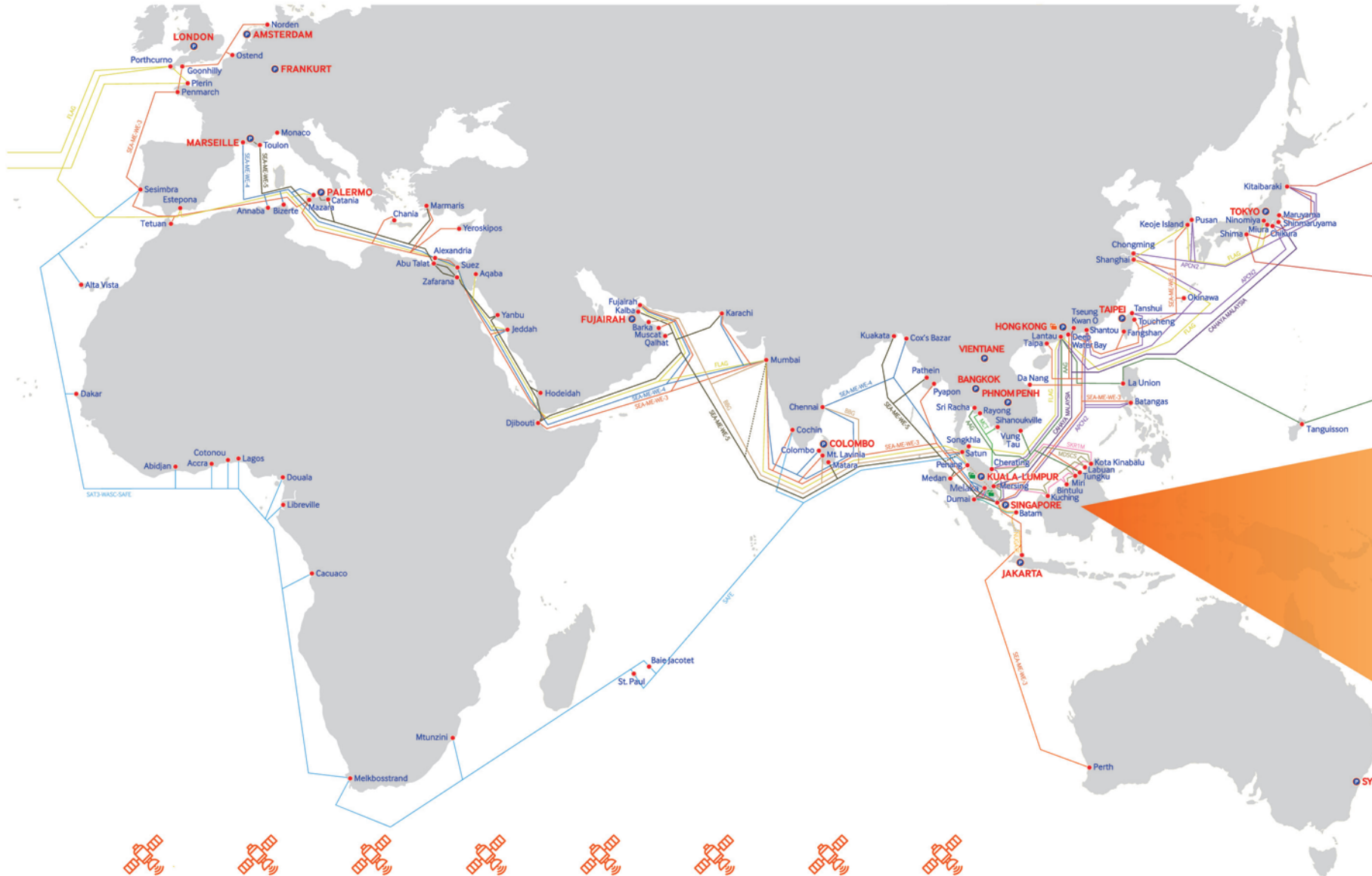




















# Where We Operate

As the leading telecommunications company in Malaysia and a key player with our extensive network, we touch the lives of a large number of stakeholders, who not only benefit from our services, but also grow with us as our most trusted partners. Our promise is to be there for them, as they are for us.

## TM WORLDWIDE COVERAGE



 Intelsat 33e 60.0°E	 Intelsat 17 66.0°E	 Intelsat 20 68.5°E	 ABS 2 75.0°E	 ABS 2a 75.0°E	 Apstar 7 76.5°E	 ST 2 88.0°E	 Measat 3 91.5°E
 Measat 3a 91.5°E	 NSS 6 95.0°E	 Asiasat 5 100.5°E	 Asiasat 7 105.5°E	 JCSAT 3A 128.0°E	 Telstar 18 138.0°E	 Apstar 9 142.0°E	 Intelsat 19 166.0°E

**6**  
Regional Offices globally  
Australia, Dubai, Hong Kong, Singapore, UK and USA

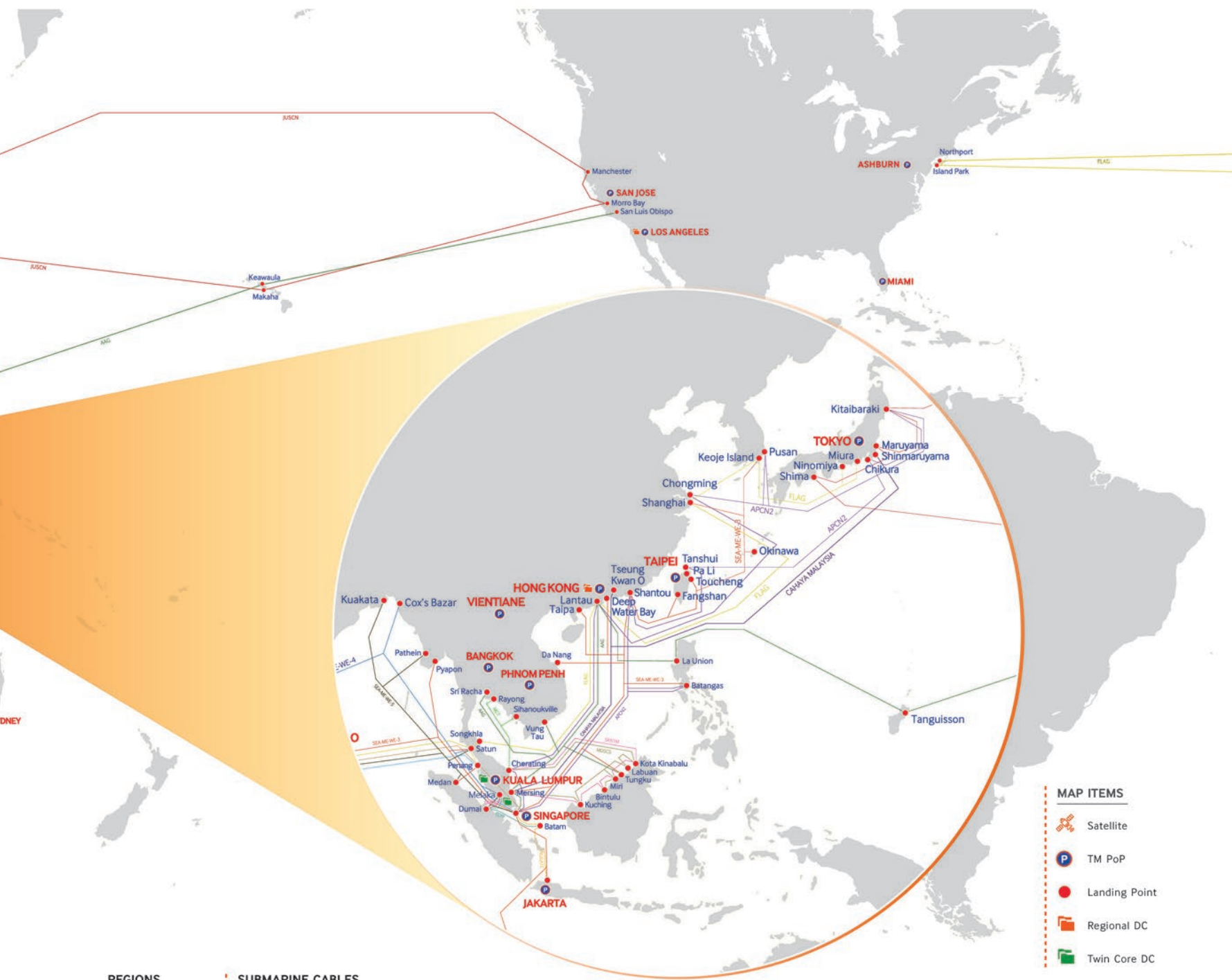
**28**  
Point-of-Presence (PoPs) throughout the globe

**More than 20**  
submarine cable systems spanning over 190,000 km worldwide

Scan this QR code to view TM GLOBAL interactive coverage map on your mobile







**REGIONS**

- Southeast Asia
- Asia Pacific
- Europe
- North America
- Indian Subcontinent
- Middle East
- Africa
- Oceania

**SUBMARINE CABLES**

- |               |                  |                   |               |                   |               |        |       |         |          |                  |
|---------------|------------------|-------------------|---------------|-------------------|---------------|--------|-------|---------|----------|------------------|
| ● AAG         | ● APCN2          | ● BBG             | ● BDM         | ● CAHAYA MALAYSIA | ● DMCS        | ● FLAG | ● MCT | ● MDSCS | ● NUGATE | ● SAT3-WASC-SAFE |
| ● SEA-ME-WE-3 | ● SEA-ME-WE-4    | ● SEA-ME-WE-5     | ● SKR1M       |                   |               |        |       |         |          |                  |
| ● AAG         | ● APCN2          | ● CAHAYA MALAYSIA | ● FLAG        | ● JUSCN           | ● SEA-ME-WE-3 |        |       |         |          |                  |
| ● FLAG        | ● SAT3-WASC-SAFE | ● SEA-ME-WE-3     | ● SEA-ME-WE-4 | ● SEA-ME-WE-5     |               |        |       |         |          |                  |
| ● AAG         | ● FLAG           | ● JUSCN           |               |                   |               |        |       |         |          |                  |
| ● BBG         | ● FLAG           | ● SAT3-WASC-SAFE  | ● SEA-ME-WE-3 | ● SEA-ME-WE-4     | ● SEA-ME-WE-5 |        |       |         |          |                  |
| ● BBG         | ● FLAG           | ● SEA-ME-WE-3     | ● SEA-ME-WE-4 | ● SEA-ME-WE-5     |               |        |       |         |          |                  |
| ● FLAG        | ● SAT3-WASC-SAFE | ● SEA-ME-WE-3     | ● SEA-ME-WE-4 | ● SEA-ME-WE-5     |               |        |       |         |          |                  |
| ● SEA-ME-WE-3 |                  |                   |               |                   |               |        |       |         |          |                  |

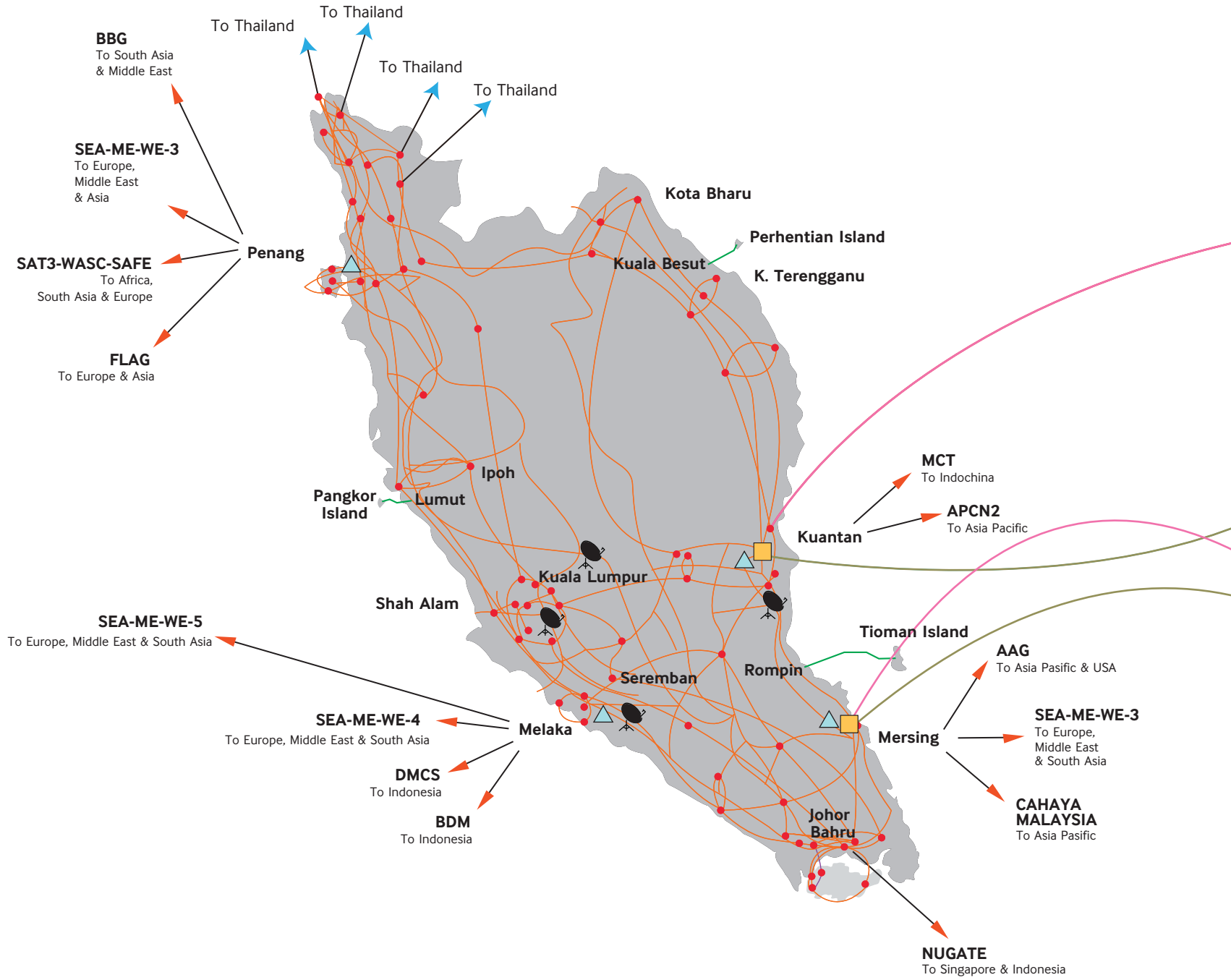
**MAP ITEMS**

- Satellite
- TM PoP
- Landing Point
- Regional DC
- Twin Core DC



# Where We Operate

## INTERNATIONAL & DOMESTIC INFRASTRUCTURE & TRUNK FIBRE OPTIC NETWORK



**International**  
**4**  
Cable Landing Stations

**Domestic**  
**7**  
Cable Landing Stations



Intelsat 33e  
60.0°E



Measat 3a  
91.5°E



Intelsat 17  
66.0°E



NSS 6  
95.0°E



Intelsat 20  
68.5°E



Asiasat 5  
100.5°E



ABS 2  
75.0°E



Asiasat 7  
105.5°E



ABS 2a  
75.0°E



JCSAT 3A  
128.0°E



Apstar 7  
76.5°E



Telstar 18  
138.0°E



ST 2  
88.0°E



Apstar 9  
142.0°E

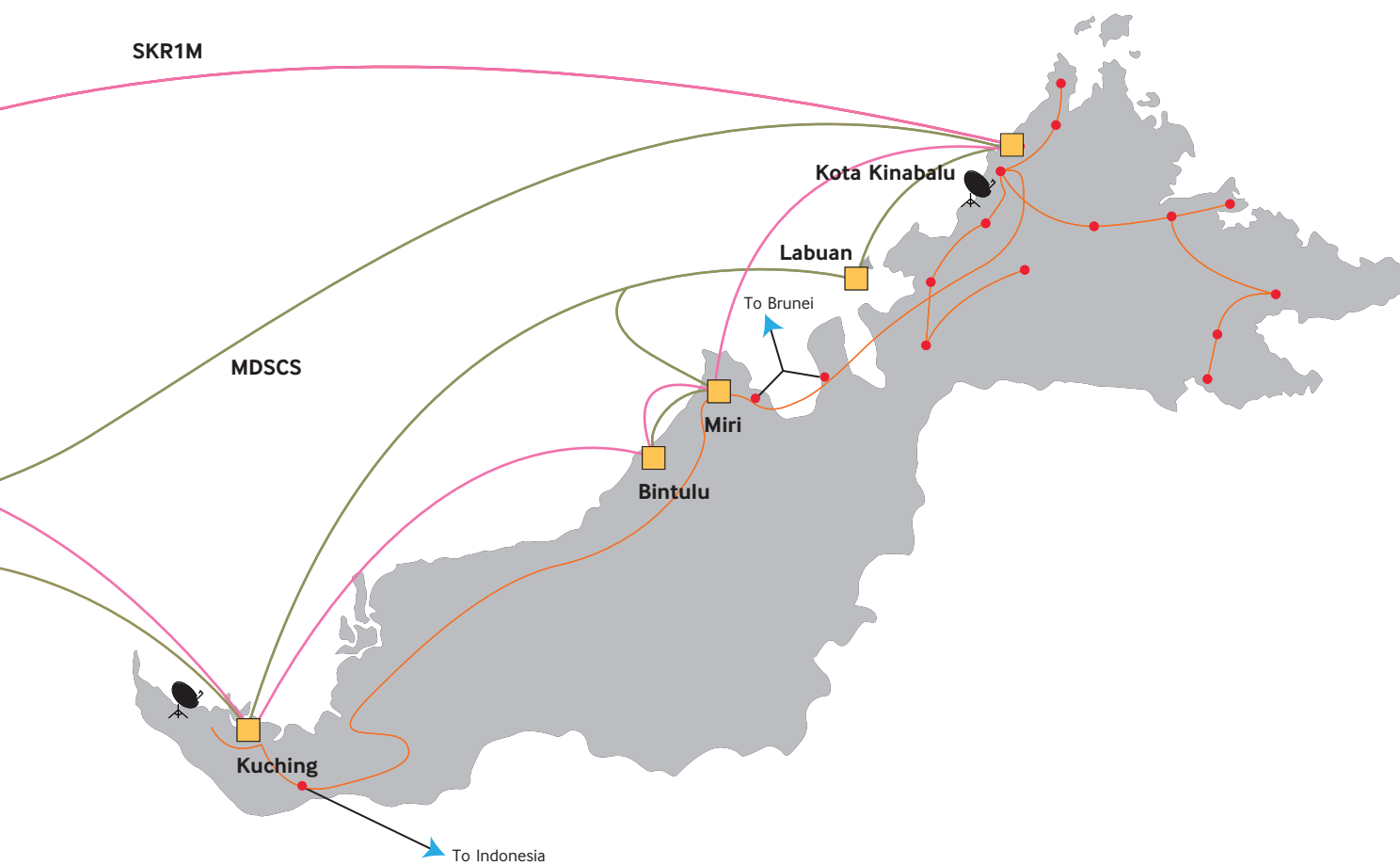


Measat 3  
91.5°E














Intelsat 19  
166.0°E





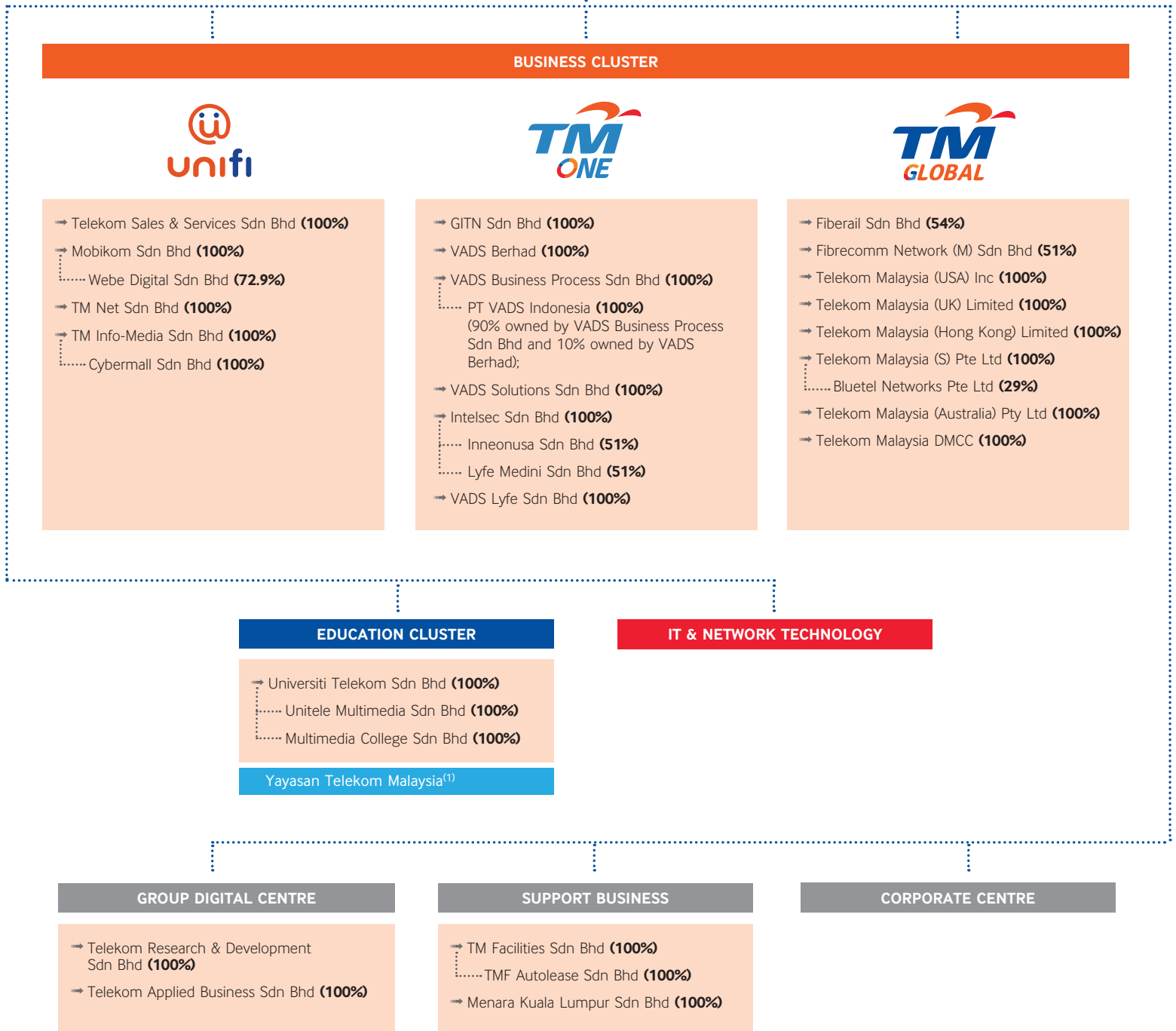
**LEGEND**

- |   |   |   |                                      |
|---|---|---|--------------------------------------|
|  | Trunk Cables                                      |  | Satellite                            |
|  | International Submarine Cable System              |  | Earth Station                        |
|  | Trunk Connectivity to International               |  | International Cable Landing Stations |
|  | Malaysian Domestic Submarine Cable System (MDSCS) |  | Domestic Cable Landing Stations      |
|  | Sistem Kabel Rakyat 1Malaysia (SKR1M)             |  | Trunk Nodes                          |
|  | Submarine Cable System for:                       |   |                                      |
|   | • Lumut-Pangkor Island                            |   |                                      |
|   | • Rompin-Tioman Island                            |   |                                      |
|   | • Kuala Besut-Perhentian Island                   |   |                                      |



# Group Corporate Structure

as at 29 March 2019



**Legend:**

- Business Cluster
- Education Cluster
- Foundation
- Business Function
- Support Business and Corporate Function
- TM Subsidiary

**Note:**

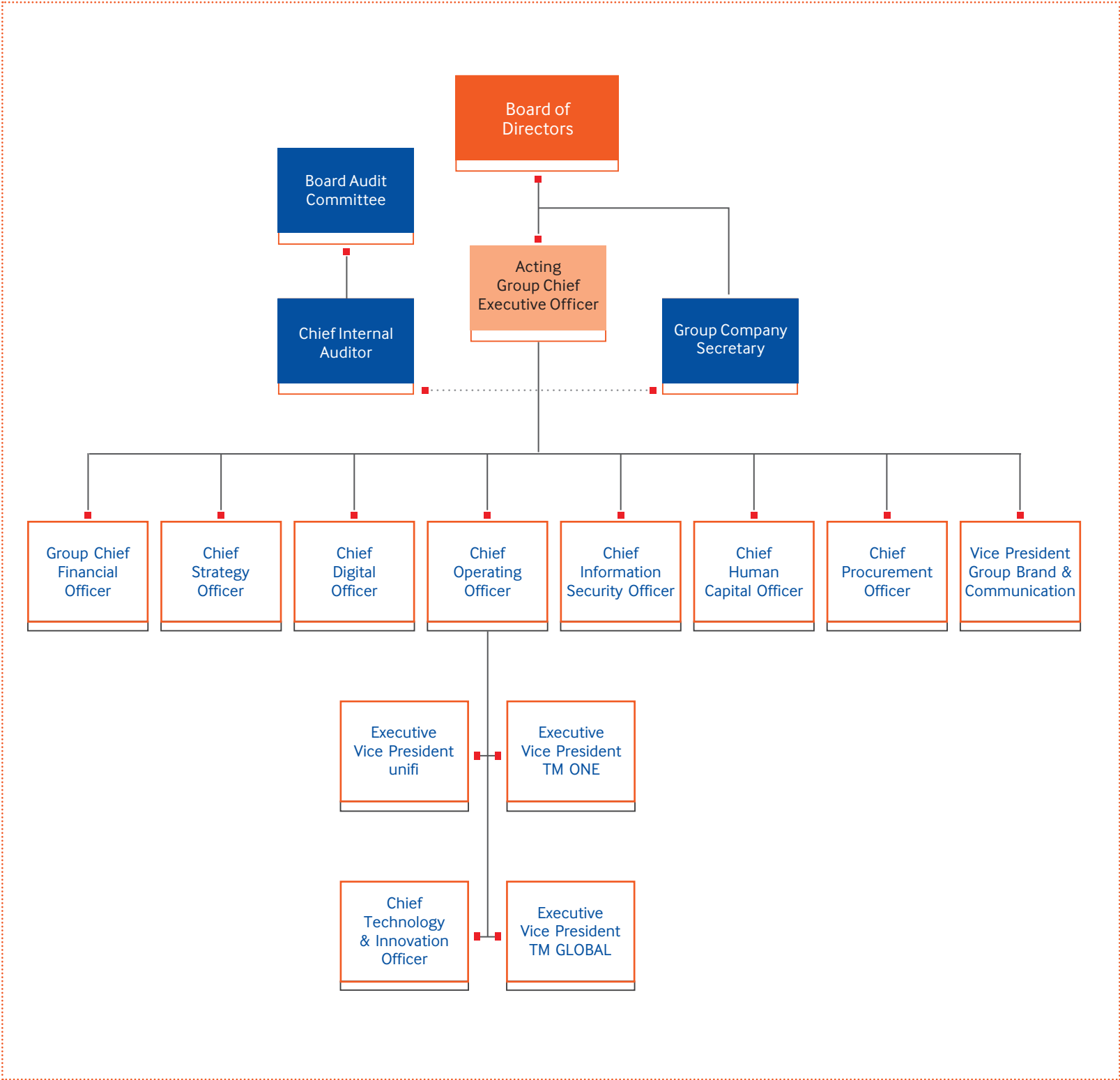
<sup>(1)</sup> Yayasan Telekom Malaysia is a charitable trust established under the Trustees (Incorporation) Act 1952

- This chart represents TM's subsidiaries, associates, business functions and corporate functions.



# Group Organisation Structure

as at 29 March 2019



# Corporate Information

as at 29 March 2019

## Board of Directors



### Rosli Man

Chairman  
Non-Independent Non-Executive Director

### Dato' Asri Hamidin @ Hamidon

Non-Independent Non-Executive Director

### Dr Farid Mohamed Sani

Non-Independent Non-Executive Director

### Dato' Mohd Naim Daruwish

Non-Independent Non-Executive Director

### Datuk Zalekha Hassan

Senior Independent Director

### Gee Siew Yoong

Independent Non-Executive Director

### Tunku Afwida Tunku Dato' A.Malek

Independent Non-Executive Director

### Balasingham A. Namasiwayam

Independent Non-Executive Director

### Hisham Zainal Mokhtar

Independent Non-Executive Director

### Suhendran Sockanathan\*

Independent Non-Executive Director

### Faisal @ Pital Abdul Ghani

Alternate Director to Dato' Asri Hamidin @ Hamidon  
Non-Independent Non-Executive Alternate Director

\* referred as "Saheeran Suhendran" throughout this  
Integrated Annual Report.

## Senior Independent Director

### Datuk Zalekha Hassan

Email : sid@tm.com.my

## Company Secretaries



### Hamizah Abidin

(LS0007096)

### Zaiton Ahmad

(MAICSA 7011681)

## Registered Office



Level 51, North Wing  
Menara TM

Jalan Pantai Baharu  
50672 Kuala Lumpur  
Malaysia

Tel : +603-2240 1221

Fax : +603-2283 2415

## Head Office

Menara TM  
Jalan Pantai Baharu  
50672 Kuala Lumpur  
Malaysia

Tel : +603-2240 9494

Website : www.tm.com.my

## Stock Exchange Listing



Listed on the Main Market of  
Bursa Malaysia Securities Berhad  
Listing Date : 7 November 1990  
Stock Name : TM  
Stock Code : 4863  
Stock Sector : Telecommunications & Media

## Share Registrars



### Boardroom Share Registrars Sdn Bhd

(378993-D)

(formerly known as Symphony Share Registrars  
Sdn Bhd)

Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

Tel : +603-7849 0777 (Helpdesk)

Fax : +603-7841 8151/52

Website : www.boardroomlimited.com

Email : bsr.helpdesk@boardroomlimited.com

## Auditors



PricewaterhouseCoopers PLT  
(LLP 001440-LLA & AF 1146)  
Level 10, 1 Sentral, Jalan Travers  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia  
Tel : +603-2173 1188  
Fax : +603-2173 1288  
Website : www.pwc.com

## Principal Bankers



- CIMB Bank Berhad
- Malayan Banking Berhad

## Contact Us



For any enquiries on TM

- www.tm.com.my
- Email: help@tm.com.my
- Reach our general line at  
+603-2240 9494
- Follow TM on:



@myTMGroup



@myTMGroup



myTMGroup



myTMGroup



TelekomMalaysia



## 1. Chief Internal Auditor

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### Hazimi Kassim

Hazimi is responsible for the management of internal control and review of its effectiveness, adequacy and integrity. His profile is disclosed on page 113.

Tel : +603-2240 1919

Fax : +603-7955 6235

Email : hazimi.kassim@tm.com.my

## 2. Group Company Secretary

---

### Hamizah Abidin

Hamizah is responsible for corporate secretarial and PLC compliance matters for TM Group. Her profile is disclosed on page 107.

Tel : +603-2240 1204

Fax : +603-2283 2415

Email : hamizaha@tm.com.my

## 3. Head of Investor Relations

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### Rohaila Mohamed Basir

Rohaila is responsible for corporate finance and investor relations matters. Her profile is disclosed on page 116.

Tel : +603-2240 4848

Fax : +603-7956 5651

Email : rohailabasir@tm.com.my

The logo for 'TM Point' is displayed in large, orange, 3D-style letters on a light-colored wooden wall. The 'T' and 'M' are stylized and connected, with the 'P' and 'o' also connected. The 'i' and 'n' are smaller and more standard. The 't' is lowercase and follows the 'n'. The word 'Point' is in a sans-serif font.

# Corporate Milestones

## JANUARY

01

- unifi unveiled its refreshed brand look and feel, welcoming a new era in connectivity, anchored towards Accelerating Convergence and Empowering Digital.
- TM Group continued to collaborate with Malaysia Anti-Corruption Commission (MACC) to combat corruption, establishing a business environment with the highest level of integrity.

## FEBRUARY

02

- unifi TV added ten (10) new channels from FOX Networks Group Asia (FNGA) to its listing, allowing subscribers to enjoy the best blockbuster films, reality TV, award-winning shows and 'same day' series.
- TM recorded Group Revenue of RM12.09 billion for FY2017.

## MARCH

03

- TM ONE recognised by Cisco as 'Malaysia's Services Partner and Managed Services Provider of the Year 2017'.
- TM and Huawei signed a MoU to work hand-in-hand in multiple collaboration activities, to accelerate Malaysia's fibre broadband reach, and leap-frog the adoption of connected digital lifestyle and IoT amongst Malaysians.
- TM and Ministry of Education (MoE) established working synergies on Digital Education Transformation initiatives.
- Yayasan Telekom Malaysia (YTM) recognised 68 outstanding graduates under its scholarship programme at 'Majlis Anugerah Kecemerlangan Akademik 2018'.

## APRIL

04

- TM ONE unveiled the Johor Application Solution and Services Hub (JASS) smart application towards realising the Johor State Government's 4.0 initiatives.
- unifi Wireless Broadband a 'Plug and Play' service was introduced for seamless and reliable internet solutions without a contract.
- TM's Bumiputera Vendor Development Programme (BVDP) announced two (2) National Champions – Binaan Desjaya Sdn Bhd and Lite Kabel Sdn Bhd.
- TM and Petroliam Nasional Berhad (PETRONAS) signed a strategic partnership MoU to undertake cross-industry initiatives.
- TM's 33<sup>rd</sup> Annual General Meeting (AGM) witnessed strong support from its shareholders when all resolutions tabled were duly approved.

## MAY

05

- unifi converted TM Rewards loyalty points of its customers into a donation to selected charity organisations through our 'Donate Your Points' programme.
- unifi flew eight (8) lucky winners of its 'unifi Flyaway to Manchester United' campaign for a dream trip to London and Manchester, United Kingdom.

## JUNE

06

- TM announced the resignation of its Managing Director (MD)/Group Chief Executive Officer (GCEO), Dato' Sri Mohammed Shazalli, and appointed the Executive Director (ED)/Deputy Group Chief Executive Officer (DGCEO), Datuk Bazlan Osman as the Acting Group Chief Executive Officer (AGCEO).
- TM and Polis DiRaja Malaysia (PDRM) continued to collaborate towards community safety and security with the "Op Selamat 13/2018" annual safety campaign.
- TM ONE equipped the Malaysian Army Training and Doctrine Command (TRADOC) headquarters training camp in Port Dickson, Negeri Sembilan with high-speed WiFi connectivity.



## JULY

07

- TM unveiled its 2018 Performance Enhancement Programme (PIP) in response to the evolving market dynamics and a challenging operational environment.
- New unifi plans introduced along with an upgrading exercise, offering customers greater value through improved connectivity and options.
- Telegraph Museum in Taiping, Perak – the first of its kind in the country – was officially launched by HRH the Sultan of Perak, Sultan Nazrin Muizzuddin Shah.

## AUGUST

08

- TM ONE recognised as the 'Best Data Centre Services Provider' by Telecom Asia at the 21<sup>st</sup> Telecom Asia Awards held in Singapore.
- TM fully implemented paperless billing (e-Bill) for all its broadband and telephony customers towards inculcating a more digital lifestyle and a step towards a greener and eco-friendly future.
- TM's innovative '*Sejahtera Malaysia*' campaign, held in conjunction with Hari Merdeka, celebrated Malaysia's diverse cultures through one unique experience.

## SEPTEMBER

09

- unifi introduced its new 100Mbps plan – a refreshed, simplified and high value all-in-one home offering.
- TM reiterated its support and commitment towards the Government's aspirations of improving the reach and experience of broadband services in Malaysia.
- TM ONE showcased its new innovative digital solutions for the oil and gas industry at the 4<sup>th</sup> Malaysian Oil and Gas Service Exhibition and Conference (MOGSEC 2018).

## OCTOBER

10

- TM announced the appointment of four (4) new Directors: Dato' Asri Hamidin (Q Hamidon, Dato' Mohd Naim Daruwish, Hisham Zainal Mokhtar and Saheran Suhendran. TM also welcomed Farid Basir as its new Chief Human Capital Officer (CHCO).
- TM and Tenderin Sdn Bhd signed a Collaboration Agreement for the digitalisation of its procurement processes via Lapasar.com
- Telekom Research & Development Sdn Bhd (TM R&D) won in the 'Cross-Category: Research & Development' for its innovative Smart Safety Helmet at the 19<sup>th</sup> MSC Malaysia Asia Pacific ICT Awards (MSC Malaysia APICTA) 2018 and represented Malaysia at the International APICTA Awards 2018 in China.

## NOVEMBER

11

- TM ONE organised the inaugural LEAP Summit 2018, with the theme "Transformation Through Intelligence. Are You Ready?".
- *Program Usahawan Wanita (PUW)* or Women Entrepreneur Programme by TM was launched, aiming to empower women entrepreneurs in Malaysia.
- TM announced the resignation of its AGCEO, Datuk Bazlan Osman and the transition of leadership to its current Chief Operating Officer (COO), Imri Mokhtar.

## DECEMBER

12

- Warga TM welcomed Rosli Man as the new Chairman while bidding farewell to Tan Sri Dato' Seri Dr Sulaiman Mahbob as Chairman of TM.
- TM ONE became the first Malaysian telco to be certified with the international ISO 18295-1:2017 by SIRIM for its Contact Centre Services.

# TM in the News

## All set for digital learning



Three men in suits are gathered around a large digital display in a modern setting. The display shows a vibrant, colorful landscape with green hills and blue water. The man in the center is pointing at the screen, while the other two look on attentively. The background is a bright, well-lit room with large windows.

## Preparing students for a dynamic economy




A man in a dark suit is speaking at a podium, gesturing with his hands. To his right, a group of students is seated at desks, looking towards the speaker. The setting appears to be a formal event or a classroom presentation.

## Perak Sultan opens Telegraph Museum



A group of people, including a woman in a purple dress, are gathered around a large display. The display shows a landscape with a tree and a building. The scene is indoors, likely at the opening of a museum.

## TM to keep broadband bandwagon rolling



Two men in suits are shown. One man is pointing at a screen, while the other looks on. They appear to be in a meeting or a presentation.

## Imri named TM acting group CEO, replaces Bazlan



A portrait of a man in a suit and glasses, identified as Imri. The text next to the portrait discusses his appointment as the acting group CEO of Telekom Malaysia.

## TM targets to produce regional champion companies



A group of men in suits are seated at a conference table with microphones. They appear to be at a formal meeting or press conference.

## TM ONE Named Cisco's Services Partner, Managed Services Provider Of 2017

Last update: 02/03/2018

KUALA LUMPUR, March 2 (Bernama) – TM ONE, the enterprise and public sector business solutions arm of Telekom Malaysia Bhd (TM), has been recognised by Cisco as its Services Partner and Managed Services Provider of the Year 2017 for Malaysia.

In a statement here today, its Chief Executive Officer, Azizi Hadi, said the accolades, given at the Cisco Partner Appreciation Dinner, reflected TM ONE's role as the only enabler for businesses to realise the full potential of their digital opportunities.



APPOINTMENTS

## Roslī Man takes over as TM chairman

**KUALA LUMPUR:** Telekom Malaysia (TM) has announced the appointment of Roslī Man as its new chairman, effective immediately. Roslī Man has over 30 years of experience in the telecommunications industry and was an independent non-executive director of TM until 2018.

He then assumed the role of non-executive director in 2018. Roslī Man has over 30 years of experience in the telecommunications industry and was an independent non-executive director of TM until 2018.

The TM board also expressed its gratitude to Sultan Ismail for his leadership and contribution to the group.



Telekom Malaysia chairman Roslī Man has more than 30 years of experience in the telecommunications industry.

## Advancing towards digital transformation in education



Telekom Malaysia is advancing towards digital transformation in education through its partnership with the Ministry of Education.

## TM Data Centres Recognised As Best In Asia

Not many are aware, but TM has Data Centres scattered around Malaysia, Hong Kong and US.

**A**t the recently concluded Telecom Asia Awards in Singapore, where prominent telecommunications company annually gather, Malaysia's TM One has been named as the Best Data Centre in Asia.



TM Data Centres have been recognized as Best in Asia at the Telecom Asia Awards.

## TM launches unifi plans for as low as RM19



TM has launched unifi plans for as low as RM19, offering competitive pricing to customers.

APPOINTMENTS

## 4 new faces join TM's board of directors

**KUALA LUMPUR:** Telekom Malaysia (TM) has announced the appointment of four new directors, effective immediately, to further strengthen the board composition and take TM Group to the next level.

The four new directors are: Datuk Aziz Harudin bin Hamidon, Datuk Mohd Nizam bin Awang, Datuk Abdul Wahid bin Mohd Yusoff and Datuk Suhaimi bin Yusoff.



Datuk Aziz Harudin bin Hamidon



Datuk Mohd Nizam bin Awang

The four new directors are: Datuk Aziz Harudin bin Hamidon, Datuk Mohd Nizam bin Awang, Datuk Abdul Wahid bin Mohd Yusoff and Datuk Suhaimi bin Yusoff. They will be joining the board of directors to further strengthen the board composition and take TM Group to the next level.

## MMU team are joint runners-up at Oxford



The MMU team has been recognized as joint runners-up at the Oxford event.



Converting reward points into donations to help NGOs.

## TM revises KPIs, cuts capex amid headwinds



TM has revised its KPIs and cut capex in response to market headwinds.

## TM ONE offers new digital solutions for O&G sector

**KUALA LUMPUR:** TM ONE, the business arm of Telekom Malaysia Bhd (TM) is showcasing its latest digital solutions for oil and gas (O&G) industry at the 11th Malaysian Oil and Gas Service Exhibition and Conference (Mogsee 2018).

The two new key digital solutions shown at Mogsee 2018 are the Accelerated Artificial Intelligence (AAI) and Next-Gen Workforce solutions. The AAI is aimed at data management and analytics that will be used to create and improve business models and

# Corporate Gallery

## 24 JANUARY 2018

### unifi CELEBRATES BRAND REPOSITIONING EXERCISE BY REWARDING CUSTOMERS WITH 1 MILLION COMPLIMENTARY 20GB SIMS UP FOR GRABS!

TM unveiled its refreshed brand look and feel, welcoming a new era in connectivity, anchored towards Accelerating Convergence and Empowering Digital. The launch showcased unifi's latest look and offerings from home, WiFi, mobile and TV.



## 27 FEBRUARY 2018

### TM ON COURSE TO ACCELERATE CONVERGENCE AND EMPOWER DIGITAL TO EXPEDITE NATIONAL BROADBAND ADOPTION; CONTINUES VALUE CREATION

TM Group announced its results for the financial year ended 31 December 2017 with the Group's 2017 performance mainly driven by Internet and multimedia services. TM delivered a Group revenue of RM12.09 billion on the back of higher internet revenue contribution, which rose 8.3% against FY2016, to RM3.97 billion; contributing 32.9% of total revenue.

## 8 MARCH 2018

### TM AND HUAWEI SEAL STRATEGIC PARTNERSHIP TO FURTHER ENHANCE MALAYSIA'S BROADBAND REACH AND DIGITAL ECONOMY

TM and Huawei Technologies (M) Sdn Bhd (Huawei) once again collaborated for the betterment of broadband and the digital economy for the nation. The companies signed a Memorandum of Understanding (MoU) for both parties to work hand-in-hand in multiple collaboration activities, leveraging on each other's core expertise and capabilities to accelerate fibre broadband network reach, in line with the Government's move to drive Malaysia's digital economy.





## 13 MARCH 2018

### TM AND MINISTRY OF EDUCATION ESTABLISH SYNERGY TO DRIVE DIGITAL EDUCATION TRANSFORMATION INITIATIVE

This collaboration marks a steadfast effort via a strategic partnership between TM and the Ministry of Education Malaysia (MOE) to empower Malaysia's education system through innovation and digitalisation. The collaboration will focus on four (4) main pillars namely 21<sup>st</sup> Century Teaching & Learning, Enterprise Architecture, Education Analytics and other Value-Added services suitable for education.



## 20 MARCH 2018

### 68 EXCELLENT YTM SCHOLARS HONOURED AT 'MAJLIS ANUGERAH KECEMERLANGAN AKADEMIK'

TM via its foundation, Yayasan Telekom Malaysia (YTM) recognised 68 outstanding graduates under its scholarship programme who completed their studies at various levels from local as well as overseas universities at 'Majlis Anugerah Kecemerlangan Akademik 2018'. A total of 16 graduates completed their studies with top grades and first class honours in their respective courses. Meanwhile, TM's university, Multimedia University (MMU), produced 44 graduates from the overall total, of which 12 graduated with first class honours.

## 2 APRIL 2018

### JASS SMART APPLICATION FROM TM ONE SET TO EMPOWER JOHOR 4.0 INITIATIVES

TM ONE collaborated with Digital Johor Sdn Bhd (DJSB) a State-based company to develop Johor Application Solution and Services Hub (JASS) – a smart application which will contribute to the State Government of Johor's 4.0 initiatives, positioning the state as the southern economic powerhouse. The project involved the digitalisation of the State Government as well as its various services offered to the citizens of Johor.



## Corporate Gallery

**23 APRIL 2018**

### TM SUITS UP FOR THE NEW AVENGERS MOVIE, TURNS MENARA TM INTO THE AVENGERS TOWER

Following a collaboration between Disney and TM to promote the Avengers: Infinity War movie, Menara TM was lighted up with the Avengers logo and resembled the Avengers Tower in the movie. A photo of the "Menara TM Avengers" became the hot topic from both media and Malaysians that week where TM was the most talked about topic on Google Trends at the time. Furthermore, it went viral on digital with an estimated reach of more than 22.0 million.



**25 APRIL 2018**

### TM AND PETRONAS EMBARK ON CROSS-INDUSTRY DIGITAL COLLABORATION

TM and Petroliaam Nasional Berhad (PETRONAS) inked a Memorandum of Understanding (MoU) to collaborate on a strategic partnership that will see both companies create values across multiple areas of cooperation. The strategic partnership between PETRONAS and TM is aimed at increasing both companies' operational excellence and enhance their customer experience, leveraging on each other's strengths to create greater value and growth for the industry and Malaysia's economy.

**26 APRIL 2018**

### TM'S 33<sup>RD</sup> ANNUAL GENERAL MEETING GATHERS STRONG SUPPORT FROM THE SHAREHOLDERS

TM Group successfully concluded its 33<sup>rd</sup> Annual General Meeting (33<sup>rd</sup> AGM) with all the proposed 15 resolutions duly approved by its shareholders. Close to 5,000 shareholders attended the AGM, which was held at the Company's headquarters, Menara TM.





## 14 MAY 2018

### unifi CONVERTS TM REWARDS POINTS INTO CHARITY

unifi through its loyalty programme – TM Rewards, ran a 'Donate Your Points' programme where unifi customers can convert their TM Rewards points into donations to various charity organisations such as United Nations Children's Fund (UNICEF Malaysia), Medical Relief Society Malaysia (MERCY Malaysia) and National Cancer Council Malaysia (MAKNA).



## 23 MAY 2018

### TM RAYA CAMPAIGN

It is a TM Raya campaign that garnered a lot of interests from the media and Malaysians nationwide. We took the core ubiquitous element of our #MakLongBawang Raya ad-onion-and use it as an icon that we can put in unusual and unexpected places. Throughout the three (3)-week campaign, we've managed to reach more than 20.0 million audiences on digital.

## 7 JUNE 2018

### TM AND PDRM JOIN FORCES TO ENSURE A PLEASANT RAYA CELEBRATION FOR ALL

TM continued to collaborate with Polis DiRaja Malaysia (PDRM) for community safety and security in conjunction with the Hari Raya Aidilfitri celebrations with the launch of the annual safety campaign "Op Selamat 13/2018". The campaign marked the 21<sup>st</sup> consecutive year of collaboration between both parties aimed at increasing public awareness on road safety and home security during the festive period.



## Corporate Gallery

**3 JULY 2018**

**TM REVISES 2018 HEADLINE KPIs – EMBARKS ON PERFORMANCE IMPROVEMENT PROGRAMME (PIP2018) AND INTRODUCES NEW BROADBAND PLANS**

TM announced the revision of its Headline Key Performance Indicators (KPIs) in response to the evolving market dynamics and a challenging operational environment. TM also announced the implementation of its Performance Improvement Programme 2018 (PIP2018) – a continuation of its transformation journey, now in its 4<sup>th</sup> wave. TM also introduced its new Broadband plans in its ongoing efforts to provide affordable broadband services in support of national aspirations.



**12 JULY 2018**

**unifi UNVEILS BROADBAND AND MOBILE PLANS WITH VALUE FOR EVERYONE TOWARDS BOOSTING MALAYSIA'S GLOBAL COMPETITIVENESS**

unifi announced upgrade plans for its existing unifi Home customers to speeds of up to 800Mbps, and more upgrade plans for new sign-ups. TM also announced upgrade plans for customers to move from Streamyx to unifi in coverage areas or double the speed in non-coverage areas. unifi also unveiled an affordable 30Mbps broadband-only unifi plan, exclusive for households with income of less than RM4,500 per month. In addition, it reintroduced the popular unlimited unifi Mobile postpaid plan, exclusively for its broadband customers.

**16 JULY 2018**

**SULTAN PERAK LAUNCHES TELEGRAPH MUSEUM IN TAIPING, PERAK**

TM via its foundation, YTM continued its support towards the preservation of arts, culture and national heritage, with the launch of its Telegraph Museum in Taiping, Perak. This first-of-its-kind museum in the country was launched by HRH the Sultan of Perak, Sultan Nazrin Muizzuddin Shah.





## 17 JULY 2018

### TM SET TO EMPOWER EDUCATIONAL INSTITUTION IN PENANG WITH DEDICATED PREMIUM NETWORK CONNECTIVITY AND SMART SCHOOL SYSTEM SOLUTION

TM via its business solutions arm, TM ONE, signed a Collaboration Agreement (CA) with Wesley Methodist School Penang (International) (WMSP(I)) for the deployment and provisioning of TM's dedicated premium network connectivity, DOME. Under the collaboration, TM is provisioning its smart school system solution to include the School Management System (SMS), Learning Management System (LMS) and School Attendance System (SAS). The smart collaboration elevated the institution to become the first school in Malaysia with an integrated digital lifestyle.



## 26 JULY 2018

### TM 3DUCATION HACKATHON 2018 TO EMPOWER DIGITAL INNOVATION AMONGST MALAYSIA'S ACADEMIC COMMUNITIES

TM together with Creative Minds – a company specialised in Science, Technology, Engineering and Mathematics (STEM) education – organised TM 3Ducation Hackathon 2018 at Malaysia Global Innovation & Creativity Centre (MaGIC), Cyberjaya. The event was part of its continued commitment to promote educational excellence, particularly in STEM, amongst academic communities from local learning institutions. The 2-day hackathon event gathered Malaysia's prolific academicians to discuss, generate ideas and solutions through brainstorming sessions, forums and speaking slots.

## 2 SEPTEMBER 2018

### unifi IS NOW AVAILABLE IN MUKAH!

TM continued to strengthen its position as Malaysia's Convergence Champion, as it expanded its unifi service to Mukah, Sarawak. With its comprehensive suite of High-Speed Broadband service offerings, customers can now enjoy unlimited experiences, unmatched choices and unbeatable value.



## Corporate Gallery

### 20 SEPTEMBER 2018

#### TM BRINGS SME BIZNET 2018 TO SARAWAK

TM remained committed to empowering small and medium enterprises (SMEs) segment through its annual event – SME BizNet 2018 held at The Waterfront Hotel, Kuching, Sarawak. Themed “The Future is Today. Go Digital”, it was a one (1) day event targeting the local SMEs from start-ups to mass businesses; as well as aspiring entrepreneurs who have a passion to succeed in the business arena.



### 25 SEPTEMBER 2018

#### TM ONE REINFORCES ITS COMMITMENT TO OIL AND GAS INDUSTRY GROWTH WITH NEW INNOVATIVE DIGITAL SOLUTIONS AND SERVICES AT MOGSEC 2018

TM ONE showcased its new digital solutions for the oil and gas industry at the 4<sup>th</sup> Malaysian Oil and Gas Service Exhibition and Conference (MOGSEC 2018). The solutions and services will help tap the hidden potential of the industry, by way of productivity gains, cost reduction, improved efficiencies and workforce collaboration, in addition to workplace safety and security. The solutions were well-received by the oil and gas companies and visitors of the event.



### 4 OCTOBER 2018

#### TM COLLABORATES WITH TENDERIN TO DIGITALISE ITS PROCUREMENT PROCESS VIA LAPASAR.COM

TM and Tenderin Sdn Bhd (Tenderin) signed a Collaboration Agreement to deploy Lapasar, one of TM's 'Go Digital' initiatives to transform its traditional procurement process to a digital platform. Lapasar is an online Business-to-Business (B2B) procurement platform that allows TM to purchase general office supplies for its business operations. It offers a comprehensive e-procurement platform by providing an online and in-app purchasing platform with the convenience of real-time price comparison functions and other features. TM is the first company in Malaysia to deploy this application. The digital initiative is set to improve the productivity of TM employees through a simplified and faster procurement process.





## 11 OCTOBER 2018

### TM EXTENDS 'JASA PACK' unifi MOBILE PLAN TO ALL PDRM OFFICERS & STAFF TO SUPPORT THEIR DIGITAL LIFESTYLE

TM reiterated its appreciation for the contributions of Polis DiRaja Malaysia (PDRM) to the nation with the extension of its unifi Mobile 'JASA' Pack to all PDRM officers and staff. The offering of this special package was to value their sacrifices and contributions towards the country and a reflection of TM's unwavering support towards uniformed bodies such as PDRM.



## 8 NOVEMBER 2018

### TM CATALYSES DATA-DRIVEN TRANSFORMATION JOURNEY FOR MALYSIAN BUSINESSES WITH LEAP SUMMIT 2018

TM ONE organised its inaugural LEAP Summit 2018 with the theme – "Transformation Through Intelligence. Are You Ready?". In line with the recently launched National Policy on Industry 4.0, known as Industry4WRD by the Prime Minister, the summit was aimed at providing a platform for the Enterprise and Public Sector segments to share their dynamic thoughts and experiences in the industry.

## 11 DECEMBER 2018

### TM ONE BECOMES THE FIRST TELCO TO BE CERTIFIED WITH INTERNATIONAL ISO 18295-1:2017 BY SIRIM FOR ITS CONTACT CENTRE SERVICES

TM ONE became the first telco in the country with the international standard ISO 18295-1:2017 certification, which was awarded by the Standard and Industrial Research Institute of Malaysia (SIRIM) QAS International Sdn Bhd. The certification is a testament of TM ONE's expertise as well as dedication to constantly evolve and improve its processes and services to meet the highest international standards. This directly contributes to the increased efficiency of its contact centre operations, as well as service excellence.





# #khabarbaik



Telekom Malaysia Berhad (128740-P)

Tertakluk pada terma dan syarat.



[unifi.com.my](http://unifi.com.my)



[care@unifi app](#)



[weareunifi](#)



[@helpmeunifi](#)

Life Made Easier™





# Achievements



## 2018 AWARDS

### 2018 Frost & Sullivan Malaysia Excellence Awards in Customer Experience

**2 February 2018**  
Dealership/Kiosks Experience In Telecommunications Industry

### Malaysian e-Payment Excellence Awards 2018

**11 April 2018**  
Outstanding JomPay Biller

### Malaysia's Best Employer Brand Awards 4<sup>th</sup> Edition

**23 April 2018**  
Malaysia Best Employer Brand Awards 2018

### Malaysia's Best Brand 2018

**23 April 2018**  
Malaysia Best Brand Award – TM  
Malaysia Best Brand Award – TM ONE

### 21<sup>st</sup> Telecom Asia Awards

**26 June 2018**  
Best Data Centre Services Provider – TM ONE

### Malaysian Business Awards

**31 July 2018**  
Best Telecommunication Service Provider 2018

### 19<sup>th</sup> MSC Malaysia Asia Pacific ICT Awards 2018

**15 October 2018**  
Research & Development for its innovative Smart Safety Helmet

### Putra Brand Awards 2018

**26 October 2018**  
The People's Choice – Silver in Communication Networks

### 2<sup>nd</sup> ASEAN Corporate Governance Awards 2018

**21 November 2018**  
Top 3 PLCs (Malaysia)  
Top 50 ASEAN PLCs (Top 11-30)

### Marketing Excellence Awards 2018

**1 December 2018**  
Excellence In Data-Driven Marketing – unifi

### National Annual Corporate Report Awards (NACRA) 2018

**6 December 2018**  
Overall Excellence Awards (Silver)

Best Annual Report in Bahasa Malaysia (Gold)

Best Inclusiveness & Diversity Reporting (Gold)

Industry Excellence Awards Trading & Services – 22<sup>nd</sup> consecutive year

### National Center For Sustainability Reporting (NCSR)


**8 December 2018**  
Platinum Rank – Asia Sustainability Reporting Rating 2018

# Strategy at a Glance




## OUR VISION

To make life and business easier,  
for a better Malaysia




## OUR MISSION

Delivering customer experience  
excellence through converged  
and digital services




## DIGITAL NATION GOAL


The new strategic direction of TM will contribute to Malaysia as a developed and digital nation, enabled by connectivity that underpins all digital infrastructure and applications in the country



**DIGITAL SOCIETY**  
Empowering citizens with the right skills and culture to live and thrive in a digital world and thereby improving their quality of life











**DIGITAL ECONOMY**  
Acceleration of the digitisation of core processes across all priority sectors and promoting the ICT sector growth as an independent economic engine



**DIGITAL GOVERNMENT**  
Digitisation of government operations and services facing citizens and businesses in order to improve efficiency, productivity and experience

**DIGITAL INFRASTRUCTURE**

 <b>PAYMENTS</b>	 <b>DIGITAL ID</b>	 <b>CYBERSECURITY</b>
 <b>DATA</b>	 <b>GEOGRAPHIC INFORMATION SYSTEM</b>	 <b>CLOUD</b>
 <b>IOT &amp; SMART CITIES</b>		



**CONNECTIVITY**  
THE PHYSICAL FIXED AND WIRELESS INFRASTRUCTURE THAT UNDERPINS ALL OTHER DIGITAL INFRASTRUCTURE AND SERVICES





Our strategic journey towards sustainable value creation continues by transforming into a customer centric organisation that enables the Digital Nation

## KEY FOCUS AREAS 2019-2021



### AMBITION

	<b>CUSTOMER CENTRIC ORGANISATION</b>	Customer experience excellence as top priority and main objective in our business operations
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### STRATEGIC PILLARS

	<b>CONVERGED SERVICES</b>	Maintain existing revenue streams and uplift revenue over time by delivering new services in convergence and digital solutions
	<b>SIMPLE AND DIGITAL</b>	Digitise customer experience whilst simplifying products, processes, network and IT operations
	<b>LEAN AND LOWER COST</b>	Optimise costs from significant operational efficiencies, increase in productivity and change to leaner operating models

### ENABLERS

	<b>INTEGRATED NETWORK INFRASTRUCTURE AND DIGITAL PLATFORMS</b>	Make selected investments in our integrated network infrastructure to expand our coverage and build digital platforms to improve customer experience and our business operations
	<b>PEOPLE DEVELOPMENT</b>	Nurture and equip our people through capacity-building, future-skilling and new ways of working as well as inculcate a customer-centric culture mindset

In the near and immediate term, we have identified PIP2019-2021 initiatives guided by four (4) drivers, which are set to accelerate our efforts across the Group to strengthen our delivery and business performance

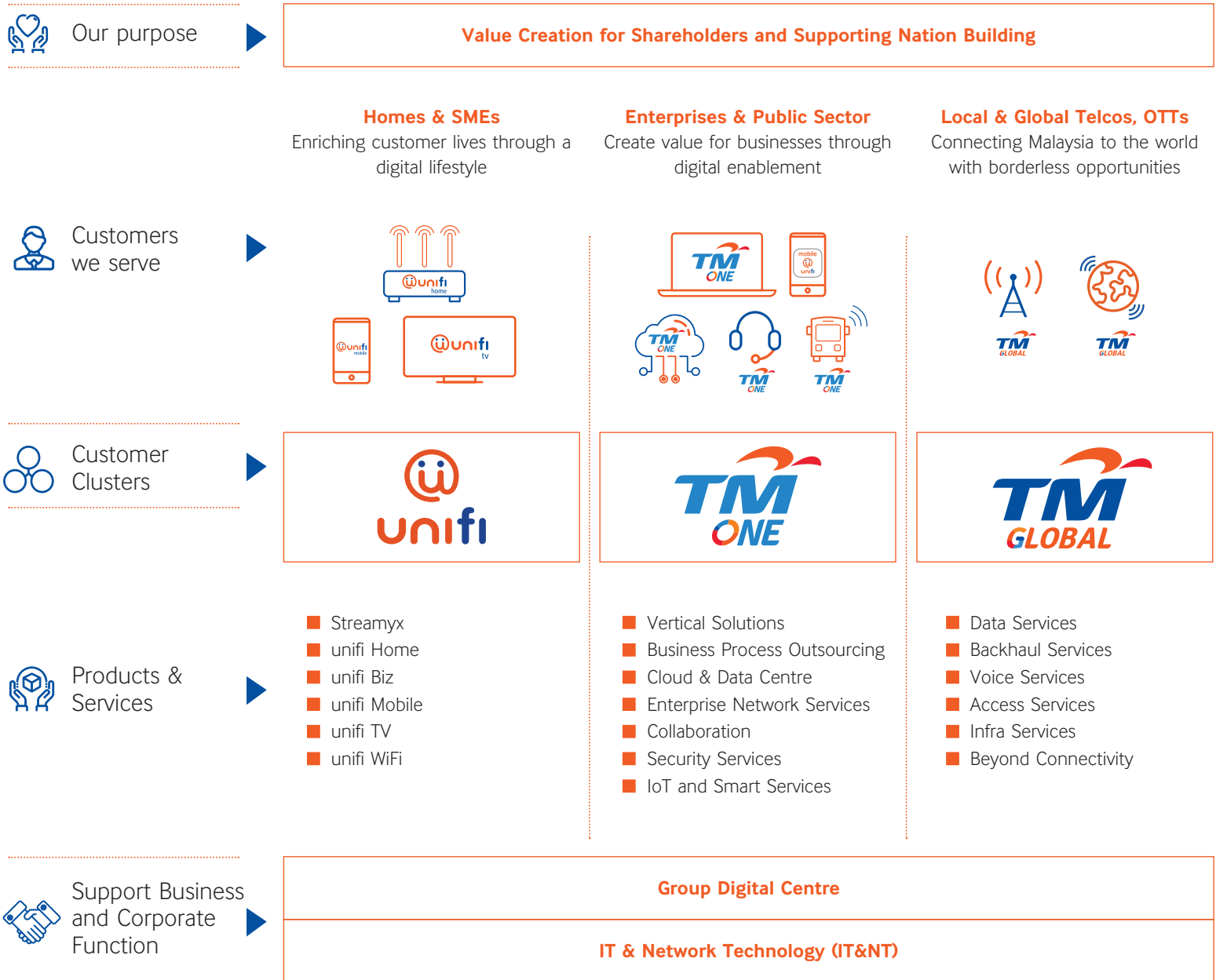
### PERFORMANCE IMPROVEMENT PROGRAMME 2019-2021 (PIP2019-2021)

<b>1</b> 	<b>REVENUE PRESERVATION AND UPLIFT</b>	Defend, then grow our revenue via strategic business initiatives for unifi, TM ONE and TM GLOBAL
<b>2</b> 	<b>SUSTAINED PROFITABILITY</b>	Optimise costs by improving our network, IT and maintenance efficiency through process simplification and eliminating redundancies
<b>3</b> 	<b>IMPROVED CASH FLOW</b>	Prioritise CAPEX spending through sweating of assets, selected investments and efficient portfolio management
<b>4</b> 	<b>INCREASED PRODUCTIVITY</b>	Achieve next level of productivity through digitisation and simplification, cultivating new ways of working and transforming into an agile and lean organisation

# Strategy at a Glance

## OUR BUSINESS MODEL

We operate through our customer clusters of unifi, TM ONE and TM GLOBAL supported by centralised technology professionals and corporate functions.



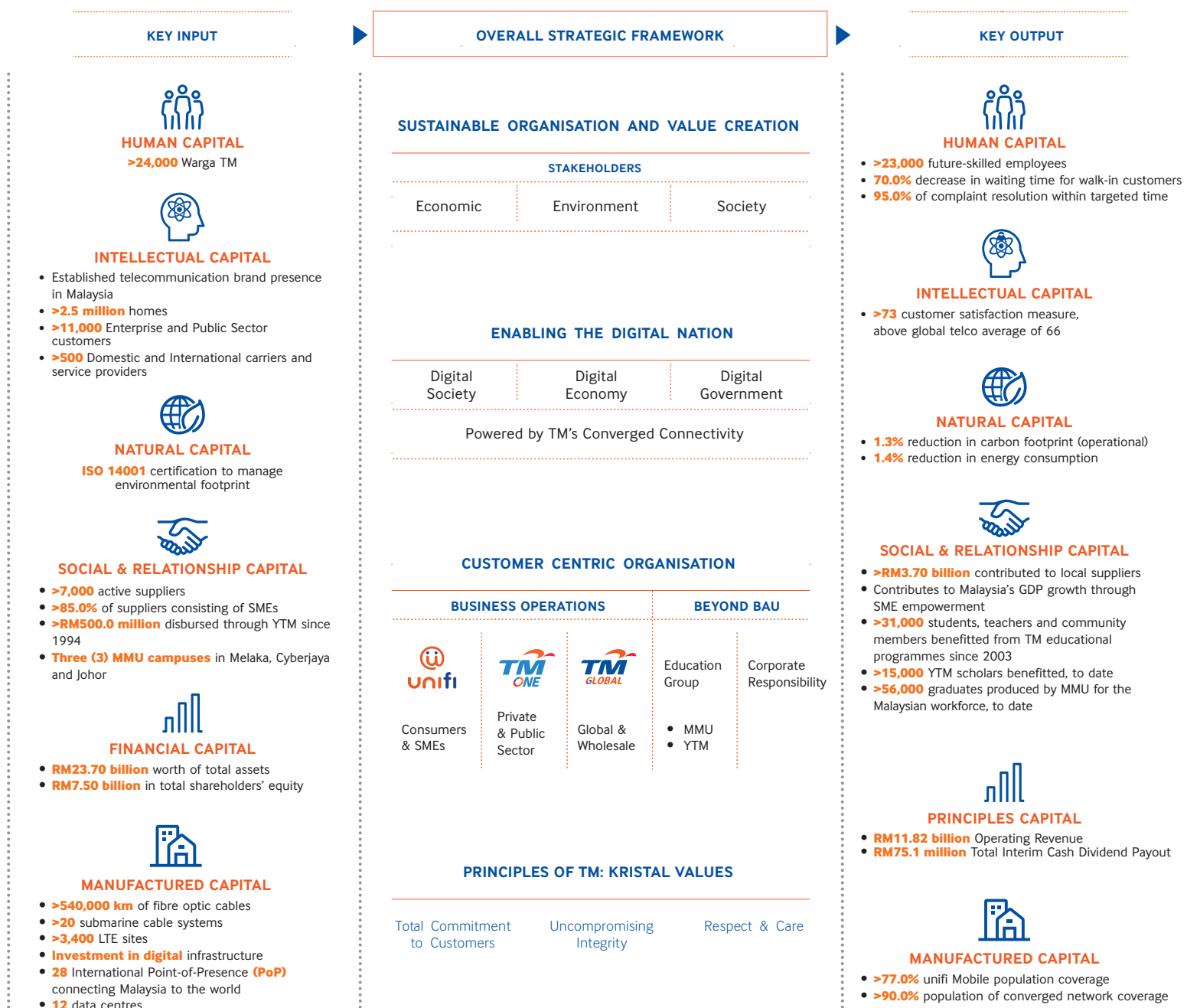


## TM'S VALUE CREATION MODEL

We believe our strategy will result in sustainable and long-term value for all stakeholders, as well as to deliver on our vision and mission.

# To Make Life Easier, for a Better Malaysia

TM's Value Creation Model is designed to create sustainable and long-term value for all stakeholders to deliver on our vision



# Who Keeps Us in Business: Stakeholder Management

TM places the utmost value on all the lives we touch through our business and operations, and is always looking for ways to further enrich them.

We understand and appreciate the important roles that each stakeholder plays for TM's success as the leading telecommunications company in Malaysia. We value not just our customers, employees and shareholders, but also our suppliers, regulators and the community at large. Throughout the years, we have actively engaged with various stakeholder groups to provide updates on our organisation and, more importantly, to obtain feedback on their expectations and how to enhance our business, processes and operations.

We are constantly engaging with our numerous stakeholders through various platforms, which include surveys, call centres, online channels and face-to-face discussions. We also interact with local communities through numerous initiatives that help empower marginalised and underdeveloped groups.

This year, in addition to our regular methods of engaging with our stakeholders, we have conducted a special stakeholder engagement exercise that personally interacts with representatives from various stakeholder groups via a formal platform. This was conducted through a third-party organisation to ensure that the engagement was held under neutral circumstances, to capture objective views on TM's performance and potential material issues without any bias.

The most crucial stakeholders were prioritised according to two (2) main factors:

1. Their influence on our business, operations and reputation;
2. The degree or level of interest or dependence on TM for business, livelihood or simply, solutions.

Three (3) Focus Group Workshops were held for our customers, employees and suppliers, while one-on-one interviews were done with the regulators.

We have analysed their feedback to determine the key material topics and themes, which will be the focus of all our future business and sustainability strategies.

For more details on our stakeholder engagement exercises, kindly refer to our Sustainability Report 2018 at [tm.com.my/annualreport/sustainability](http://tm.com.my/annualreport/sustainability).

## Managing Our Material Issues

**Material topics are matters that are significant to both our stakeholders and to our organisation. If these matters are not systematically managed, they could be detrimental to our long-term business performance and success. Therefore, it is important to accurately identify and prioritise these material topics by effectively analysing their current and future impact on our business and people.**

Based on the feedback received from the special stakeholder engagement exercise, we have identified twenty-two material topics, including ten (10) new topics over the last year:

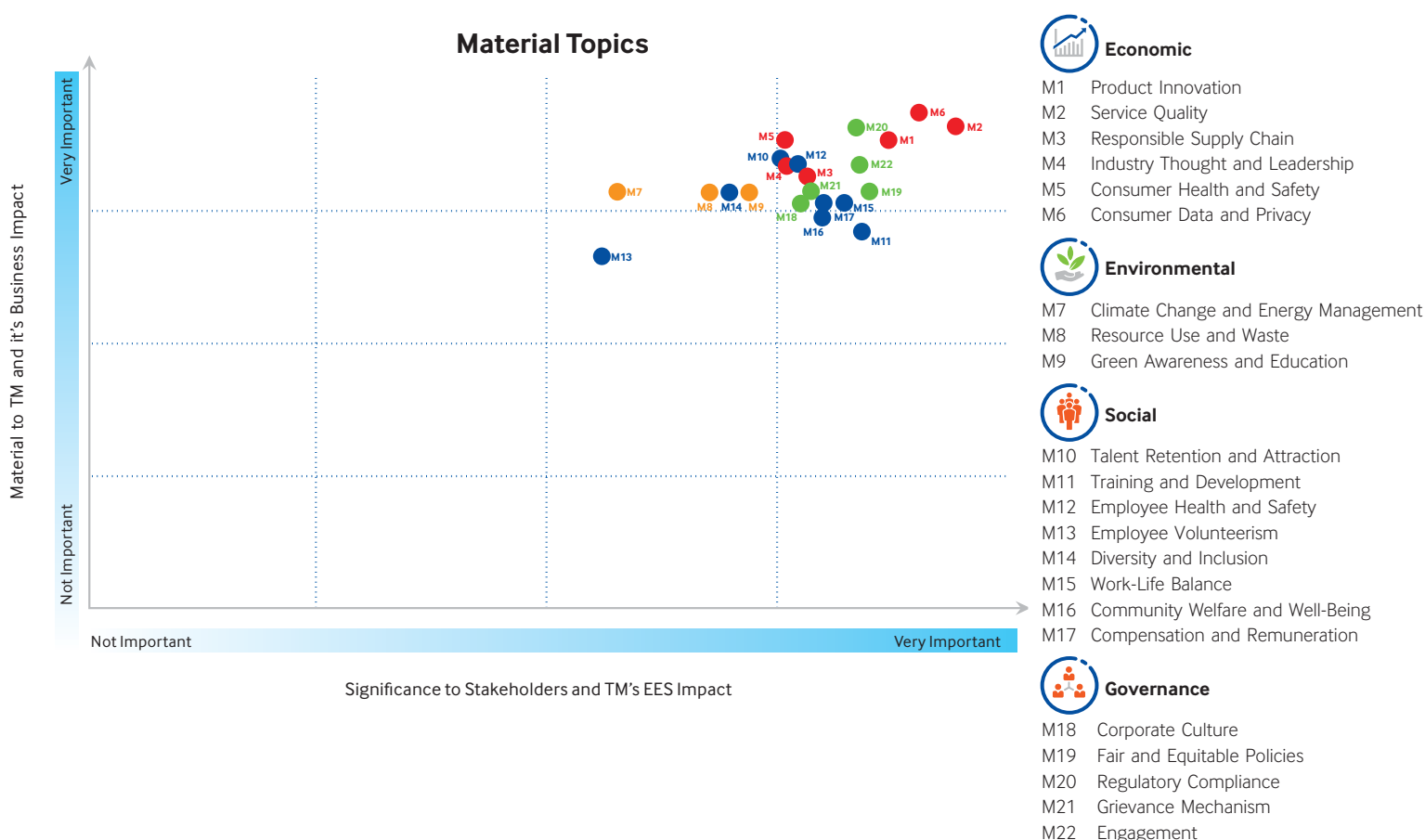


For clarity and better context/coverage of the material issues, the following topics from last year have been renamed, recategorised and/or regrouped:

Previous Material Topics	Revised Material Topics
<ul style="list-style-type: none"> <li>Product Quality</li> <li>Innovation</li> </ul>	Product Innovation
<ul style="list-style-type: none"> <li>Customer Satisfaction</li> </ul>	Service Quality
<ul style="list-style-type: none"> <li>Supply Chain Management</li> </ul>	Responsible Supply Chain
<ul style="list-style-type: none"> <li>Consumer Data and Privacy</li> <li>Online Safety</li> </ul>	Consumer Data and Privacy
<ul style="list-style-type: none"> <li>Inclusivity</li> </ul>	Diversity and Inclusion
<ul style="list-style-type: none"> <li>Supporting Communities</li> </ul>	Community Welfare and Well-Being
<ul style="list-style-type: none"> <li>Human Rights</li> </ul>	Fair and Equitable Policies

**Materiality Methodology:** We collected in-depth inputs from participants (qualitative data) as well as the re-ranking of 2017 material topics (quantitative data) from the stakeholder engagement assessment. The findings were juxtaposed with internal sources of data (quantitative data) to clearly determine topics that are considered material to our stakeholders. The Management Committee (MC) then assigned scores to the top material topics identified from the assessment according to their importance to the business. The material topics were ranked according to a 5-Point Rating Scale (1 = Not Important; 2 = Somewhat Important; 3 = Not Sure; 4 = Important; 5 = Most Important). The MC also established weightages to various stakeholder groups to determine the magnitude of their impact on our operations. Finally, we compared and analysed the material topics that are important to both stakeholders and the MC to determine the final 22 material topics, which are then presented on a materiality matrix.

The identified material topics and the materiality matrix are shown below, which have been approved by the Board (via Chairman) and AGCEO.





**Here for you...**  
on our continuous journey



Every journey starts with a vision. A picture of where you want to go and what you want to experience and achieve. We share the same vision at TM, where we go the extra mile to understand your needs so that you can focus on the things that are important to you.





# Chairman's Statement

## DEAR VALUED STAKEHOLDERS,

As the new Chairman, I am pleased to submit my first assessment of the Company's financial and non-financial performance for the year 2018. Firstly, I would like to thank the Board for their trust in me as the successor to Tan Sri Dato' Seri Dr Sulaiman Mahbob. With my experience and passion for the telecommunications industry, I hope to humbly continue my predecessors' journey of transformation and growth for TM.

The last 12 months were nothing but extraordinary for us at TM as well as our stakeholders. For one, a new Malaysia has emerged and similarly, TM has undergone some turbulence due to the competitive landscape and industry dynamics. At the same time, we saw a similar wave of change in TM's leadership as the Board appointed several new executive members. In November, Imri Mokhtar, TM's own home-grown talent with a strong background in strategy and business operations, took charge as the new Acting Group Chief Executive Officer (AGCEO). I am confident that his leadership will go a long way into not just addressing the near-term challenges, but in catalysing the long-term success of TM.

## HERE TO CREATE VALUE FOR OUR STAKEHOLDERS

The very intent of our business is to create value for our multiple stakeholders and to be there for them, addressing their most critical needs – from quality and technology to agility and performance. Sustainability of the business is a priority for the Board of Directors and the Company's executive leaders. It is a formal board agenda and is embedded in our annual business plan. It is central to our competitiveness and the Company's continued ability to operate.

Normalised  
Group EBIT  
RM **1.07** Billion





**ROSLI MAN**  
Chairman

As such, we place high priority in operating sustainably with a focus on the creation of long-term shareholder value. Towards this, we are continuously monitoring and evaluating how our business is equipped and empowered to deliver such value and how we can communicate it to our stakeholders in the most effective and efficient manner.

With this objective, we first embarked on our integrated reporting journey in 2016. The subsequent Integrated Annual Reports (IAR) in 2017, as well as the current year, have evolved and been refined to reflect best reporting

practices, particularly the principles of the International Integrated Reporting Framework (IIRF) prescribed by the International Integrated Reporting Council (IIRC). The framework has helped us to appreciate the inter-play between various components of our business, including our resources, risks, values, processes and systems, all of which operate in synergy to deliver value for our stakeholders. As a result, we are dedicated to creating an environment of responsible capital and resource allocation, recognising the full range of factors that affect value and support integrated thinking, planning, execution, measurement and reporting.

Interim Cash  
Dividend  
RM **75.1** Million

Customer Satisfaction  
Measure Score of  
more than  
**73**

## Chairman's Statement



This year's report aims to provide our stakeholders a well-rounded perspective on our current performance, as well as insights into our business strategy and future prospects. It includes the ongoing process of identifying, disclosing and prioritising the Group's material issues and their potential positive or negative impacts on the Group's ability to create sustainable value. In 2018, we improved on our materiality assessment by actively engaging our most critical stakeholders to better understand their expectations, the issues that are most material to them in the near and

long-term horizon. Based on the assessment conducted, ten (10) new material issues have been identified, bringing to a total of 22 material issues identified. In addition, our Enterprise Risk Management (ERM) Framework outlines our strategies to manage the inherent and emerging business risks, which are continuously monitored and managed by putting in place effective mitigation action plans.

The report covers the Group's financial, social, governance and environmental performance for the year ended 31 December 2018, and provides a review of the Group's operations. Additional information on our marketing and other stakeholder engagement activities have also been included, mainly to promote understanding of the Group's primary processes and to provide an informed assessment of the Group's risks and opportunities, and its ability to create and sustain value in the long term, for the benefit of all our stakeholders.

## HERE TO NAVIGATE THROUGH CHALLENGING TIMES

While the year under review saw many uncertainties, TM has demonstrated resilience, while maintaining its focus on delivering value for its stakeholders. This journey has enabled a higher level of consciousness in gaining clear line of sight of both the risks as well as opportunities that this new reality beholds. We immediately reacted to the changing landscape of the telecommunications industry with an accelerated transformation programme aimed particularly at maintaining cost competitiveness and with clear initiatives to achieve stronger sustainable operational excellence and business performance.

Meanwhile, the Government's call to increase the broadband speed at lower rates has had some impact on our business. However, it has been a new, yet exciting development for our customers, who can now experience better connectivity at even more affordable prices. We are pleased to update that we are aggressively upgrading our existing customers to up to ten (10) times their current broadband speed at zero additional cost. Additionally, we have also introduced new and affordable, unifi packages, with 30Mbps and 100Mbps speed offerings.

Last year, we also announced the revision of our Headline Key Performance Indicators (KPI) in response to various market challenges, intensifying competition, rising business/operating costs, and pricing pressures. Following that, our financial performance was affected with 2.2% lower revenue year-on-year, of RM11.82 billion. We recorded a Group Reported Earnings Before Interest and Tax (EBIT) of RM64.6 million, whilst Group's Normalised EBIT was RM1.07 billion, within our 2018 guidance. Our Performance Improvement Programme 2018 (PIP2018) initiatives such as cost optimisation yielded improved operating performance despite the lower revenue. We managed to sustain customer satisfaction with a Customer Satisfaction Measure (TRI\*M index) score of more than 73, above the global telco average of 66.

Meanwhile, in order to support TM's long-term strategic objectives and to balance the business sustainability of the Group with the interests of our other stakeholders, the Board has revised our dividend policy to 40.0% to 60.0% from our PATAMI. Taking into account the overall business circumstances and earnings performance, our capital commitments, financial conditions, distributable reserves and other relevant factors, we have declared an interim cash dividend of 2.0 sen per share or RM75.1 million for the financial year 2018.

## HERE TO CHART A NEW PATH

The PIP2018 has been instrumental in helping TM navigate through the current and emerging challenges. Our ultimate objective is to seamlessly deliver on our strategies to Accelerate Convergence and Empower Digital to enable Malaysia's Digital Nation aspirations through Connectivity and Digital Infrastructure.

Moving forward in 2019, we are continuing on our next phase of transformation via the PIP2019-2021 to ensure our resilience and long-term sustainability towards shaping an organisation that reinforces customer centricity. We will strive to do much better in our execution and operations. This is all about simplifying the way we work so that customers can benefit from that experience. TM needs to do things differently and we need to up the pace of change. Towards this end, we will focus on three (3) key areas: customer, business and people.

This is an exciting time with new challenges affecting the global telco industry. We are confident that our new leadership and various long-term initiatives will pave the way to accelerate our current plans of convergence and digital.

**"WE REMAIN TRUE TO OUR COMMITMENT TO EXPAND HIGH-SPEED BROADBAND ACROSS MALAYSIA MAKING IT ACCESSIBLE TO MORE MALAYSIANS, WHILE MEETING THE GOVERNMENT'S OBJECTIVE OF ESTABLISHING A TRULY CONNECTED NATION."**

## HERE TO BUILD A BETTER MALAYSIA

As an enabler of Malaysia's Digital Nation aspiration, I assure all stakeholders that we endeavour to strengthen our role in realising the national agenda i.e., to connect and empower Malaysians and businesses to improve lives. We have been at the frontier of each telecommunication technology evolution of our nation. Our vast and deep experience has equipped us with the right tools, people and mindset to elevate Malaysia into a digital economy. We already have the widest connectivity and convergence network and we are now focusing on expanding our digital infrastructure to enable us to serve a more digital society, digital businesses and digital Government.

Towards this end, we will continue to collaborate with our strategic partners to further develop our connectivity and digital infrastructure capacity, playing our part in catalysing a Digital Nation. For instance, through our ICT products such as data centres, integrated network infrastructure, and smart services solutions, TM ONE empowers private enterprises and government agencies by helping them to fully realise and optimise their digital aspiration.



## Chairman's Statement

As a strategic partner, we have a solid track record of over a decade in nation building, through our state-of-the-art networks and service provisioning as well as efforts to promote the industry and transform the lives of all Malaysians through our products and services. We are the key enabler for the national communications infrastructure, and the one and only capable of providing fully integrated telecommunications, ICT and digital. We are proud of our role as the strategic partner in establishing the ecosystem for the digital society, digital businesses and digital Government. We remain committed to accelerating the delivery of innovative digital services and solutions for the key industry verticals in the enterprise and public sector.

Similarly, in bridging the digital gap, TM is a key partner and enabler of the Universal Service Provision (USP) in cooperation with the Malaysian Communications and Multimedia Commission (MCMC), promoting the widespread availability and use of network and application services throughout Malaysia. From a predominantly rural focus, these projects are now responsible for deploying telecommunications infrastructure, submarine cables, WiFi hotspots, wireless broadband, payphones and community broadband centres.

We work closely with MCMC to expand digital reach to rural areas and underserved communities via community broadband centres and libraries nationwide, alongside our commitment in the Rural Broadband Initiatives (RBB). We also provide connectivity to Pulau Tioman, Pulau Perhentian and Pulau Pangkor via more than 90km submarine cables, under STINGRAY Project.

### HERE TO CHAMPION CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Sustainability has emerged as a recurring topic from our discussions with many stakeholders. At TM, our sustainability framework has five (5) key pillars (social equity, green citizenship, economic value, good governance and better future) that support our brand ethos, 'Life Made Easier.

Responsibility at TM goes beyond 'Business-as-Usual'. This means that we will do everything in our capacity and capability to not just contribute to economic value by offering smarter business solutions, but we will also strive to create social equity, inspire green citizenship through digital transformation, promote good principles of governance that create institutions of trust and transparency, which are necessary for building a smarter nation and a better future.

For instance, through Yayasan TM (YTM) and our education arm, Multimedia University (MMU), we continued to serve the socio-economic objectives of education i.e., to improve access to education, employability, income potential, and quality of life. We also continued our efforts in nation building and education through our TM School Adoption Programme. We have also collaborated with many partners to inspire innovation amongst the students via Science, Technology, Engineering and Mathematics (STEM) subjects.

On the environment, in addition to managing the emissions from our operational footprint, our priority has been to raise greater awareness on the need to conserve the rich natural habitats, including our forests, oceans, and flora and fauna – all to offer a better planet for our future generations. In 2018, we conducted the TM Earth Camp (TMEC) – Junior Environmental Leadership Series (JELS) to raise environmental consciousness amongst children.

Further cementing our commitment to best practices in sustainability initiatives reporting and communications, we received the Platinum Rank for Asia Sustainability Reporting Rating at the 14<sup>th</sup> National Center for Sustainability Reporting (NCSR) Award 2018.

In short, our company's motto goes beyond making profits. We embrace the responsibility of catalysing socio-economic development and environmental well-being.

More information on our community and environmental efforts can be found in "Sustainability at TM" section of this report or on our Full Online Edition of Sustainability Report 2018.

### HERE TO UPHOLD CORPORATE GOVERNANCE BY CHAMPIONING INTEGRITY @ HEART

TM sees integrity, transparency and accountability as three (3) pillars that uphold the standards of its employees' behaviour and conduct in TM. The highest level of integrity and ethics is maintained through continuous review of our existing policies and processes and implemented via rigorous awareness, internalisation and enforcement efforts.

This demonstrates our strong commitment to promote integrity and good governance values towards realising TM's mission and vision. This is part of our continuous effort to inculcate good values in order to make TM a high performance organisation, efficient, friendly, responsible, trust and integrity.

In recognition of our staunch commitment to uphold high standards of corporate governance, accountability transparency, disclosure of information to our stakeholders, and high level of excellence in integrated corporate reporting, we have been honoured with two (2) top awards for Public Listed Companies (PLCs) at the 2nd Minority Shareholders Watch Group (MSWG) ASEAN Corporate Governance Awards 2018 and four (4) awards at the prestigious National Annual Corporate Report Awards (NACRA) 2018.

## ACKNOWLEDGEMENTS

In closing, once again, I would like to take this opportunity to thank my predecessor, Tan Sri Dato' Seri Dr Sulaiman Mahbob for his leadership, dedication and contribution to the Group during his tenure. An exemplary role model in civil service and a well-respected economist, Dr Sulaiman, with his vast experience in diverse fields, helped TM Group to maintain its growth focus and momentum over the last three (3) years. His focus on corporate governance, integrity, responsibility and sustainability, and ultimately on the role of TM as a partner in nation-building, has definitely left a lasting impact on all of us at TM.

In the same league, I would like to acknowledge the valuable contributions of YM Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin for his ten (10) years of dedicated service; Datuk Bazlan Osman, our Executive Director since April 2008; Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil, Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor, Davide Giacomo Federico Benello and Dato' Sri Dr Mohamad Isa Hussain.

I also welcome our new Board members, Dato' Asri Hamidin @ Hamidon and Faisal @ Pital Abdul Ghani, both representing the Ministry of Finance. Also on Board w.e.f. 3 October 2018, are Dato' Mohd Naim Daruwish, Hisham Zainal Mokhtar, and Saheran Suhendran. I am also happy to welcome back Dr Farid Mohamed Sani, who previously served as our Chief Strategy Officer (CSO) for more than four (4) years.

TM's Management team deserves a special mention for their unwavering commitment to the Company, especially those who fulfilled the daunting task of the GCEO position – Dato' Sri Mohammed Shazalli; Datuk Bazlan and the incumbent, Imri. On behalf of Warga TM, I congratulate them for their tireless efforts and positive contributions.

On behalf of the Board, I would also like to take this opportunity to express our appreciation to our many stakeholders, who positively contribute to our continued success.

Firstly, I would like to thank our community of shareholders, who have believed in our business, our people and our potential to deliver better. With their continuing support, we will remain committed to create both shareholders' value and stakeholders' returns.

I also thank the new government and regulators for their guidance and counsel, especially during the transition and new policy introductions. My sincere gratitude extends to our business partners, who work with us hand-in-glove to deliver quality products and services to our customers.

Amid a challenging environment and competitive marketplace, our customers continued to place their trust in us, remained loyal and supported our aspiration "To Make Life Easier" for a better Digital Malaysia. My sincerest appreciation to all our customers locally and globally.

Last but not the least, a special note of thanks to Warga TM, who are the backbone of our organisation. Without their dedication and hard work, we would not have gained the stability and strength that is necessary to sustain our growth journey. Together, I trust, we will continue to demonstrate our capabilities and deliver better solutions and a better future for all our stakeholders. Because, we are Here for You.



**ROSLI MAN**  
Chairman

# Acting Group Chief Executive Officer's Statement



**IMRI MOKHTAR**  
Acting Group Chief Executive Officer



DEAR VALUED SHAREHOLDERS,

**I am pleased to present the performance report for the year 2018, the first in my capacity as the Acting Group CEO (AGCEO). At the outset, I would like to thank the Board of Directors for entrusting me with the responsibility to champion TM Group's next phase of transformation.**

It is indeed a great honour for me to be selected as the successor of Datuk Bazlan Osman. I look forward to pursuing the plans that we, together with the Board and management, have meticulously put in place to bring the organisation to greater heights as we continue to be "Here for You", serving all Malaysians and contributing towards building a Digital Nation.

2018 was undoubtedly one of the most challenging times TM had ever faced, as we worked to address the competitive landscape and industry dynamics, without losing focus on our strategies and organisational mission. We experienced significant challenges but this had only strengthened our resolve to make good on what we need to deliver to our customers, shareholders, and indeed all our stakeholders.

Our strategy and focus on Accelerate Convergence and Empower Digital remained, though we faced unprecedented challenges that impacted our performance. Hence, the PIP2018 was introduced as a short-term focus to execute significant initiatives that will improve our performance for year 2018. PIP2018 was anchored on four (4) pillars, which are (1) Revenue, Preservation and Uplift; (2) Sustained Profitability; (3) Improved Cash Flow; and (4) Increased Productivity. For 2019 onwards, we are extending the PIP2018 to the next phase via PIP2019-2021. While the PIP2019-2021 remains as our execution plan over the next three (3) years, our overall strategy will focus on three (3) strategic pillars – Converged Services; Simple and Digital; and Lean and Lower Cost. These strategic pillars will be enabled by our integrated network infrastructure together with its digital platforms and Warga TM.

In doing so, TM will be going through the next phase of transformation. Our new strategic direction reinforces on customer centricity, hence reinforcing the 'customers first and simplicity' philosophy. This will see us go back to basics, build on our strengths and review every aspect of our business in order to chart a new path. TM needs to do things differently and we need to up the pace of change. This is a challenge we, as Warga TM, are ready to take on and I am proud to be part of this journey together. I will elaborate more on what this means and the better future that awaits us in the following pages.

## HERE TO DEMONSTRATE RESILIENCE AND GROWTH

The telecommunications industry, both locally and internationally, faced another challenging year as we continued to experience a slow-down in revenue, mainly due to increasing competition and rising customer expectations. Revision for lower broadband pricing, speed upgrades and coverage expansion were our continuous efforts to benefit all Malaysians, despite the increased intensity in the competitive landscape. In adapting to this change, our business operations and overall growth momentum during the year were also impacted.

However, our decades of industry experience have equipped us with forward-looking strategies to weather the internal and external challenges. We see these challenges more as opportunities for transformation and growth. During the year under review, our main focus was to provide excellent customer experience, drive technological innovation, and deliver attractive and competitive solutions. We continued with our strategy to manage our operating costs and reviewed our CAPEX plan by making selected investments on network development and also by access seeking from other providers for network expansion. In addition to this, we also introduced differentiated offerings through Accelerate Convergence and Empower Digital, to effectively respond to our evolving customers' needs.

## Acting Group Chief Executive Officer's Statement

### HERE TO CREATE CUSTOMER VALUE AND EXPERIENCE

The markets are dynamic, with no physical boundaries due to the advent of digitalisation. Customer trends are also changing and evolving fast. For instance, more and more customers are accessing the internet through their mobile devices even when not on the move. There is a visible shift of customer preferences from fixed to mobile for convenience, stability and affordability more so with mobile technology increasingly developing to be able to provide a network experience comparable to fixed. This, in turn, triggers the need for investments into both fixed fibre-infrastructure and mobile wireless to meet the demand for high-speed internet. However, commoditisation of internet access has now created downward pressure on pricing.

While superfast and reliable online experience is a priority, rapid advancements in technology continue to influence customers' choices and behaviour. For instance, the demand for over-the-top (OTT) and digital applications have been on the rise. Based on our observation, there is traction amongst customers using OTT services for entertainment, as well as miscellaneous online services such as e-hailing and goods delivery. We expect these services to expand further as Malaysians increasingly embrace a digital lifestyle and its benefits.

In response to these various trends and in keeping with our 'customer-first' philosophy:

- We continue to tap the potential of LTE technologies such as 4G and the upcoming 5G networks. We offer wireless LTE packages as substitutes to non-fiberised areas, whereas for areas with access to our fixed connectivity, we had upgraded the speed gradually over the past two (2) years.
- We are sweating our existing assets to eliminate redundancies and replace obsolete technologies in our processes and operations.
- We are leveraging on digital opportunities by collaborating with OTTs, both locally and globally, to enhance customer experience and convenience, making their lives easier.

With these measures, our mid-term aspiration is to emerge as a customer-centric organisation, driven by market demands.

### HERE TO MAKE LIFE EASIER

TM has continuously made progress on the back of its well-defined strategies and transformation efforts to make life easier. However, we recognise the need to adapt to the rapidly changing industry, and therefore, we proactively refined the operational aspects of our key strategic thrusts – 'Accelerate Convergence' and 'Empower Digital' (Please refer to *TM Integrated Annual Report 2017* for further reference), to deliver on those objectives.

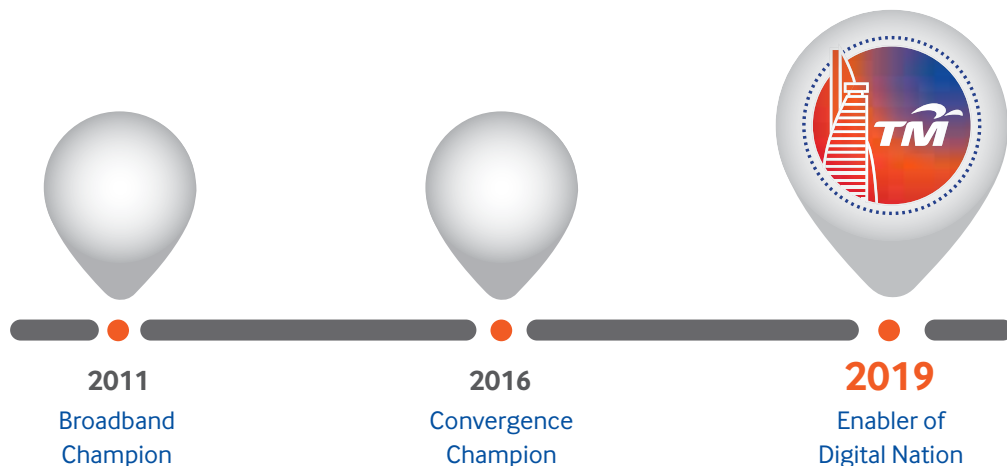
As we go through the next phase of transformation, it does not mean that we are going to break down the old to build something completely different. We remain as the TM as you have always known it, yet enhanced in how we operate and value-create. All that we, as an organisation, have stood for all these years still remain the same and relevant. Our identity as the institution entrusted to be the key driver of the nation's economic growth, technological development – and ultimately, prosperity – remains unchanged, in fact fortified. In the next three (3) years, we will incrementally and sustainably improve on how we do things. We shall be here to serve you – only in a better and simpler way.

Customer centricity is and will always be our true north. Our philosophy of 'customers first and simplicity' will be amplified, and stated at the core of everything that we do.

At its foundation, we will be listening to the voice of the customers, meanwhile being proactive and responding effectively, through simplification of processes and enhanced digital capabilities.

TM will remain as the integrated telco and the enabler of Malaysia's Digital Nation. Fully equipped with our converged networks of copper, fibre, and wireless; connected seamlessly with ICT infrastructure and digital platforms, we are able to serve all of our customers, consumers, businesses, the public sector and industry players alike from end-to-end. We will be here as the one-stop shop, with our multitude of offerings and effortless support to fulfil all of your digital needs.

### TM HAS CONTINUOUSLY EVOLVED ON THE ROAD TOWARDS BUILDING A DIGITAL NATION



“

We will be here for our customers as a one-stop shop, with our multitude of offerings and effortless support to fulfil all of your digital needs.”



To illustrate, via unifi, we will accelerate the offering of a convergence digital lifestyle for our home and SME customers, with a keener focus on enhancing positive, simpler customer interactions. As for TM ONE, we will continue to improve on fulfilling the needs of the various industry verticals within enterprises and the public sector. As the enabler for businesses to realise the full potential of their digital opportunities, TM has the capability to offer a multitude of digital infrastructure solutions such as Cloud and Smart Solutions, including smart cities. These capabilities are integral in enabling businesses to thrive in Industrial Revolution 4.0 in addition to being the ones to enable the public sector to serve the *Rakyat* better, whilst accelerating Malaysia's emergence as a Digital Nation.

Our domestic and international wholesale arm, TM GLOBAL, will continue to be the industry backbone that connects Malaysia to the world. The top of its priorities will be strengthening its position through building relationships and forging partnerships, while at the same time supporting our global network more efficiently.

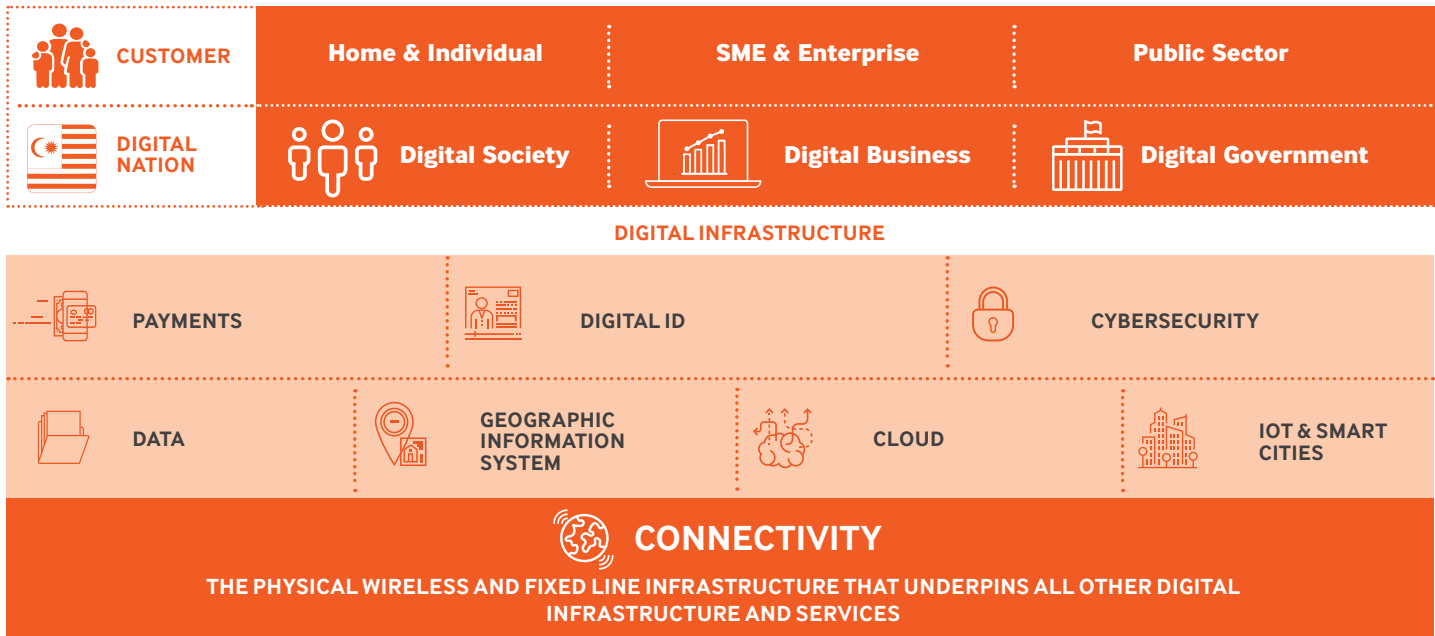
Optimum cost efficiency and improved productivity will help fuel our transformation. Most importantly, we will continue to nurture our people so that all Warga TM are empowered with the capabilities that are integral to transformation in the age of convergence, which includes agility as well as a customer-first mindset.





# Acting Group Chief Executive Officer’s Statement

## THE NEW STRATEGIC DIRECTION OF TM REINFORCES ON CUSTOMER-CENTRICITY: TM AS A KEY PARTNER AND ENABLER OF MALAYSIA’S DIGITAL NATION ASPIRATION THROUGH CONNECTIVITY AND DIGITAL INFRASTRUCTURE

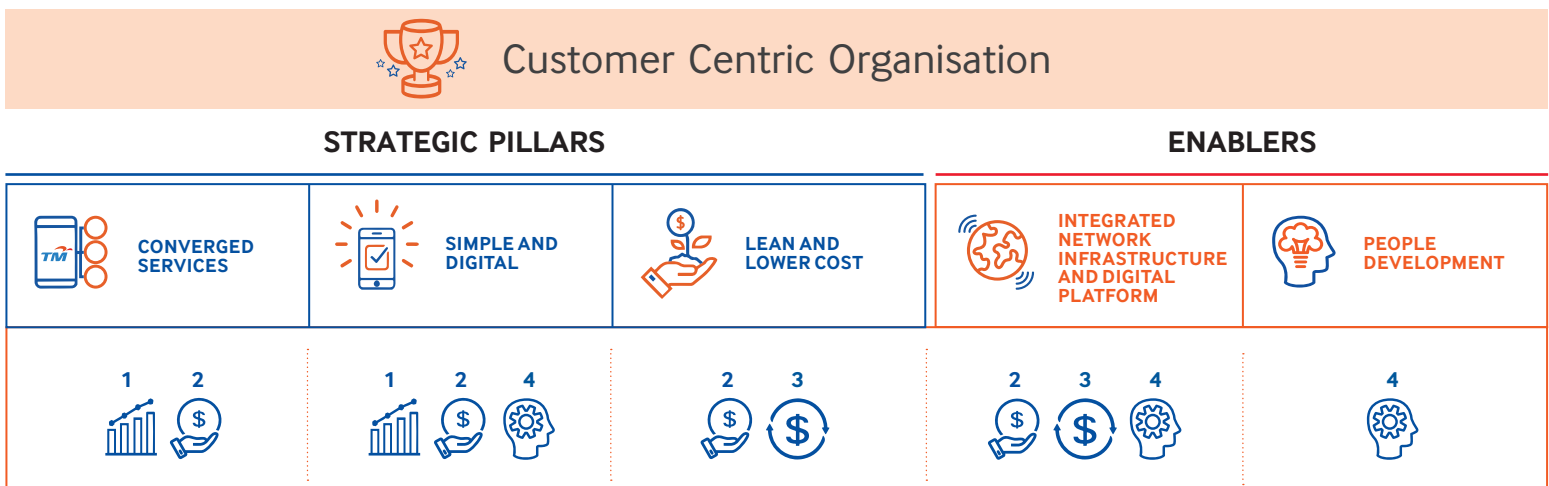


### HERE TO IMPROVE PERFORMANCE, WITH PIP2019-2021

Customer centricity is our ultimate priority in our next phase of transformation. To become a true Customer Centric Organisation, we will continue to simplify customer interactions and improve our customers’ journey through digital capabilities and personalised engagement. unifi will focus on enhancing customer interactions towards digital self-serve capability across omni channel access, driving improvement of Net Promoter Score (NPS) and social media sentiment. Meanwhile, for businesses, TM ONE will strive to uplift customer experience by delivering personalised and quality customer engagement whilst simplifying operational activities. For our partners in telecommunications industry locally and globally, TM GLOBAL will focus towards strengthening its position as the trusted accelerator of business growth by enhancing and growing its established business relationships as well as proactively engaging our regulators to benefit all stakeholders.

Driven by our key strategies and PIP2019-2021, we are confident that we will be able to serve our customers better and create a delightful “TM Experience” at every touch point.

### Mapping of Key Strategies and PIP2019-2021



**Note:**

- 1. Revenue Preservation and Uplift
- 2. Sustained Profitability
- 3. Improved Cash Flow
- 4. Increased Productivity

Over the next three (3) years, our focus will be on the following three (3) strategic pillars:



**Strategic Pillar 1**  
**Converged Services**

Maintain existing revenue streams and uplift revenue over time by delivering new services in convergence and digital solutions



**Strategic Pillar 2**  
**Simple and Digital**

Digitise customer experience whilst simplifying products, processes, network and IT operations



**Strategic Pillar 3**  
**Lean and Lower Cost**

Optimise costs from significant operational efficiencies, increase in productivity and change to leaner operating models

Our network and Warga TM are the enablers to deliver the three (3) strategic pillars:



**Enabler 1**  
**Integrated Network Infrastructure and Digital Platforms**

Make selected investments in our integrated network infrastructure to expand our coverage and build digital platforms to improve customer experience and our business operations.



**Enabler 2**  
**People Development**

Nurture and equip our people through capability-building, future-skilling and new ways of working as well as inculcate a customer-centric culture, mindset.

The strategic pillars and enablers explained above are mapped into the Performance Improvement Programme (PIP2019-2021), which provides a clear guidance on the action plans that TM need to efficiently execute to achieve the set targets and our shared vision over the next three (3) years.

The PIP2019-2021 will navigate the Group's direction through simplified systems, processes, and governance. Initiatives prioritised under all four (4) pillars are set to accelerate our efforts across the Group to strengthen our delivery and performance.



**1 Revenue Preservation and Uplift:** Amongst initiatives undertaken to maintain and grow revenue include launching new products and solutions; tapping into new opportunities in the private and public sector; strengthening our value-adding connectivity play via integrated solutions and ecosystem approach.



**2 Sustained Profitability:** We will expand our cost rationalisation initiatives; by lowering operational and network cost, optimising supply chain for improved performance, reducing international connectivity cost via content localisation and leveraging on digital for lower costs to acquire/serve. We will also be actively negotiating with partners and vendors to improve overall cost efficiencies as we move towards collaborative models with partners.



**3 Improved Cash Flow:** We will enhance the adoption of best practices for capital spending and efficiencies; re-prioritise network spending; and improve on our back end processes. Sweating of existing assets will focus on optimising utilisation of existing network infrastructure, whilst making selected investments and access-seeking for network expansion.



**4 Increased Productivity:** Warga TM will embrace the AGILE way of working; whilst reinforcing the various productivity levers available to us. With AGILE, we will be able to build cross-functional and empowered teams, with a scope for frequent reassessment and adaptation of plans. This will enable faster decision-making, seamless and efficient execution towards operational sustainability and building a lean, high-performance organisation which reinforces customer centricity

Moving forward in 2019, TM will simplify the way we do business, to excel in our performance, sustain our efforts, and explore new frontiers of growth through continuous innovation that is inspired by customer insights. We are clear on our mission to achieve our aspiration as a key partner and enabler of Malaysia's Digital Nation. Towards this end, we will focus on our core strengths and increase the tempo of our execution in order to achieve improved business performance, and ultimately, deliver greater value creation to our shareholders.

Our revenue preservation and uplift plans include accelerating convergence across our products and services portfolio. This includes continuous broadband expansion with speed upgrades, collaborations with OTTs for enhanced video services and strengthening our market share, especially mobile. On the business front, we will be focusing on high-value verticals and key accounts and tapping into digital opportunities beyond connectivity. We will also accelerate new business offerings in the global and wholesale market, by revamping product portfolios and solutions into an attractive wholesale model.

As part of sustaining profitability, we will be more vigilant towards improving direct costs, business collaborations and domestic roaming; in tandem with improving the efficiency of our network and IT systems. Beyond costs to serve, within the organisation itself, we are optimising all cost items including rental, utilities and consolidation of marketing expenditures. Enhancing cost-consciousness among Warga TM has contributed to significant cost reduction over the years, and we shall continue to streamline our cost to sustain our profitability.

Our network is one of our biggest investment and valuable asset. Over the years, we have invested in newer infrastructure and systems to replace or upkeep based on lifespan and utilisation. To improve cash flow, thorough assessment of our network is being done consistently, enabling us to optimise our network while expanding its reach.

We will focus on sweating our existing assets alongside a more selective roll-out to expand our coverage. In the event of new infrastructure being built by potential new entrants who can provide network access in the coming years, we see this as an opportunity for us to expand our coverage without having to invest heavily. As such, where it is feasible, we will also access-see.

Beyond that, we are also ensuring efficient core and non-core portfolio management as well as improving account receivables management across all three (3) customer clusters.

Also, our most valuable asset, Warga TM, will be empowered through next-level productivity in order to achieve operational sustainability. We will adopt a culture of increased urgency and tempo as we transform towards becoming an "AGILE workforce". We will delayer our people as we move away from a hierarchical organisation, providing more empowerment towards achieving our aim of increasing customer centricity.

The PIP2019-2021 outlines our commitment to deliver our best across the board whilst holding true to our identity as an institution. The new strategic direction of TM will motivate us to collaborate, cooperate and co-create a progressive future for everyone, in realising our vision to make life and business easier, for a better Malaysia. Now and always, with many more exciting milestones along the way, we are HERE FOR YOU.

  
**IMRI MOKHTAR**

Acting Group Chief Executive Officer

Telekom Malaysia Berhad  
Twenty Eighteen IAR

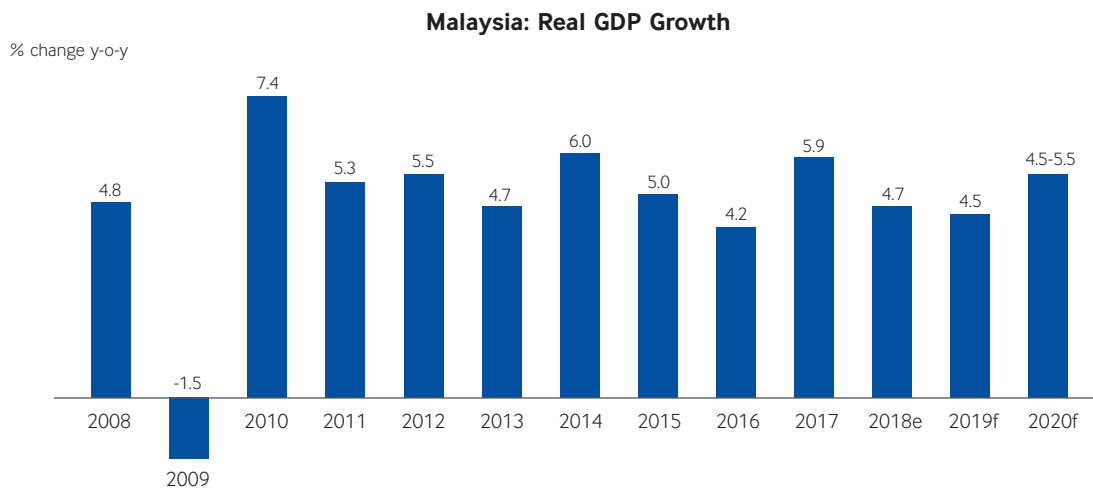
# Market Analysis & Outlook

## REAL GROSS DOMESTIC PRODUCT (GDP) OUTLOOK

Overall, the industry has been facing many challenges in an era marked by rapid digitalisation, stiffening competition, price wars, datafication, industry pressures and other cultural and socio-political factors affecting consumer preferences and behaviour. Both fixed and mobile operators and their ability to operate viably and profitably are hugely impacted by these trends.

In 2018, we saw operators evolving their operating models by embracing digitalisation and ICT to supplement growth, while working on operational and cost-efficiency initiatives to remain sustainable.

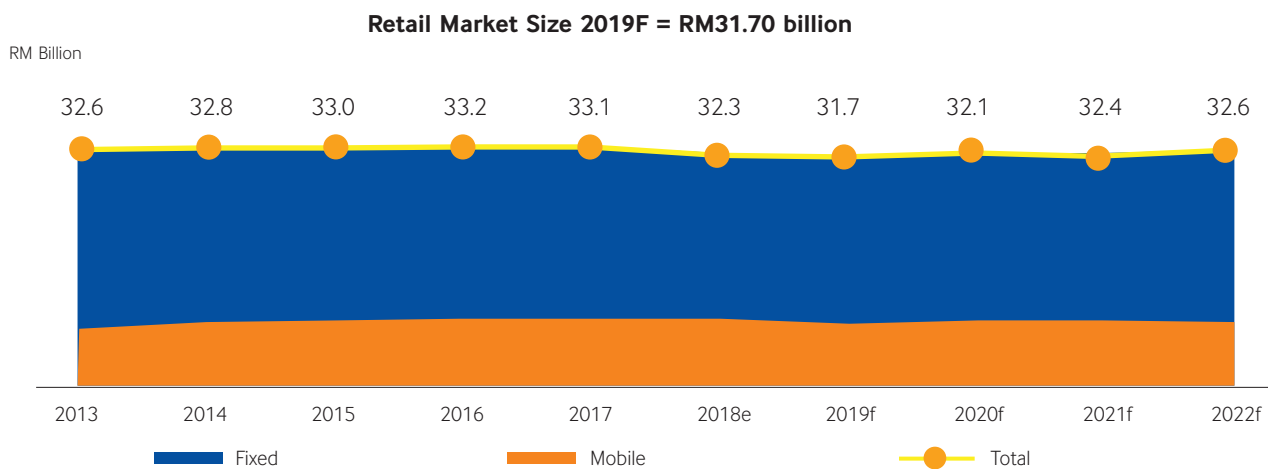
According to Malaysian Institute of Economic Research (MIER), Malaysia is projected to achieve a GDP growth of 4.5% in 2019. Domestic demand will continue to be the engine of growth, however, there will be a slowdown in external demand.



Source: Malaysian Economic Outlook 4Q18, MIER  
e: estimated, f: forecast

## RETAIL MARKET SIZE

The telecommunications sector is facing increasing challenges in this digital era, and Malaysia is not exempted as hyper-competition, price reductions, an exponential rise in data consumption, and regulatory changes are putting pressures on operators' business operations.



Source: IDC Tracker, CAGR 2019-2022: Total Fixed & Mobile = 0.9%  
e: estimated, f: forecast



The consumers' and businesses' demand for fixed-line services will persist. The traditional voice subscriptions are expected to continue to decline as consumers move towards Mobile Voice and OTT voice platforms. The demand for fibre connectivity and high-speed broadband, on the other hand, will be driven by the introduction and mass adoption of high bandwidth services such as streaming 4K content, virtual reality, eSports, cloud applications and smart homes.

To encourage fibre rollout, there is a need to incentivise building owners, managers and developers to prepare for fibre within their premises. It will also be important to streamline and accelerate local authorities' approval process and right-of-way requirements to deploy fibre in a timely and affordable manner.

Technical development for data transmission via copper such as Very-High-Bit Rate Digital Subscriber Line (VDSL), Vectoring, Super-Vectoring, G.fast, Fibre to the Cabinet (FTTC) and Fibre to the Distribution Point (FTTdp), which increase the broadband bandwidth from the traditional basic copper connection, has increased significantly over the years, providing a viable medium-term solution before the fibre network is installed.

## WIRELESS COMMUNICATIONS

In response to the increasing dependence of consumers on smartphones for internet access and digital experiences, the 4G mobile coverage will continue to be our focus, and will be extended to the remaining sites/ areas in the country. The digital lifestyles of current and future consumers will drive the need for faster and affordable connection speed and bandwidth. This will put pressure on Mobile Network Operators to continue to invest in infrastructure to provide high data speed plans, without increasing prices.

As the standards and specifications for 5G are being finalised, we will see its adoption in ecosystem, trials and initiatives in 5G becoming more common. Models of 5G smartphones are expected to be introduced into the market. Hence, it is important that the spectrum roadmap and availability, coupled with the right policy and guidelines for 5G are finalised in 2019, in order to keep Malaysia ahead of the 5G development.

With Internet of Things (IoT) gaining popularity to gain insights and improve decision making, more physical objects, sensors and devices will be connected to the internet. According to a report by GSMA Intelligence, we can expect a sizeable increase in the number of 5G connections, reaching 1.1 billion by 2025, driven by opportunities in the health sector, electronic payments, auto-piloted cars, virtual reality, artificial intelligence and machine learning, new smartphones and wearables.

## INFORMATION & COMMUNICATIONS TECHNOLOGY (ICT)

As Malaysia aspires to achieve a developed-nation status by 2025, ICT has been identified as one of the key enablers of all development. The transformation of both consumer and business landscape will continue to be driven by key trends such as the shift of users from traditional computers to smartphones and tablets; the rising demand for real-time interactive multimedia content supported by mobile technology; and popularity of cloud computing, Big Data Analytics, X-as-a-service (XaaS – delivering anything as-a-service), social media applications, and the IoT.

## DATA ANALYTICS & ARTIFICIAL INTELLIGENCE (AI)

Datafication is a technological trend turning all aspects of our life and business into computerised data, transforming such information into new forms of value. In other words, with digitalisation, we will continue to see huge amounts of data being produced from different sources and activities. The survival of businesses and their appetite to compete and deliver new solutions will, therefore, depend on their ability to process and make sense of such data (with speed) to ultimately create and deliver value. Advanced analytics and AI will continue to play a huge role in shaping our future, transforming every aspect of the Telco business – from automated data processing, intelligent efficiency improvement solutions, hybrid computing and connectivity to personalised customer experience and differentiated product solutions.

## INTERNET OF THINGS (IoT)

IoT has revolutionised the way businesses operate. It creates a wide-ranging ecosystem for meaningful and intelligent exchange of data. The Government of Malaysia has taken a special interest in developing the IoT sub-sector, which has resulted in several market partnerships. IoT continually focuses on integrating the massive, new flow of data from machines and sensors with existing and emerging data source in order to produce novel and actionable new insights. Moving forward, the commercialisation of 'smart city' infrastructure is expected to drive IoT adoption across key social and economic sectors.

## DATA CENTRE & CLOUD

Cloud computing is attracting investment in data centres and is driven by the demand from Software-as-a-Service (SaaS); Infrastructure-as-a-Service (IaaS); and Platform-as-a-Service (PaaS). As users are feeling more comfortable and secure about storing data on the cloud, businesses are also recognising their ability to scale and reduce cost through the deployment of cloud infrastructure.



# Key Risks and Mitigation Measures

At TM, our business and operating models are supported by a robust ERM Framework, which endeavors to future-proof the organisation against market uncertainties and performance deterrents. Broadly, our primary risks to business arise from increased competition and changes in the industry landscape, in addition to other risks associated with sustainability and reputation. Below are some of the key risks and mitigation actions outlined for 2018.

## COMPETITION

Key Risks	Mitigation Actions
<ul style="list-style-type: none"> <li>Preserving revenue, margins, competitive advantages and reducing customer loyalty due to changing customer demands and behaviour, emerging new technologies and increasing bandwidth consumptions for content and applications in the market.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented several action plans to improve TM's competitive position via PIP2018. The initiatives included:               <ul style="list-style-type: none"> <li>Intensified sales activities and customer engagement nationwide via 'Gerak-Gempur' initiative and personalised sales call to customers.</li> <li>Accelerated speed upgrade for unifi and Streamyx customers.</li> <li>Introduced unifi Basic plan as introductory and most affordable package.</li> <li>Launched new unifi Mobile postpaid plans and packages.</li> <li>Shifted from pure connectivity offering towards integrated ICT and converged solutions tailored to industry verticals.</li> <li>Placed greater emphasis on consultative selling integrating both connectivity services and beyond connectivity solutions.</li> <li>Strengthened competitive edge towards becoming a total end-to-end solutions provider by leveraging on affiliate companies to capture regional opportunities with minimal investments as well as through collaborations with other established global players.</li> </ul> </li> </ul>

## PRICING PRESSURES

Key Risks	Mitigation Actions
<ul style="list-style-type: none"> <li>De-growth of revenue, market share and competitive advantages due to the entry of more service providers into niche segments on the back of pricing revision for High Speed Broadband (HSBB) Access and Transmission services.</li> </ul>	<ul style="list-style-type: none"> <li>Realisation of targeted go-to-market in positioning convergence and digital offering as market differentiator. Bundled packages are offered to preserve average revenue per customer (ARPC).</li> <li>Implementation of cost optimisation and management across the Group to affect revenue gaps.</li> </ul>

## FUTURE OF 5G

Key Risks	Mitigation Actions
<ul style="list-style-type: none"> <li>5G spectrum policy and availability is currently uncertain for Malaysia, which hinders further planning and progress of 5G.</li> <li>5G device and application ecosystem takes time to mature with mass adoption, and may require subsidies in early phase.</li> <li>5G investment is expected to be significantly high with uncertain returns.</li> </ul>	<ul style="list-style-type: none"> <li>Participate in 5G Showcase Launch organised by MCMC, to convey TM's capability and expertise in deploying 5G technology.</li> <li>Contribute to National 5G Taskforce led by MCMC – in Working Groups for Spectrum, Infrastructure and Regulatory – targeted to be completed by end October 2019.</li> <li>Conduct field trial in Q3' 2019 to better understand the performance and limitations of 5G for future deployment, as well as to explore new use cases. The field trial seeks to validate the viability of 5G as a Fixed Wireless Access solution for TM.</li> <li>Acquire 5G knowledge and competency by continuously keeping abreast of 5G market development on a global and local front.</li> <li>Results from our 5G initiatives will help us perform a feasibility study on 5G deployment to ascertain our capability to invest, by managing our investments in spectrum and network development.</li> </ul>

We continue to focus our efforts on anticipating and reducing risks while taking advantage of any opportunities that may emerge. The adoption of the ERM framework across the organisation continues to provide the assurance that the risks affecting us have been reasonably identified, assessed and addressed to minimise the risk impact on TM.

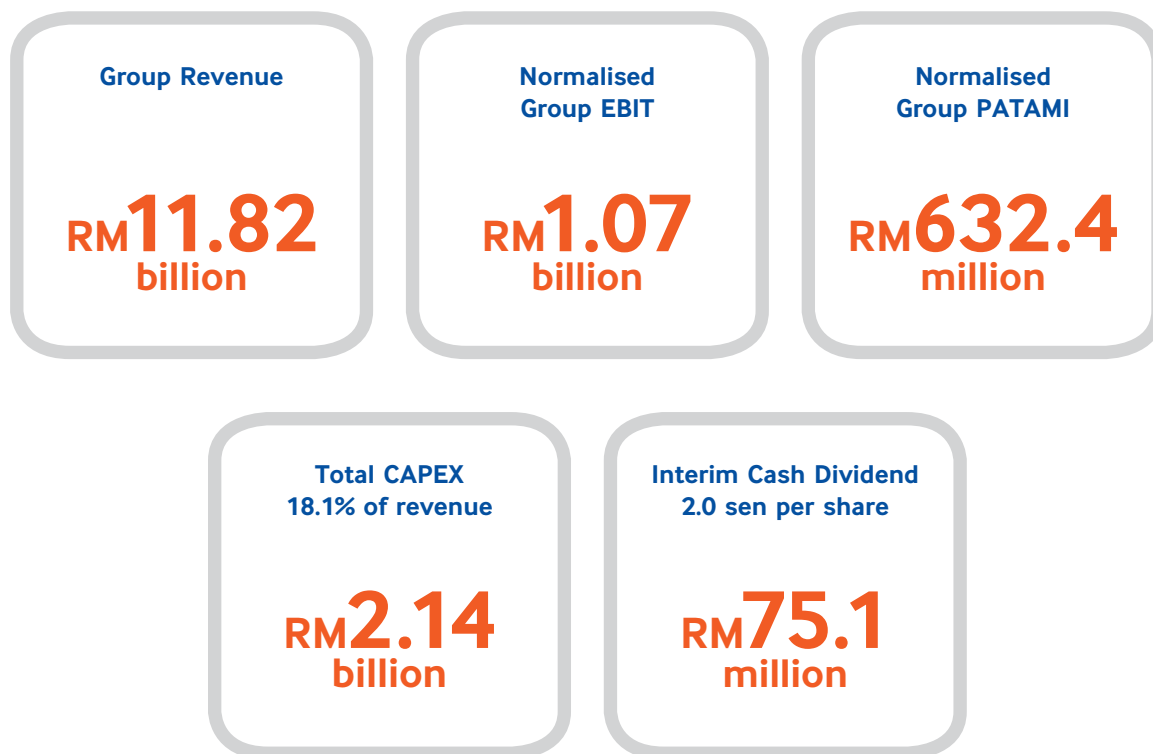
# Financial Performance Review

In 2018, we faced various headwinds from competitive market dynamics such as industry liberalisation and challenges on the backdrop of increasing competition. The challenging operational environment and intense competition have had a significant impact on TM's performance.

Nonetheless, the various initiatives undertaken to improve our efficiencies via our PIP2018 were reflected in the overall financial results for the year 2018.



## FINANCIAL PERFORMANCE (FOR FY2018)



For a more in-depth review of our Financial Performance, please refer to the accompanying separate book on Financial Statements; and on our Financial Management, to the Group Chief Financial Officer (Group CFO) Review, on pages 76 to 79 which immediately follows this MD&A.



# Business Review



Our premier Convergence brand, unifi has been raising the bar for Malaysia's high-speed broadband service in terms of speed, coverage and affordability. In 2018, unifi continued to upgrade broadband plans for existing customers, now up to 800Mbps.



As an enabler of the Digital Nation, unifi has a unique role to ensure that all Malaysians are able to enjoy the benefits of broadband everywhere. In moving towards a digital and creative-led economy, it is imperative that Malaysia scales up to higher broadband speeds to enable the endless possibilities that technology and a digital lifestyle can bring. unifi is here to lead the charge to realise the vision of a Digital Nation, with what we do best – providing reliable high speed broadband services at affordable prices and best value in the country.



## KEY BYTES

**>2.5** million homes, **1.3** million unifi customers

**>400,000** SME customers

**53.0%** convergence household penetration

**109** (62 HD) unifi TV channels

### ACCELERATING THE CONVERGENCE EXPERIENCE WITH unifi

Our objective is mainly to provide the best possible online experience everywhere, and convergence has made it possible. Improving customer experience has and always been a priority, and we are constantly improving our network expansion plans. To date, our converged networks of fixed and wireless have reached close to 3.0 million homes and SMEs. We will continue to expand our converged network, penetrating into rural areas and crossing oceans to reach the islands.

We see convergence of network infrastructures as the key enabler of digital, where unifi will continue to play a critical role to keep Malaysians connected. To deliver a seamless connected experience, unifi services include superfast broadband – covering fixed, mobile (LTE) and public WiFi connectivity – to homes, offices and public places. Coupled with our digital services such as unifi TV, value added services and future over-the-top apps, we are delighted to deliver a convergence experience to our customers anytime, anywhere and on any device.

We believe the convergence experience should be inclusive for everyone. This is why we have made unifi more affordable and competitive with an entry plan of RM79; and for our existing customers, we continue our efforts to upgrade their broadband speeds up to ten (10) times at no additional cost.

As at January 2019, we have upgraded more than 911,000 unifi customers up to tenfold speed boost from their existing speed via our turbo upgrading exercise. Over 239,000 of our Streamyx customers residing within unifi

coverage areas have enjoyed free upgrades to unifi. We have also successfully upgraded more than 181,000 Streamyx customers residing in non-unifi coverage areas to two (2) times their existing speed, where technology permits, at the same price.

For those yet to be upgraded, we will continue our ongoing discussions with the Ministry and the Malaysian Communications and Multimedia Commission (MCMC) to explore specific funding options, various fit-for-purpose technologies as well as optimising existing industry mechanisms in order to deliver a better broadband experience nationwide.

### Turbo Upgrading Exercise as at end January 2019

**>911,000** unifi customers upgraded to **10X** speed

**>239,000** Streamyx customers in unifi areas upgraded to unifi

**>181,000** Streamyx customers upgraded to **2X** speed



## Business Review



### HERE TO MAKE LIFE EASIER THROUGH DIGITAL

Digital is one of the material aspects of unifi business and sustainability. As the digital landscape is maturing, customers are continuously evolving their needs of the things that can make their lives easier. The digital way of doing business has also driven SMEs to revisit their strategies to do more with less and enhance the overall customer experience. Addressing these demands, we continued our efforts to increase digital adoption amongst our customers, including SMEs by improving our product mix and service delivery.

In 2018, we introduced a group-wide Driving Digital Adoption (DDA) initiative to drive the improvement of our customer experience by using digital means. The initiative helped mobilise our resources to promote digital channels, solutions and applications to both our external and internal stakeholders. In a nutshell, it drove the acquisition of new customers, migrate existing customers to digital as well as reduce costs through traffic diversion from inbound calls towards digital channels.

In response to the increasing demand for OTT content, we have enhanced our offerings and features with additional OTT content for unifi TV and unifi PlayTV app. We are excited to see traction from our customers, and we are also in the midst of collaborating with other potential OTT partners. For unifi Mobile customers, we have offered greater convenience and liberation through unifi Mobile #BEBAS, which allows the flexibility to scale-up their prepaid plans based on their usage, all through mobile@unifi app.

For SMEs, we have introduced digital solutions such as web builder and cashless payment options. In addition to digital platforms that allow SMEs to optimise their business operations as well as build new business networks in the digital marketplace.

On the services front, our emphasis is to improve the quality of customer interactions and engagement. In 2018, we simplified and enhanced self-care features on the digital app, care@unifi, which ensure a seamless experience throughout the customer journey. We have also moved beyond traditional marketing platforms, expanding our reach to customers through alternative channels such as social media and out-of-home media.

### LEAN AND COST-SAVVY unifi

Our cost-saving initiatives focused on service and process improvements to enhance customer experience at unifi operations have generated positive outcomes during the year, some of the key results include:


- **e-Bill enhancement** – Converted 100.0% unifi customers to e-Bill to reduce paper and printing cost, with an optional charge of RM2 for a paper bill. e-Bill is also an on-going go-green initiative.
- **Broadband Improvement Plan (BIP)** – Achieved leaner operating costs associated with the legacy network, by offering speed upgrades and conversion from Streamyx to unifi packages.
- **Hot billing function** – Expedited resolution of customer issues and achieved 100.0% collections of final bill payment from terminating customers.
- **HERO app** for Warga TM towards customer centric organisation – Elevated customer experience with the activation of mobile app that leverages on Warga TM for sales lead generation and customers' engagement in real time.



## KEY MARKET RISKS & MITIGATION

	MARKET RISKS	MITIGATION ACTIONS
1	Fixed-to-mobile substitution (FMS) trend, where consumers access internet via mobile, even in homes as mobile speed (LTE) is acceptable for daily internet usage.	Strengthened the reputation of unifi as the most reliable broadband service, now available with speed upgrades of up to 800Mbps, with an affordable entry package of 30Mbps at RM79. Attractive bundles of unifi Home and unifi Mobile are also offered to give more value for money to the market.
2	Intensifying competition from mobile operators, who ventured into fixed broadband space.	Focused on more aggressive and targeted go-to-market for unifi, whilst managing competitors through possible collaboration.
3	Shifting customers' demand for OTT content and digital services, as broadband has become a commodity service.	Enriched unifi's convergence offerings, with localised entertainment content, OTT apps and productivity bundles for businesses (marketing and payment solutions).

## MOVING FORWARD 2019 AND BEYOND

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**Revenue Preservation and Uplift:** unifi will continue to deliver affordable convergence offerings as our value proposition. Our focus will be on intensifying the unifi Mobile go-to-market to increase our market share in the mobile space. To further increase the unifi take-up rate, we will continue to offer bundled services to include fixed, wireless and content at attractive prices to offer more value to our customers.
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**Sustained Profitability:** Our efforts to improve digital interactions and simplify processes in unifi operations will contribute to significant cost savings. Our approach will be to eliminate redundant and obsolete processes, and replacing them with digital solutions, such as self-care applications. We will also focus on populating content from potential OTT partnerships, instead of curating our own content, to reduce spending and optimise costs.
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**Improved Cash Flow:** We will continue to channel strategic investments to our network expansion plans, for both fixed and LTE. This will be done through prioritisation of areas and phases of deployment. We will also leverage on new emerging technologies to revive existing network infrastructure.
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**Increased Productivity:** In our efforts to cultivate a happy workplace, we will not only enrich employee policies and programmes, but also drive high-performance teams by continuously upskilling and motivating them to contribute towards building a dynamic and sustainable organisation of the future.

Our evolution from Broadband Champion and Convergence Champion has equipped us to become the enabler of Digital Nation. unifi will embrace the digital future and ultimately, we look forward to connect more Malaysians, enriching their lives in digital, forming digital society and digital businesses.

## Business Review



TM ONE is our business-to-business arm serving the enterprise and public sectors. Leveraging on our wide-ranging capability, we partner with businesses to realise their digital aspiration. Digital has enabled new value creation, cost savings and new revenue generation. In return, Malaysians benefit from the convenience of various digital services across these industries.

As an integrated telco and an enabler of Malaysia's Digital Nation, TM ONE is well positioned with our comprehensive infrastructure and solutions to enable the ecosystem for a digital business and digital government. TM ONE offers an array of digital solutions for enterprises and the public sector tailored to their industry.

### VALUE CREATION LEVERAGING ON CONVERGENCE

Beyond just connectivity, TM ONE is our one-stop centre that enables enterprises and the public sector to realise their full digital potential. TM ONE currently serves more than 11,000 customers across multiple industries and the Government.

TM ONE is focused on "verticalisation", our approach of personalising end-to-end converged solutions for businesses, tailored to their specific industry vertical. We work towards solidifying our digital in the following seven (7) key verticals: Banking and Finance, Oil and Gas, Real Estate, Health, Education, Defence and Security and Public Shared Services; where we had already made many encouraging achievements in 2018.

In stimulating digital transformation in the banking, financial and insurance sector, TM ONE announced its commitment to collaborate with FinTechs, helping them to deliver customised financial solutions by bundling their services with our offerings. FinTechs can leverage on TM ONE's ability to provide powerful access to market with solutions such as Customer Relationship Management (CRM), marketing and distribution, and Fintech Infrastructure enablers such as Mobile Services, Data Centres, Cloud, Security and IoT services.





For instance, an insurtech company offering micro-insurance can tap into TM ONE's Connected Home solutions to provide contextualised insurance coverage to homeowners who are planning for an overseas trip. Other potential services under the Banking and Insurance vertical include Digital Customer Service, Automated Insurance Claims, Behaviour Driven Rewards, and Data Driven Investment Solutions.

In the education sector, TM ONE has collaborated with a private international school in Penang for the deployment and provisioning of TM's dedicated premium network connectivity service. Under the collaboration, we provide TM's smart school system solutions which include School Management System (SMS), Learning Management System (LMS) and School Attendance System (SAS). These innovative digital solutions will enable students, teachers and school administrators to embrace digital in education, accelerating the school's digital transformation journey. To date, 85.0% of schools in Malaysia are ready to be connected for e-learning implementation, through our fibre infrastructure. The remaining 15.0% of schools can be connected via wireless such as VSAT and IP Radio for rural and remote schools. TM ONE has the experience, commitment, solutions, nationwide fiberisation and open ecosystem that can create a Secure Hyperconnected Ecosystem for Education 4.0.

In keeping up with the Government's efforts to raise public awareness on road safety, TM ONE and the Malaysian Institute of Road Safety Research (MIROS) have signed a Memorandum of Collaboration for the implementation of eCall Malaysia. Under this collaboration, TM ONE will provide communication infrastructure, develop and manage the Emergency Call Centre for eCall Malaysia based on the MERS 999 Emergency Response Call Centre. In addition, TM ONE has connected more than 1,300 police stations and more than 330 fire and rescue stations, for a faster alert response.



## KEY BYTES

**2** State-of-the-art Tier III certified Data Centre

**>7,000** enterprise customers  
**>4,000** public sector customers

**Call Centres**  
**9** in Malaysia **3** in Indonesia



## Business Review



We are also committed in our efforts to introduce IoT and smart services for commercial properties. The adoption of smart services and converged communications services in this digital era will pave the way for the development of smart cities. During the year, we were awarded with a project by the largest gated-and-guarded commercial precinct in Batu Kawan, Penang. The first phase of the project includes deployment and provision of extra-low voltage (ELV) service, smart services such as key lock system, card access, CCTV and access points.

recover faster during emergencies, in compliance with various industry and security certification standards including threat, vulnerability and risk assessment (TVRA), ISO27001 and PCI DSS.

In this digital era, high performance computing assists in rapid decision-making, time saving and spending. Crucial information can then be stored in TM ONE's cloud in a more secured manner. TM ONE's multi-cloud services



### INTEGRATED DIGITAL SERVICES AND INFRASTRUCTURE

We launched the TM ONE Experience Centre (EC) located at Menara TM ONE, Damansara – an immersive 20,000 square feet with state of the art technologies to showcase our integrated solutions for the verticals. The EC delivers a unique digital customer experience across various touchpoints of the interactive ecosystem with our vertical solutions (Real Estate, Education and Healthcare) applied in 'living' context (residential, hospitality, shopping mall, university campus, remote monitor and wellbeing). It is designed to deliver technological solutions by creating a holistic ecosystem of solutions for our customers to visualise the potential of digital in this business. There are frequent visits to TM ONE EC, and we welcome businesses to EC via online bookings at TM ONE portal.

Our Tier III certified Twin Core Data Centre – Klang Valley Data Centre (KVDC) located in Cyberjaya has completed its phase 1 and is ready for commercial operations in January 2019. Together with Iskandar Puteri Data Centre (IPDC) in Iskandar Puteri, Johor, these data centres are fully equipped with high redundancies to place the processing servers and cloud data storage in a high security and high-integrity environment to fulfil hosting, cloud and IOT needs. KVDC and IPDC can also be utilised as a disaster recovery hub, effectively reducing downtime and helping companies to

combine choice and control of services from key cloud service providers that are pre-connected to TM ONE's network. This enables us to have a global ecosystem that connects businesses anytime, anywhere. We are also revitalising our traditional product portfolio with cloud-based features for higher resiliency, scalability, agility and better management.

As the digital adoption matures, our future investments will be centred around ICT, smart services, analytics and security, which will be offered through our cloud infrastructure. We are open to strategic alliances and an ecosystem of local and global partners to create innovative digital services and enable our customers digitally. With our capabilities, solutions and expert resources, we are confident to expand ourselves in the digital market.

TM ONE Integrated Operation Centre (IOC) serves as a centralised command centre for Network Operations and Security Operations of smart services. IOC enables TM ONE to provide a single, nationwide, round-the-clock monitoring dashboard to coordinate operations of smart services involving physical devices and sensors, vehicles, buildings as well as incidents and events.

The main objective of IOC is to manage the operations of smart services nationwide such as smart ICT, safety and security, smart mobility, city-wide services, energy and facilities management, digital signages as well as citizen portal.

## ENHANCING CUSTOMER EXPERIENCE


We are ramping up our efforts towards empowering digital for our enterprise and public sector customers. Towards delivering a connected experience for customers, we have embarked on a number of innovative initiatives such as the formation of an Integrated Service Desk (ISD). ISD is capable of delivering a connected experience to our customers through an integrated engagement of multi-skilled agents for the converged services with omni channel capability.


### KEY MARKET RISKS & MITIGATION


MARKET RISKS	MITIGATION ACTIONS
<p><b>1</b> Businesses are changing their purchasing behaviour towards integrated ICT services, where connectivity has now become a commodity with minimal differentiation. Additionally, they are demanding for lower pricing to meet their unique requirement.</p>	<p>We are moving away from pure connectivity offering towards integrated ICT and converged solutions tailored to industry verticals. Our aspiration is to achieve a mix of connectivity and ICT services of 50:50 by 2021. Similarly, we are placing greater emphasis on consultative selling by combining both connectivity and non-connectivity services (ICT, IoT, Smart Services, Cloud, Analytics) into a single service offering.</p>
<p><b>2</b> In line with IR4.0, businesses are adopting digital processes into their operations, while also opting to subscribe to on-demand services to streamline their spending. Customer's spending behaviour has changed the traditional way of doing business – from fixed upfront pricing to a utility model or other more flexible business models.</p>	<p>Our business model will also change to meet new market requirement, while transforming our delivery and operating systems to be more flexible and efficient. This requires innovative transformation in our business operations, including network optimisation and technology refresh to support optimum scalability.</p>
<p><b>3</b> The industry landscape remains competitive. Due to digitalisation of enterprise services, there is an influx of new licensed providers in the market; with majority of them are small players within a niche target market.</p>	<p>We proactively explore opportunities to collaborate with other providers, both locally and globally. Our priority will be in the seven (7) key vertical industries, where we welcome other providers to integrate their solutions with ours, through collaborations or mutual partnerships.</p>


## MOVING FORWARD 2019 AND BEYOND

For TM ONE, the verticalisation will remain as an integral part of our business strategy. It helps us to understand our customers' needs better based on their operating industry and business environment. Over time, it will also help us to develop industry-based solutions using our IoT, smart services, data analytics, security and cloud-based services.

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**1 Revenue Preservation and Uplift:** Our focus will be on the seven (7) key verticals, our identified key accounts and high-value customers, whilst we continue to defend and grow connectivity offerings. We will also go beyond and tap into growth opportunities in cloud, managed security, and smart services amongst others.
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**2 Sustained Profitability:** Our priority will be to closely monitor and manage our direct costs, by improving efficiencies of our network, IT, maintenance as well as the customers' projects. We will also optimise other cost items such as rental and utilities to control our overheads and improve our margins.
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**3 Improved Cash Flow:** We will demonstrate financial prudence by sweating existing assets, which will include efficient data centre utilisation amongst other measures.
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**4 Increased Productivity:** Our strategy will be the continuous 'simplification' of product offerings and improvement in business processes to meet and exceed customers' expectations in the most efficient and cost-effective manner.