

> STAKEHOLDERS RELATIONSHIPS





























The core of our business approach is stakeholder value creation. We prioritise stakeholder groups that affect or are affected by our business.

Through standardised and consistent stakeholder engagements, we are able to thoroughly understand their expectations. This provides the basis of our strategic and operational objectives. Our strong and constructive stakeholder relationships contribute to long-term business excellence and stakeholder values.



























Frequency of Engagement

Daily Weekly Monthly Quarterly Annually

Stakeholder	Engagement Platforms	Key Expectations	Our Approach
<p>Employees</p> <p>Employees rely on TM for their livelihood and careers, while their skills and efforts are key to executing business objectives.</p>	<ul style="list-style-type: none"> E-mail Blasts Employee Engagement Events Townhalls Employee Appraisals 	<ul style="list-style-type: none"> Safe and conducive working conditions Clear, inclusive and fair career developments Healthy work-life balance 	<ul style="list-style-type: none"> Closely monitor and enhance employee welfare and well-being Provide effective training and development programmes Offer flexible working arrangements
		Material Matters	Strategic Pillars
<p>Customers</p> <p>Customers depend on TM's network, products and services for their daily lives, while their purchases and subscriptions directly impact business performance.</p>	<ul style="list-style-type: none"> Customer Feedback Management Customer Support Centre Social Media Tools Market Research Loyalty Programmes 	<ul style="list-style-type: none"> Fast and reliable broadband connection Easy and efficient customer touchpoints Affordable and innovative products and services 	<ul style="list-style-type: none"> Expand and enhance infrastructure network Establish digital customer platforms Launch unique and affordable products and services
		Material Matters	Strategic Pillars
<p>Shareholders & Investment Communities</p> <p>Shareholders and investors supply the financial capital needed for telco growth and they expect maximised financial returns.</p>	<ul style="list-style-type: none"> Quarterly Reports Annual General Meetings Annual and Sustainability Reports 	<ul style="list-style-type: none"> Competitive products and services Transparent and ethical corporate governance Integration of ROI with the digital agenda 	<ul style="list-style-type: none"> Offer innovative and affordable products and services Strengthen governance policies, standards and frameworks Optimise cost savings through digitisation of processes
		Material Matters	Strategic Pillars

Stakeholder	Engagement Platforms	Key Expectations	Our Approach
<p>Government & Regulators</p>  <p>The Government and regulators allow TM to legally operate, while also collecting taxes that contribute to national development.</p>	<ul style="list-style-type: none"> Government initiatives discussions  Performance Reports  Formal Meetings  	<ul style="list-style-type: none"> Transparent and ethical corporate governance Constant compliance with laws and regulations Accessible and inclusive connectivity 	<ul style="list-style-type: none"> Strengthen governance policies, standards and frameworks Conduct regular internal and external audits Expand and enhance infrastructure network
		<p>Material Matters    </p>	<p>Strategic Pillars  </p>
<p>Suppliers</p>  <p>Suppliers depend on TM for revenue generation and on-going income, while providing products and services for TM's business growth.</p>	<ul style="list-style-type: none"> Supplier Relationship Management  Supplier Training Programmes  Transparency Survey  	<ul style="list-style-type: none"> Efficient and convenient processes Fair contracts and timely payments Safe and effective grievance mechanisms 	<ul style="list-style-type: none"> Invest in digital procurement processes Protect suppliers' rights through stringent policies Set up formal grievance-handling procedures
		<p>Material Matters  </p>	<p>Strategic Pillars   </p>
<p>Business Partners</p>  <p>Business partners work with TM to provide mutually-beneficial and preferential support to the respective businesses.</p>	<ul style="list-style-type: none"> Progress Report  Corporate Presentations  Signing Ceremonies  Annual and Sustainability Report  	<ul style="list-style-type: none"> A shared understanding of business expectations Alignment of partnership goals and objectives 	<ul style="list-style-type: none"> Establish business partnership units in each division Regularly engage and connect with business partners
		<p>Material Matters  </p>	<p>Strategic Pillars  </p>

Stakeholders Relationships

Stakeholder	Engagement Platforms	Key Expectations	Our Approach
<p>Media</p>  <p>The media relies on TM to share factual and important information, which they then circulate to help shape TM's corporate image and reputation.</p>	<ul style="list-style-type: none"> News Releases  Press Conferences  Media Coverage  Media Luncheons  	<ul style="list-style-type: none"> Fair and honest portrayal of information Cordial and respectful media relations 	<ul style="list-style-type: none"> Conduct Spokesperson Training Workshop sessions Organise rapport - building activities
		<p>Material Matters </p>	<p>Strategic Pillars </p>
<p>Communities</p>  <p>Communities are directly and indirectly impacted by TM's operations, and may either provide support or opposition to the business.</p>	<ul style="list-style-type: none"> Website & Service Catalogues  Seminars & Joint Activities  Community Engagement Activities  Annual and Sustainability Reports  	<ul style="list-style-type: none"> Safe and protected living environment Inclusive socio-economic development 	<ul style="list-style-type: none"> Constant compliance with social and environmental regulations Establish flagship community development programmes
		<p>Material Matters   </p>	<p>Strategic Pillars   </p>
<p>Unions</p>  <p>Unions collectively bargain with TM on behalf of its members, which help TM balance the needs of its labour workers.</p>	<ul style="list-style-type: none"> Joint Activities  Consultations  Dialogue & Engagement  Negotiation  	<ul style="list-style-type: none"> Fair and meaningful welfare opportunities Alignment of business and employee priorities 	<ul style="list-style-type: none"> Regularly engage with trade union members Assess and review collective bargaining
		<p>Material Matters  </p>	<p>Strategic Pillars </p>

> CHAIRMAN'S STATEMENT



TAN SRI DATO' SERI MOHD BAKKE SALLEH
Chairman

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present my first annual report statement for TM, in what was quite an extraordinary year. The role of the Board has never been more crucial than in 2020.

Working closely with the management, we continued to navigate through global economic pressures, increasing market expectations and fast changing technological trends, as we faced unprecedented shocks from the COVID-19 pandemic. Throughout the year, the Board has demonstrated strong governance towards managing the pandemic's socio-economic impact on the Group, while TM rediscovered our potential for greater resilience and growth. We join the nation in paying tribute to our entire medical and essential services frontliners out there who worked tirelessly round the clock to keep us safe as we went about our daily lives; including TM's own frontliners comprising 6,000 contact centre agents, technical teams and engineers who ensured the functioning of our network infrastructure and the continuity of our services. As we adjusted to the new normal, TM did not waiver on our commitment to our stakeholders. Every decision made was in their best interest, propelled by a drive to create a digital and sustainable future for all Malaysians.

Navigating Through an Unprecedented Year

The year 2020 was shaped by a series of extraordinary events, primarily from the disruptive COVID-19 outbreak. Since the World Health Organisation (WHO) declared COVID-19 as a global pandemic in March 2020, millions of businesses faced an existential threat and 3.30 billion workers worldwide were at risk of losing their income¹. Dow Jones fell into bear territory² while the FTSE Bursa Malaysia Kuala Lumpur Composite Index (FMB KLCI) sank below 1,220 points, its lowest in a decade.

In Malaysia, businesses faced challenges to adapt to the exceptional circumstances. Unfortunately, many small and medium-sized enterprises (SMEs) lacked the infrastructure

¹ <https://extranet.who.int/goarn/content/impact-covid-19-peoples-livelihoods-their-health-and-our-food-systems-0>

² <https://www.marketwatch.com/story/5-reasons-coronavirus-crushed-the-dow-and-left-global-financial-markets-broken-this-week-2020-03-13>

Chairman's Statement

and resources to effectively transition into the new normal. The world relied on the telecommunications industry to stay connected; while staying safely at home. As businesses shifted to remote working, the demand for video conferencing and software-as-a-service (SaaS) rapidly grew. Similarly, media content and video streaming increased with more people moving online. The surge in internet traffic triggered an urgency for network providers to address connectivity issues and deliver round-the-clock service.

The key takeaway from 2020 is that we need to constantly be prepared to pivot when faced with the unexpected. The unprecedented challenges offered businesses and Governments alike an opportunity to reform strategies, expedite digital transformation and prioritise sustainability measures. As individuals, we had to reassess life priorities and quickly adapt our families and how we go about our daily lives in the 'new normal'. We needed to provide solidarity and support for each other, particularly to the most vulnerable communities. For TM, we see this 'new normal' as an opportunity to expedite the realisation of a Digital Malaysia – and improve the lives of all Malaysians via connectivity and digital solutions.

Rising to Meet New Challenges

The reporting year brought unique risks to business continuity and growth. These include supply chain disruptions caused by lockdowns in China, customer challenges stemming from social distancing and threats to employee health and morale. The events in 2020 underscored the relevance of strong risk management and corporate governance. It is important for the Board to organise contingency plans for all risks before they escalate. With this in mind, we ensured that existing and emerging risks are understood, managed and appropriately communicated to stakeholders. This has been key to navigating the challenges of 2020 and will continue to help us prevent and respond to future threats.

Throughout the year, the Board regularly deliberated on addressing and mitigating not just the immediate priorities but also the medium and long-term impacts from COVID-related risks. The Board Risk Committee (BRC) received updates on all risk issues, including COVID-19 risks that could jeopardise the business. The BRC actively monitors and reviews the management of principal risks to ensure business sustainability and growth, as elaborated on page 138.

Stakeholder Value Creation During a Challenging Year

At TM, we continue to prioritise value creation for our diverse stakeholder groups. We understand and appreciate the critical roles that each stakeholder plays in driving our digital aspirations and strategic objectives forward. With the challenging year, we reshaped our value creation priorities to ensure that the needs of our stakeholders continued to be met. We also focused on creating value by helping our stakeholders manage the impact of COVID-19.

As a nation-building organisation, we felt strongly committed to helping the Government combat the crisis. In the service of the nation and all Malaysians, central to our operations are our people, the Warga TM. Our people-centric approach intensified in 2020, with the pandemic uncertainties creating understandable concerns for all our stakeholders.

After the outbreak hit Malaysian shores, we delivered essential connectivity to hundreds of critical sites nationwide, including the Crisis Command Centre, call centres, hospitals and quarantine areas. We provisioned the centres with voice and internet services, which involved installing temporary lines and upgrading existing services. TM ONE's call centre agents also staffed the Ministry of Health's (MOH) Crisis Preparedness and Response Centre (CPRC) to attend to public inquiries. At the same time, our scalable and programmable network remained stable throughout the MCO period, despite traffic utilisation surging more than 30% from March 2020 onwards. This provided customers with stable and reliable internet connectivity, via our domestic and international networks.

For our employees, we swiftly responded with measures to help them navigate the unique challenges, as telecommunications is deemed an essential national service under the National Security Council (MKN). We released several guidelines designed to protect employees from the outbreak while maintaining their productivity in the new work environment to continuously serve our customers.

For our customers, we pushed through strong headwinds during the MCO to consistently deliver on their connectivity needs and customer experience. Customers had constant access to our customer service team through TM's seamless digital platforms, including myunifi apps, mobile@unifi apps, live chat, social media apps and websites.

Under PENJANA, we also helped SMEs address significant business challenges caused by the pandemic. We offered digital solutions as well as consultation from our team of experts to support SME's digital transformation based on their business needs.

For the community, we channelled more than RM6.7 million into nation-building initiatives to support those in need during MCO. TM volunteers helped distribute RM2.7 million worth of Family Care packages nationwide, which consisted of cash, dry food and other essential items. We also channelled RM2.0 million into the Government's COVID-19 fund and RM2.0 million via the GLC/GLIC Disaster Response Network (GDRN), where TM is the co-chair with Khazanah Nasional Berhad's (KNB) Yayasan Hasanah, to support MOH's and related NGOs' efforts against the outbreak.

We also deployed 5G base stations at two (2) COVID-19 quarantine centres in MAEPS and Institut Latihan Kementerian Kesihatan Malaysia, Sungai Buloh, as well as provided high-speed internet to 12 COVID-19 quarantine centres in Sabah. In doing so, we support the critical work of frontliners while helping those in quarantine stay connected to their loved ones.

For our shareholders, we set up digital channels to safely maintain open communication at all times. In June 2020, we held our first virtual AGM through video conferencing. Furthermore, we continuously strive to maximise sustainable shareholder value, regardless of the challenges. Our focus is to distribute returns that are beneficial for shareholders and enhance value in the near and long-term. For this financial year, the Board proudly declared a total dividend of 14.3 sen per share with a total payout amounting to RM539.6 million.

The key takeaway from 2020 is that we need to constantly be prepared to pivot when faced with the unexpected. The unprecedented challenges offered businesses and Governments alike an opportunity to reform strategies, expedite digital transformation and prioritise sustainability risks.

Our Sustainability Commitments

TM sees sustainability as both a Corporate Responsibility as well as a competitive advantage. Investors, shareholders and other stakeholders are increasingly prioritising sustainability practices as this demonstrates our resiliency to emerging environmental, social and governance (ESG) risks. We integrate sustainability into our activities to safeguard the business and stakeholders from future disruptions, creating new opportunities for long-term growth and well-being. Throughout the year, we made great strides in our sustainability journey through four (4) key pillars: Building a Digital Malaysia, Protecting the Planet, Putting People First, and Strengthening Our Integrity. These pillars align with our commitment to uphold responsible ESG practices and good corporate governance, as expected by our stakeholders.

Every year, we strive to progressively minimise our footprint on the environment. We implemented several Energy-Saving Initiatives (ESI) in 2020, including vehicle fleet optimisation and energy performance measures. As a result, we reduced our overall carbon footprint by 13.0%, thus contributing to responsible climate action. We also actively monitor our direct impact to the surrounding environment and nearby communities; consistently complying with environmental monitoring limits stipulated by the Department of Environment (DOE).

In terms of social performance, we continuously nurture our employees towards a digitally-empowered workforce. In 2020, we invested RM11.8 million in training and development programmes, which include equipping employees with future-ready skills so they can thrive in the long-term. Our efforts also extend to the community at large, as we continued to invest in the development of SMEs and B40 entrepreneurs. Additionally, since 1994, Yayasan TM (YTM) has disbursed over RM561.0 million worth of scholarships to develop over 15,000 high-potential students into dynamic digital leaders.

Our community efforts and educational programmes are designed to create a catalytic effect of additional job creation and socio-economic growth. Our progress in sustainability is only possible through good governance. Guided by TM's KRISTAL core values, we uphold the highest levels of integrity in everything that we do. Through our #IntegritiTanpaKompromi campaign, TM employees are reminded never to do anything that would damage their integrity and that of the Company.

To institutionalise sustainability governance, we also introduced a Sustainability Risk cluster into our Enterprise Risk Management (ERM) for improved sustainability performance. As we continue to build on our strong ESG track record, we are proudly listed as one of only 75 Bursa companies qualified for the FTSE4Good Bursa Malaysia Index, with a full rating of 4/4. Similarly, we received an MSCI ESG Rating of AA out of AAA, which further reinforces our position as an industry leader in managing sustainability risks and growth opportunities.

Catalysing A Future-Ready Malaysia

Digital resilience has risen to the top of Malaysia's post-pandemic recovery agenda. According to the Malaysia Digital Economy Blueprint (MyDIGITAL) and the associated JENDELA action plans, the Government aims to strengthen Malaysia's digital communications infrastructure to deliver seamless connectivity to all Malaysians and to accelerate the country's transformation into a technologically-advanced economy by 2030. In doing so, the citizens and organisations alike will be future-ready for the Fourth Industrial Revolution (IR4.0). As a digital enabler, TM plays a significant role in the execution of both JENDELA and the realisation of MyDIGITAL; leveraging on our comprehensive connectivity, digital infrastructure and innovative solutions.

To power a Digital Malaysia, we continue to expand our extensive infrastructure to roll out services in even more areas nationwide. The goal is to extend our reach to where it is most needed and close the digital divide. We continue to invest in innovative and sustainable projects that promote inclusive socio-economic



growth. We regularly upgrade and improve our product offerings to cater to the evolving connectivity needs of all Malaysians.

Our focus is not limited to TM's business objectives. Despite the challenging environment, we continue to invest in building the nation's digital ecosystem and talent. Through TM R&D, we contribute to the sustainable growth of our business and the public alike. For example, we launched EWAR, a contactless temperature screening solution designed to assist with combating the pandemic. Additionally, we developed an internet solution for end-to-end smart water management called SWIMS, which optimises water consumption for better savings and lower environmental impact. These solutions demonstrate our commitment to create innovative solutions that drive Malaysia as a nation of producers as well as consumers, thus establishing assets for the nation.

Acknowledgements

On behalf of the Board and TM Group, I would like to thank my predecessor, Tuan Haji Rosli Man, for his leadership and guidance during his tenure. His contributions in the past two (2) years helped build TM's resilience to prepare for these challenging times. Similarly, we would like to acknowledge Dato' Noor Kamarul Anuar Nuruddin, our former Group CEO, for his relentless efforts, most notably during MCO; which ensured TM delivered continuous connectivity to customers, kept our employees safe, and maintained our financial performance.

I would also like to acknowledge the valuable contributions of former Board members, Dato' Asri Hamidin (Q Hamidon and Datuk Zalekha Hassan, for their dedicated service. In their place, I welcome new Board members, Puan Anis Rizana Mohd Zainudin (Q Mohd Zainuddin and Datuk Siti Zauyah Md Desa. With their vast experience and knowledge, I look forward to serving alongside them.

Also, my deepest appreciation goes out to our community of stakeholders. Thank you to our shareholders, who continue to place their trust in TM to deliver attractive returns; to our customers for their loyalty and support amidst difficult times; and to the Government as well as business partners for their commitment to building a Digital Malaysia together. More so, a special note of thanks to Warga TM, who remained dedicated and resilient throughout the year – we would not have been able to navigate the year without each and every one of you.

Finally, we would like to once again pay tribute to Malaysia's frontliners in their efforts to combat the COVID-19 pandemic during this exceptional year of 2020. They exhibited immense courage, strength and sacrifices to safeguard the citizens of Malaysia. With the implementation of the vaccination roll-out programme, we as an institution will step forward to help recover and rebuild the country. Together, we will accelerate the nation's digitalisation and reach further for a better Malaysia.

Tan Sri Dato' Seri Mohd Bakke Salleh
Chairman

TM Steps Up During The Pandemic To Serve The Nation

TM's Role in Navigating COVID-19

Innovative & Smart Solutions

Enhanced Digital & Connectivity



Launched **TM ONE Predictive Analytics Screening Solution (ONE PASS)**, a contactless health screening and monitoring solution.



Introduced the **Visitor Management System (VMS)** app that enables mass individual analysis and swift in-building people tracking.

Launched a **Data Exchange Platform** to facilitate data sharing and boost research efforts in combating COVID-19.

Deployed **Early Warning, Alert and Response (EWAR)**, an innovative solution that precisely and efficiently detects high body temperatures in crowded areas.

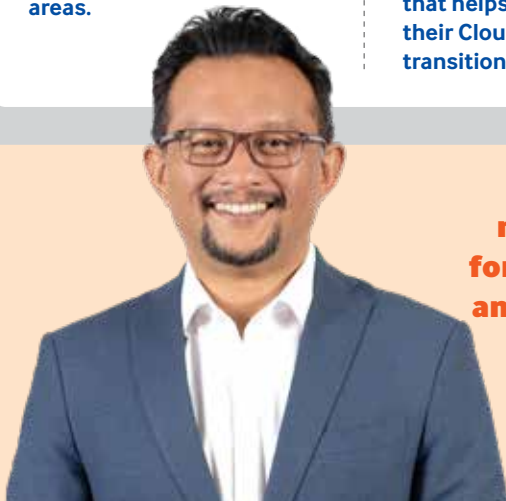


Launched **Cloud α, a comprehensive multi-cloud solution** that helps enterprise customers with their Cloud migration journey and transition to remote working.

Provisioned **voice and internet services** at critical COVID-19 locations nationwide to ensure efficient crisis response via TM ONE.

Deployed **5G base stations at two (2) quarantine centres** to provide enhanced connectivity to frontliners and COVID-19 patients.

Launched **#sTayhoMe initiatives** that help businesses, customers and communities stay connected through affordable unifi offerings.



“TM will continue to take proactive measures to curb the spread of COVID-19 for the safety of our employees, customers and stakeholders. We remain committed to helping Malaysia rebuild its economy via connectivity and digital solutions.”

Imri Mokhtar, MD/GCEO, TM

Progressing Forward

TM will continually monitor the ongoing situation for developments and adapt our services to help our stakeholders, whenever needed. With our full suite of digital services and solutions, we will remain committed to helping Malaysians #sTayhoMe, #stayconnected, #stayproductive, #stayinformed and #stayserved throughout the MCO and beyond.

The rapid COVID-19 outbreak caused widespread socio-economic concerns for consumers, businesses and communities across Malaysia and around the world. Mandated shutdowns and restricted activities impacted the way we live and work. Across industry verticals, the crisis disrupted business continuity, supply chains and business growth. This triggered an urgency for greater connectivity and digital solutions. People and businesses are shifting to digital means to manage their workloads, which has led to an unexpected surge in fixed and mobile network traffic and access demands. Telcos have had to address this unprecedented challenge to fulfil customers' connectivity requirements in the new norm.

At TM, we remained mindful of our responsibility to proactively manage and curb the impacts of COVID-19, while simultaneously ensuring our business operations and services provisioning continue to run smoothly. Our dedicated teams worked around the clock to maintain network and connectivity services to help Malaysians stay connected in these challenging times. We provided crucial support to our stakeholders through smart solutions, while simultaneously accelerating the transition towards a Digital Malaysia.

Community Empowerment

More than RM6.7 million channelled for nation-building initiatives to help those in need during MCO #staysupported amidst challenging times.

Donated over RM2.0 million in cash to the Government's COVID-19 Fund, which aims to alleviate the burden of those directly affected by the pandemic.



Channelled RM1.0 million to GDRN COVID-19 Fund, providing humanitarian relief to communities who effected by COVID-19 pandemic.

Established the **TM Tabung Kebajikan COVID-19** internal fundraising campaign, raising **RM730,000** for affected communities.



Pledged RM1.0 million for the "To Malaysia with Love" (TMWL) campaign, an industry initiative that offers humanitarian relief to community members affected by the third wave of COVID-19, particularly in Sabah.



Set up the TM COVID-19 Corporate Responsibility Taskforce to **distribute TM care packages worth RM2.0 million** consisting of cash, essential items and dry food.



Leveraged our position as co-chair and member of the GDRN to coordinate **crowdfunding efforts with GLCs/GLICs** to raise **RM95.4 million for essential supplies** (RM79.8 million in medical supplies and RM15.6 million in non-medical supplies).



Awards & Recognitions

Malaysia Technology Expo (MTE) 2020 Special Edition: **COVID-19 International Innovation Awards:**

Winner - **Best Innovation Awards for Data Exchange Platform**

Gold Medal for **Data Exchange Platform**

Gold Medal for **EWAR**




Kincentric COVID Resilience Award Malaysia 2020



> MANAGEMENT DISCUSSION & ANALYSIS

GCEO'S STATEMENT

5G Wi-Fi 🔍 ☰ 🔋

 **IMRI MOKHTAR**
Managing Director/Group CEO

Dear Stakeholders,

Firstly, I am grateful for the opportunity to present my inaugural annual report overview since taking office in August 2020. It was indeed an unprecedented year for everyone, where every Government, business and individual was impacted by the COVID-19 pandemic.

“We are pleased to report a resilient overall business performance in 2020 as we navigated through the challenges of the pandemic and the macroeconomic environment. These uncertainties have required us to change the way we work, becoming more efficient in execution and being more prudent in managing resources.”

8 minutes ago

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TM was certainly not spared. Even before the pandemic reached Malaysia, the global economy was enduring a slowdown amid market and operating landscape challenges. Additionally, the telco sector continued to face intense competition, pricing pressures and a decline in legacy services. As the virus spread worldwide, containment measures such as nationwide lockdowns and travel restrictions led to uncertainties in the demand and supply chain.

Determination and perseverance to overcome this crisis were critical for the nation and TM to bounce back quickly. The challenges catalysed the digital transformation in the way people work, communicate and learn. As the nation's telecommunications provider, TM was ready alongside the Government to support the country's telecommunication needs ensuring seamless connectivity and digital solutions. Telecommunications have been vital to keeping people continuously connected and is now essential to Malaysia's socio-economic recovery. For TM, we quickly adapted to the new normal. We took decisive actions to prioritise the safety of our employees and customers while protecting our business. Thankfully, with a united front across all levels of TM, we rose to these challenges and emerged stronger and more resilient than ever, ready to better serve our customers and enable a Digital Malaysia.

An Exceptional Landscape

While most sectors were significantly affected by economic lockdowns, the telecommunications industry experienced growth as connectivity became essential for people to remain productive at home. We also played a central role in combatting

the crisis, as we kept frontliners connected in critical mission, functions and locations. As a leading digital service provider, we quickly responded to meet the surge in internet traffic. We managed the added strain on our infrastructure through continuous network optimisation, resulting in stable network performance for the entire nation for both retail and industry fronts.

The pandemic also caused global supply chain disruptions. Lockdowns and movement restrictions, which were crucial to containing the virus, had significant ramifications across value chains and industries. During the first MCO period in March 2020, we experienced delays in material and equipment delivery and our Civil Mechanical Engineering (CME) works were put on hold. The disruption impacted network rollout progress and contributed to delayed service delivery to customers, hence late revenue realisation and opportunity loss. The situation was further compounded by a backlog of installations due to postponed provisioning, thus affecting our entire installation ecosystem comprising our local technology partners and entrepreneurs.

As the operating environment evolved, we prioritised keeping our people safe, ensuring sufficient liquidity and delivering essential services to our customers. Each line of business implemented swift measures to meet customer demands. unifi, in addition to its unlimited plans, launched support packages to help customers and leveraged its digital platforms to provide customer service and facilitate online orders. Additionally, we launched a Plug & Play wireless broadband solution. We couriered modems to meet customers' immediate connectivity demands; in cases where we were unable to install broadband physically. Via TM ONE, we showed strong support of the nation's command centres and essential services for the public sector and enterprises; with hundreds of upgrades through its scalable and programmable solutions enabling them to run their critical operations from both home and onsite. We also strengthened our engagement with customers through close online collaborations; prioritising customers who allowed site visits with service installations that follow strict Standard Operating Procedures (SOPs). TM WHOLESALE continued to meet higher capacity demands for our domestic and global telco customers; ensuring seamless connectivity for their end-users.

In short, despite the challenges, TM ensured that our network was always-on and our services available to customers, so they could stay connected, entertained, productive, informed and continue to be served throughout the MCO and beyond.

Managing an Unprecedented Risk

Risk management is an integral component of our corporate governance. TM's Enterprise Risk Management (ERM) Framework allows us to anticipate and respond to changes in the operating landscape. As a result, we are able to make timely decisions under conditions of uncertainty to build our business resilience and ensure sustainable value creation.

In 2020, we immediately set up a TM COVID-19 Crisis Response Team (CRT) and activated our Crisis Communications Management Team (CCMT) with daily huddles; providing leadership oversight, monitoring and execution of the required controls in managing the pandemic and keeping our stakeholders regularly informed. Early proactive measures had been undertaken since January 2020, implementing Special Working Arrangements (SWA) with SOPs in place and communicated to Warga TM nationwide. This was crucial to business continuity, whilst minimising service disruptions and keeping our employees and customers safe.

We also implemented several key Business Continuity Plan (BCP) control measures to contain COVID-19 cases within our premises. We activated multi-level resources to manage nationwide BCP controls in high exposure areas. Affected premises were locked down for disinfection and sanitisation. Non-critical employees were mandated to work-from-home (WFH) to minimise exposure to the outbreak. However, employees in critical business functions worked as usual; rendering essential services to all our customer segments. A centralised contract for Personal Protective Equipment (PPE) was set-up for our critical employees to utilise during the pandemic.

Every Warga TM played an essential role in managing COVID-related risks and it was truly a team effort. This was a source of personal pride and admiration for the dedication that Warga TM demonstrated throughout the crisis. The following divisions had carried out crucial mitigation plans to maintain the safety, productivity, and reliability of our operations.

Key Divisions	Objectives
Group Human Capital Management; Occupational Safety & Health (OSH)	<ul style="list-style-type: none"> To ensure the safety of employees and visitors at TM premises. To curb the spread of COVID-19 in TM clusters. To empower employees as they work from home. To enhance protection for high-risk employees. To ensure continuity through strong leadership.
Network & Services	<ul style="list-style-type: none"> To ensure the continued availability of TM services to customers. To prioritise critical areas, such as Government authorities and essential services. To protect the safety of employees and partners in frontline positions.
Supply Sustainability	<ul style="list-style-type: none"> To ensure a continuous supply of materials and services for operations. To manage possible delays in supplies delivery.
Collection/ Financial Liquidity	<ul style="list-style-type: none"> To maintain a healthy collection and sustainable cash flow. To ensure sufficient liquidity for investments and operations.

As the operating environment evolved, we prioritised keeping our people safe, ensuring sufficient liquidity and delivering essential services to our customers.

GCEO's Statement

New Normal, New Opportunities

In many aspects, navigating through 2020 was made possible by digital connectivity. Without online solutions, Malaysians would not have been able to work and live at a safe distance, which would have resulted in a greater economic contraction. The MCMC reported that up to 70% of internet usage moved to residential areas as more people worked from home, with a similar trend observed globally. For TM, we recorded a surge in network traffic between 30% to 50% over pre-pandemic period.

The accelerated adoption of fixed broadband and other digital solutions opened up opportunities in e-commerce, online learning, the Internet of Things (IoT) and particularly Cloud services. Many enterprises migrated their applications and workload to the Cloud throughout the year, enabling them to work remotely. At the same time, other enterprises preferred data centre services that co-located their applications and workload to an in-house facility, offering better access to large-

scale remote workers. The growth in Cloud and data centre traffic is favourable to TM, as we hold a strong market position in Malaysia. TM currently has nine (9) data centres with two (2) centres rated as Tier III that provide world-class Cloud services, Artificial Intelligence (AI) and advanced cybersecurity. TM ONE also launched Cloud-α in early 2020, the only Malaysian-owned aggregator and provider of end-to-end Cloud infrastructure and services for our enterprise and public sector customers.

The rapid rise of online activity in 2020 resulted in changes to customers' behaviour as they get more accustomed to a seamless digital lifestyle, thus we accelerated our convergence offerings. Additionally, growth in video streaming requires a stable and reliable Content Delivery Network (CDN). CDNs increase video streaming quality at lower costs by optimising content served by points of presence globally. As the content gateway of ASEAN, TM provides extensive CDN coverage throughout the region to deliver fast and high-quality video content.

Executing Our Strategy

During the year, we stayed on course with our immediate-term strategy of Fixing the Basics; focusing on Connectivity Excellence, Solutions Excellence and Customer Experience Excellence. This strategy required us to strengthen our foundation by improving network and IT, enhancing processes and distribution; and expanding sales through customer excellence. There are four (4) key drivers that helped effectively execute the strategy, as summarised below:

Revenue Generation

We focused on maximising our financial performance by strengthening our value propositions and exploring new revenue streams.

In 2020, we focused on accelerating customer-driven growth for the consumer and SME sector through various initiatives, including launching new convergence offering and growing distribution channels through conventional and digital platforms. The enterprise and Government sector focused on connectivity and digital solutions for industry verticals. Domestically, on the wholesale front, we focused on backhaul services offerings and broadband infrastructure to mobile operators and other licensees. TM continues to strengthen Malaysia's global connectivity and partnership ecosystem with international telcos, content partners and hyperscalers to position Malaysia as the region's digital hub.

Customer Excellence

We are committed to enhancing customer experience throughout their engagement journey with TM.

We utilised customer insights to provide enhanced experience solutions, both physically and digitally. For instance, we delivered real-time service reconnection upon payment. We launched TM Force, a workforce system for efficient installation and restoration and focused on upskilling Warga TM frontliners to deliver excellent customer service. We also upgraded our CPEs with future-proof devices to support higher speeds, expanded our remote troubleshooting capabilities and promoted our Mesh WiFi offering to enable better WiFi signals within the customers' premises.

Employee Productivity

Warga TM is our biggest asset. Throughout the year, we continued to build an agile and responsive workforce.

One of our key priorities for 2020 was to reinforce ourselves as a sales and service-focused organisation. We further conducted an organisational realignment to enhance productivity and efficiency. We shifted from being 'planning-centric' to 'execution-centric', in which business operations were realigned to optimise manpower distribution throughout the country. For example, our network operations workforce was remobilised to accelerate the delivery of Mega Projects such as broadband fiberisation, MyGovnet and mobile backhaul requirements.

Superior Network

Our extensive and reliable fibre network has always been our competitive advantage.

Throughout the year, we focused on modernising our fibre network to cater to future needs both for broadband and data expansion as well as mobile backhaul to support 4G networks and paving the way for 5G. We also focused on preventing network outages by managing power-related issues and cable cuts. As a result, we achieved over a 30% reduction in network-related complaints.



TM is committed to continuously increase shareholder value and declared a total dividend of 14.3 sen per share with a total payout amounting to RM539.6 million for the financial year of 2020.

A Resilient Business Performance for FY2020

We are pleased to report a resilient overall business performance in 2020 as we navigated through the challenges of the pandemic and macroeconomic environment. These uncertainties have required us to change the way we work, becoming more efficient in execution and being more prudent in managing resources.

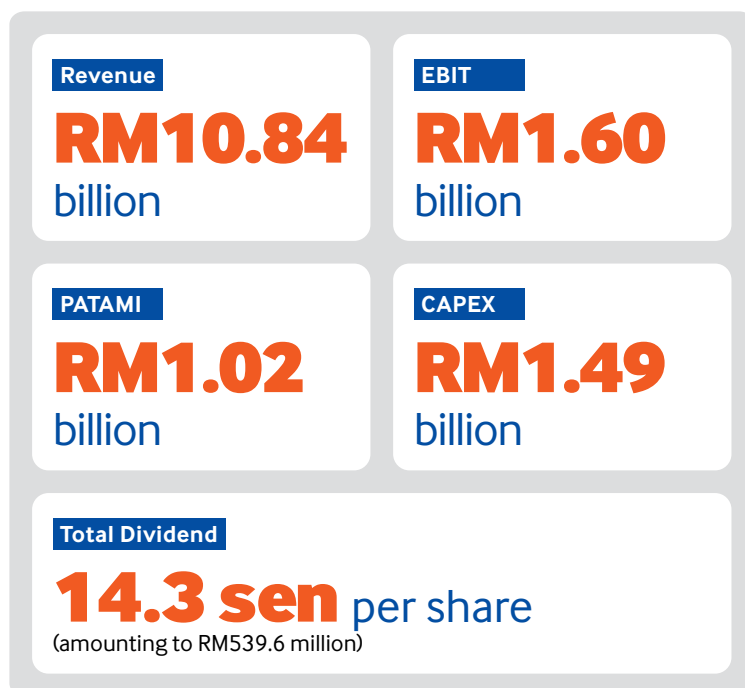
For 2020, we recorded a revenue of RM10.84 billion as compared to RM11.43 billion in FY2019, lower by 5.2% in the face of market and pandemic challenges. Our performance improvement programmes continued to bear fruit, with Earnings Before Interest and Tax (EBIT) and Profit After Tax and Minority Interests (PATAMI) growth recorded from the previous year. Group EBIT for FY2020 rose by 2.3% to RM1.60 billion on the back of lower operating cost, from the Group's ongoing momentum of its cost optimisation and productivity programmes. This subsequently led to a strong 60.6% growth in Group PATAMI to RM1.02 billion from RM632.7 million last year.

In 2020, the Company invested 13.7% of revenue in capex amounting to RM1.49 billion as it continued to optimise and modernise its network as well as sweating its assets. Of the amount spent, 52.8% was for network access, 22.4% for core network, and the balance 24.8% for support systems. This has ensured that TM's network was able to effectively manage the network traffic that has surged over the period of the MCO.

TM is also committed to sustainable growth, with increased emphasis on ESG, building on its strong track record as one of the 75 Bursa companies on the FTSE4Good Bursa Malaysia Index, with the full rating of 4/4.

For shareholders, TM is committed to continuously increase shareholder value and declared a total dividend of 14.3 sen per share with a total payout amounting to RM539.6 million for the financial year of 2020. Our financial performance is a testament to our long-term resiliency and our ability to utilise capital and create value.

We continue to make great strides in delivering an attractive customer proposition. Most prominently, unifi stayed on its growth momentum, with 1.65 million subscriptions and 2.33 million total fixed broadband customers. This 6.8% growth in the customer base was driven by the evolving landscape. We launched the unifi Your World campaign; our first total convergence offering (voice, broadband, mobile, TV content plus lifestyle devices - Mesh WiFi, unifi Plus Box). As a result, we achieved the highest convergence penetration rate of broadband customers at 60%, as more Malaysians embrace digital living and working.



GCEO's Statement

Recognising the importance of connectivity and digitalisation, in September 2020, the Government had announced the JENDELA action plan, which aims to accelerate digital connectivity through widespread deployment of fibre and mobile whilst exploring other fit-for-purpose technologies.

As organisations seek to remain competitive, Cloud computing has become the new norm; providing end-to-end managed services and delivering greater cost efficiencies. TM ONE is taking transformation forward in enabling the digital journey of enterprises and the public sector to further strengthen their digital resilience; with a comprehensive suite of solutions covering connectivity, Cloud and data centre, cybersecurity and smart services.

Meanwhile, in the spirit of supporting the Government's call for greater industry-level collaboration, TM WHOLESALe continued to support mobile operators and other licensees with wholesale broadband and mobile backhaul services to better serve more Malaysians. It also partnered with other Telco players to drive 5G connectivity for the use-cases in the 5GDP. At the international level, TM WHOLESALe provided subsea connectivity services for international telcos and OTTs, as well as wholesale data centre solutions for major hyperscalers.

The Acceleration of Digitalisation

Recognising the importance of connectivity and digitalisation, in September 2020, the Government had announced the JENDELA action plan, which aims to accelerate digital connectivity through widespread deployment of fibre and mobile whilst exploring other fit-for-purpose technologies such as fixed wireless access (FWA). Under JENDELA, the Government aims to holistically close the digital gap and pave the way toward 5G and Digital Malaysia. Then, in February 2021, the Government introduced MyDIGITAL, a Malaysia Digital Economy Blueprint, to drive digitalisation and propel the country towards becoming a full-fledged digital nation by 2030. MyDIGITAL is a holistic approach encompassing digital connectivity (fibre and 5G), digital infrastructure (cloud and cybersecurity) and digital skillsets, towards making life and business easier for Malaysians as a connected nation.

We are well-positioned and ready to play a leading role in supporting JENDELA and MyDIGITAL through digital connectivity expansion. We continue to contribute to the nationwide fiberisation effort to greatly improve broadband coverage and quality. The fibre network development is not limited to home and business premises but also enables fiberisation of mobile towers to improve the current 4G service quality and next, to expedite 5G rollout. The existing 600,000km of fibre length across Malaysia is expected to grow rapidly over the following years, in tandem with the JENDELA implementation. Also, we deployed fixed broadband to about 300,000 premises, achieving 138% of the premises targeted for 2020 under JENDELA.

Our extensive fibre network nationwide is primed to support 5G Special Purpose Vehicle (SPV), allowing us to rapidly bring next-generation services to our multi-segment customers served by our customer units. This will, in turn, enable a fast and cost-effective



rollout of the 5G infrastructure. Beyond our shores, TM's ever-growing global network of more than 30 submarine cable systems spanning 300,000km is ready to support the global connectivity demand of MyDIGITAL. TM enables end-users to access and enjoy a seamless connectivity experience, thus supporting a more digital lifestyle and workstyle, through our strong relationships with global telco and content partners, including hyperscalers.

In terms of digital infrastructure, we are proud to be selected as the only home-based cloud operator awarded the Cloud Service Provider (CSP) to serve our public sector together with the appointed Managed Service Providers (MSPs). We have established ourselves as a leading end-to-end cloud and data centre service provider that provides data residency, locality and sovereignty in Malaysia – serving both our public sector and enterprise customers. TM currently has nine (9) data centres, with two (2) of them rated as Tier III that provide world-class Cloud services, Artificial Intelligence (AI) and advanced cybersecurity.

In building the digital skill sets and talents of the Malaysian workforce, MMU is currently offering degree courses and executive education in Artificial Intelligence (AI), Data Analytics, Robotics and Cybersecurity. Similarly, we established the TM Digital Academy to equip our own employees with future skills needed to realise our digitalisation aspirations.

Overall, we are ready and excited to play a significant part in this accelerated journey to drive the Government's holistic digital initiatives encompassing digital connectivity (fibre and 5G), digital infrastructure (Cloud and cybersecurity) and digital talent. We would also like to thank the Government for the trust in our ability to deliver on Malaysia's digital aspirations. We believe such public and private collaboration will propel our country today and tomorrow, towards a full-fledged Digital Malaysia by 2030 – a more digital society, digital business, digital industry and digital Government.

Way Forward

In charting our strategy for 2021 and beyond, we foresee that the global telco sector outlook will still be challenging as the world begins its long path to recovery post the pandemic. Closer to home, revenues continue to face pressures, driven by increased commoditisation of telco connectivity services and market competition. TM needs to respond appropriately to protect and grow our group revenue, EBIT margins and Return on Invested Capital (ROIC). We need to go beyond connectivity and pursue new solutions.

Throughout TM's historical journey, we have faced numerous challenges and always emerged stronger. These experiences shaped our resilience; thus, we are confident in overcoming these challenging times. Building on the current momentum of our 2020 performance, TM has embarked on the next exciting phase of its journey with the 'New TM' transformation programme (2021-2023). Guided by the 'New TM' compass of Purpose, Customers, Performance and People; TM will inculcate a new performance culture that is focused on outcome and impact.

Over the next 12 months, TM looks to improve EBIT growth through three (3) areas of excellence, which we believe will differentiate us from the competition:

- **Connectivity Excellence – to connect Malaysians and close the digital divide.**
- **Solutions Excellence – to deliver innovative products and solutions that propel Malaysia's growth.**
- **Customer Experience Excellence – to make life easier for customers.**

2021 will be our rebase for growth as we build a new TM; improving EBIT growth with stronger revenue from our business units, better cost management and productivity from operations optimisation, and improved customer experience. We will shift into full execution mode to transform TM into a future-proof organisation. This will set us on a sustainable growth trajectory to continue serving the nation, creating value for stakeholders and establishing ourselves as a digital enabler for society, business, Government and the telco industry.

There will be things for us to 'Fix', 'Continue' and 'Start', which require an in-depth understanding of our capabilities and producing development plans to bridge any gaps:

- 01 Fix what needs to be addressed, which includes improving the experience of our broadband customers;**
- 02 Continue to improve what we are doing well, like accelerating our unifi sales momentum;**
- 03 Start unlocking growth opportunities, such as introducing new solutions-based services, i.e. Cloud and digital services**

[Read more on page 48](#)

GCEO's Statement



The 'New TM' transformation is anchored on 40+ Value Programmes, driven by a dedicated Transformation Office; with a new cadence towards a higher execution tempo, which is already showing early traction in 2021. TM is reshaping our Warga TM to embrace an agile work culture with future-ready skills. We will move forward with faster speed, pushing our business performance even further to achieve commercial sustainability whilst fulfilling our nation-building objectives.

For our 2021 Market Guidance, we are projecting a flat to low-single-digit revenue growth anchored by improvements we saw on the retail front as well as our other business lines. This, together with the transformation and cost optimisation initiatives currently underway, has given us the confidence to project an EBIT of more than RM1.6 billion by end of the year. Prioritising return on investments, we are expecting a CAPEX over revenue ratio of between 14-18%. These will set TM on a sustainable growth trajectory to create shareholder value and deliver on our aspirations of a more digital Malaysia.

Acknowledgements

In closing, our performance momentum amidst these exceptional times has further strengthened our conviction in the transformation ahead. Behind the scenes, there are many to thank and acknowledge. First and foremost, I would like to express my gratitude to our previous Chairman of the Board, Tuan Haji Rosli Man, for his leadership and guidance during his tenure with us. I also take this opportunity to thank my predecessor, Dato' Noor Kamarul, for his valuable contributions in the past 13 months, laying the strong foundation for a future-ready TM. I would also like to record our highest appreciation to the Board of Directors for their continued support and stewardship during this challenging period.

Most importantly, thank you to our Warga TM, for their unwavering commitment and hard work, despite adjusting to the new ways of

The 'New TM' transformation is anchored on 40+ Value Programmes, driven by a dedicated Transformation Office; with a new cadence towards a higher execution tempo, which is already showing early traction in 2021.

working. Your dedication and teamwork make me proud to stand by your side. An honourable mention to our TM frontliners, who stepped up in the line of duty, and for the sacrifices you have made to keep the country safe and connected. We pray for your safety and protection, always. Finally, to all our stakeholders, including our customers, shareholders, investors, suppliers, Government, regulators and the community at large – we cannot thank you enough for your relentless support and loyalty all these years. TM Group will be at the forefront in this new economy towards improving the quality of life of our customers and all Malaysians. We remain confident to bring value for our customers and shareholders in 2021 and beyond as we strive to reach further for a better, Digital Malaysia.

IMRI MOKHTAR
Managing Director/Group CEO

> MARKET ANALYSIS & OUTLOOK

Where the Industry is Right Now

Where the Industry is Going

THE ECONOMY

The 2020 pandemic delivered the largest global economic shock the world has witnessed in decades.

Underutilisation of labour and capital, an increase in international trade costs, a drop in travel services, and a redirection of demand

away from activities resulted in contraction of global economy by 3.5% in 2020¹, while Malaysia's economy fell to -5.6%².

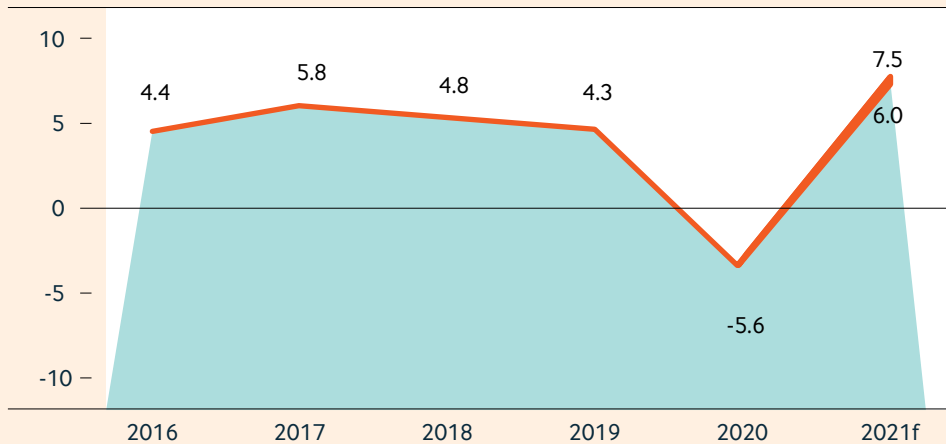
Partial recovery is expected in 2021, at 5.5% of GDP, although this highly depends on how the pandemic evolves¹. Similarly, Malaysia's GDP is expected to grow by 6.0% to 7.5%, from -5.6% in 2020.

This recovery is due to the expected improvements in global growth and international trade, compounded by the Government's stimulus packages. However, many uncertainties remain. The impact of MCO 2.0 has not yet been forecasted, which may affect GDP growth recovery.

MALAYSIA REAL GDP GROWTH

Annual Change (%)

Source: BNM



Capitals Deployed   

Material Matters  

The Malaysian Government introduced various economic stimulus packages to support the Rakyat in weathering the economic impact of COVID-19.

The monetary and fiscal measures supported household income and minimised job losses, while also preventing large-scale business failures. The Government also introduced various initiatives to improve economy digital coverage and adoption, such as tax exemption for digital and ICT equipment. The Government is taking an inclusive and holistic approach to Malaysia's economic recovery by introducing PRIHATIN and PENJANA. These packages aim to protect the welfare of the people, support businesses including Small and Medium Enterprises (SMEs) as well as strengthen the country's economy to weather the effects of the COVID-19 pandemic.

In August 2020, the Government announced the JENDELA action plan to improve broadband coverage and service quality.

More recently, in February 2021, the Government presented MyDIGITAL and the Malaysia Digital Economy Blueprint, designed to anchor the national digital economy development for the next ten (10) years. It provides a holistic approach to digitalisation, encompassing digital connectivity (fibre and 5G), digital infrastructure (Cloud and cybersecurity), and digital talent and skillsets.

Under Budget 2021, RM9.4 billion will be used to develop the national digital strategy and close the connectivity gap³.

Furthermore, the MyDIGITAL initiative will accelerate innovation and create an effective digital ecosystem across the public sector, enterprises, SMEs and consumers. One of its key takeaways is on 5G implementation. 5G rollouts have been pushed back several times, but under MyDIGITAL, Malaysia is expected to get 5G access by the end of 2021.

Capitals Deployed    

Material Matters   

Market Analysis & Outlook

Where the Industry is Right Now

TELECOM MARKET

Connectivity

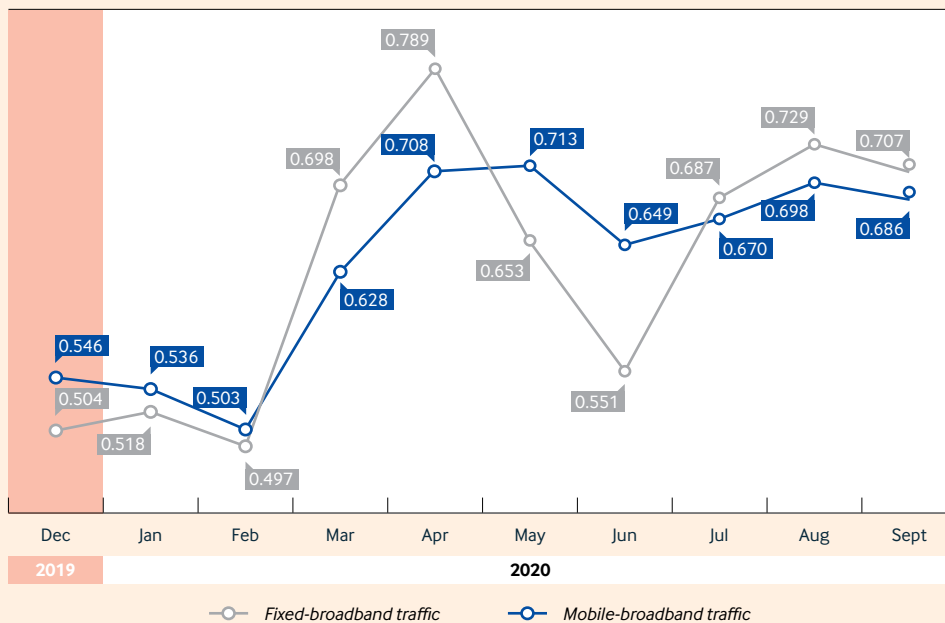
The number of fixed broadband subscriptions in Malaysia maintained a growing trend⁴.

Home broadband demand is driven by digital working, learning and entertainment, increasing data consumption. It correlates with MCMC's report; up to 70% of internet traffic moved to the residential area during MCO⁵, a similar observation globally. This trend continues as it becomes the new normal.

BROADBAND TRAFFIC

Exabytes

Source: MCMC Pocket Book of Statistics, 3Q 2020⁶



For mobile, average data usage per consumer continued to grow steadily. While those with home broadband are expected to use less mobile data, many others rely mainly on mobile services as their primary Internet connectivity.

SME Business Solutions

SMEs were significantly affected by the pandemic, especially during the lockdown period. Retail and services sectors, which account for most businesses in this segment, primarily relied on offline transactions, are heavily impacted.

Where the Industry is Going

CONSUMER & SME

Fibre will continue to dominate the market⁶, further accelerated by the implementation of JENDELA.

At the same time, fixed wireless is expected to expand its customer base; as a fibre alternative for interim solutions or hard-to-reach areas.

SMEs will need to adapt to the new norm through digitalisation, streamlining their operations and providing a seamless customer experience. SMEs will also need to leverage online exposure (i.e., e-commerce, digital marketing forum, etc.).

Current Phase 1 of JENDELA covers:

- **7.5 million premises passed by fibre**
- **96.9% 4G coverage**
- **35Mbps mobile broadband speed**

Capitals Deployed    

Material Matters   

Where the Industry is Right Now

Where the Industry is Going

TELECOM MARKET

ENTERPRISE

Connectivity

Connectivity

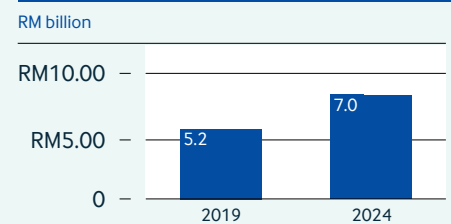
The network requirements changed due to remote working (i.e., increase in WAN traffic and decrease in traffic across branches)⁷.

The growth of traditional bandwidth (ethernet, dedicated internet and broadband) is not sustainable.



Therefore, enterprises will eventually consider more efficient solutions, such as Software-Defined Wide Area Network (SD-WAN), Software-Defined Branch (SD-Branch), Bandwidth on Demand, and managed network services.

NETWORK SERVICES MARKET IN MALAYSIA



Source: GlobalData ICT Market Opportunity Forecast, 2019-24

Some enterprises faced congestions due to increased uplink Internet traffic, driven by remote access to the corporate network. At the same time, enterprises considered higher bandwidth from connectivity providers to offer a seamless user experience.

At the same time, co-location in third-party data centres remained crucial for enterprises with strict requirements.

Beyond Connectivity

Enterprises shifted ICT priorities, with a focus on business survivability and the ability to conduct ongoing operations. Beyond connectivity, enterprises deploy solutions to enable remote working and security services to provide higher protections, especially for users/devices accessing corporate infrastructure from public networks.

The large-scale shift to remote access and work from home (WFH) increased cybersecurity threats to enterprises. These include stealing sensitive information, attacking servers or network to exhaust resources and bandwidth, and unauthorised attendees in virtual meetings.

COVID-19 accelerated Cloud adoption, as enterprises had to migrate applications and workload to the Cloud. Major Cloud providers also reported significant traffic growth.

Enterprises fast-tracked the deployments of 'essential' Internet of Things (IoT) applications (e.g., remote asset monitoring, connected healthcare and public safety). However, the adoption of other non-critical use cases was slower as enterprises reshuffled their ICT strategy to prioritise COVID-19 related solutions.

ICT Services

ICT enterprises are expected to migrate more workloads from the captive data centres to the Cloud, driving multi-cloud solutions demand. Simultaneously, hyperscalers such as Microsoft, Google and Amazon, will get closer to public sector and offer wider edge computing services. Following the MyDIGITAL initiative, TM and the hyperscalers are now allowed to build and manage the hyper-scale data centre in the country.

Through the 'Cloud First' strategy, 80% of public data will be in the Cloud by the end of 2022⁸. The Malaysia Cloud market is expected to grow at a CAGR of 7.4%, from RM8.2 billion in 2019 to RM11.7 billion in 2024⁹. The demand for data centre services will also continue to grow, especially for enterprises with strict ICT infrastructure requirement.

Digital Solution

Remote working will significantly tighten enterprise security policies, leading to higher adoption of security hardware, software and services. The managed security services market in Malaysia is expected to grow at a 3.6% CAGR, from RM1.00 billion in 2019 to RM1.20 billion in 2024⁹.

The rising demand for IoT use cases will accelerate due to COVID-19 related applications, such as connected temperature sensors, remote management (smart building), connected healthcare and public safety.

Market Analysis & Outlook

Where the Industry is Right Now

TELECOM MARKET

Connectivity

The wholesale market has been experiencing an exponential growth in international and domestic data traffic, driven by higher consumption of bandwidth from retail and enterprise users as well as the proliferation of capacity demand from over-the-top (OTT) providers.

However, the overall revenue growth from this market is dampened by the global bandwidth commoditisation. Wholesalers continue to create values from connectivity business through innovative solutions, in line with current market trends.

Roaring media consumption

Global media and content traffic dominate bandwidth connectivity, representing more than 80% bandwidth capacity beyond 2020. The adoption and advancement of OTT solutions specifically by hyperscalers for end-users' consumption played a vital role in higher capacity requirement. The expansion of fixed and mobile broadband penetration, as well as greater automation and digitisation worldwide, also create demand for the internet and media requirements. The pandemic situation forced service providers to respond rapidly to the sudden shift in capacity and traffic patterns as the result of the stay-at-home orders worldwide.



Capitals Deployed   

Where the Industry is Going

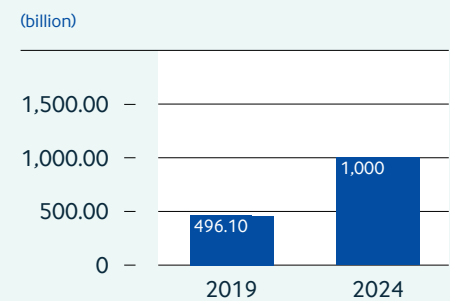
WHOLESALE

Wholesale services revenue is expected to grow in the upcoming years. As the service provider for domestic and international connectivity backbone, wholesale's activity level will increase with new technologies such as 5G and IoT.

Domestic wholesale growth will be driven by the increasing broadband penetration by mobile operators, particularly for quality improvement and service coverage expansion. The National Digital Network initiative, JENDELA, which was announced by the Malaysian Government will further boost broadband access and backhaul services nationwide. The anticipated adoption of 5G services by 2022 will drive more investments in Malaysia's wholesale infrastructure services.

Greater media delivery growth in view of the rising online video consumption and live streaming will be the core driver of demands for international connectivity, Content Delivery Network (CDN) and Data Centre solutions. According to Omdia, the total online video views will double from 496.1 billion in 2019 to 1 trillion in 2024. APAC is forecasted to have the highest CAGR (21.1%), followed by MEA (18%), Latin America (14.6%), Western Europe (14.6%), and North America (11.0%).

ONLINE VIDEO VIEWS



Source: Video CDN Market Report, OMDIA (Oct 2020)

Material Matters   

Source and Reference:

1. World Economic Outlook Update, IMF (Jan 2021)
2. BNM Annual Report 2020 (Mar 2021)
3. Budget 2021: RM9.4 billion to close digital divide, MCMC (Nov 2020)
4. MCMC Pocket Book of Statistics 3Q 2020, MCMC (Jan 2021)
5. National Digital Infrastructure Lab (NDIL) Report, MCMC (Sep 2020)
6. Service Provider Regional Outlook, OMDIA (Dec 2020)
7. Mid Year Market Review, GlobalData (June 2020)
8. Malaysia Digital Economy Blueprint, EPU (Feb 2021)
9. GlobalData ICT Market Opportunity Forecast, 2019-24 (May 2020)

Other Sources:

- OMDIA Wholesale International & National Backbone Market Outlook 2019-25
- The Case for Wholesale Only Service Providers OMDIA (Mar 2021)
- CISCO VNI Complete 2017-2022
- 2021 Trends to Watch: Wholesale Telecoms, OMDIA 2021
- Video CDN Market Report - 2020 Analysis, OMDIA (Oct 2020)

> OUR MATERIAL MATTERS

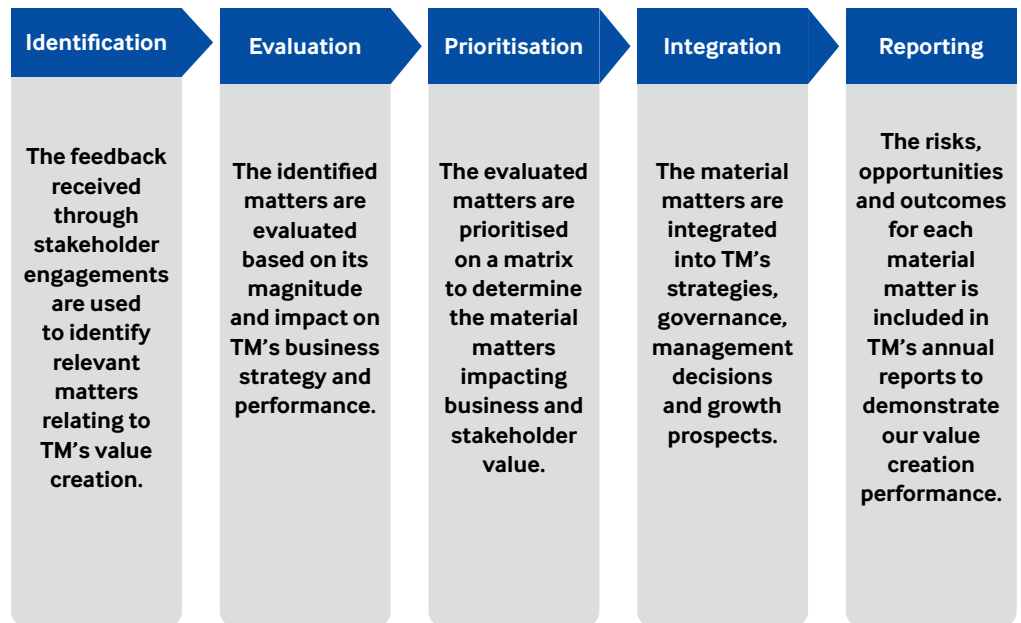
Material matters have the potential to substantially impact, both positively and negatively, our value creation abilities in the short, medium and long-term.

Our material matters are based on the trends, expectations, risks and opportunities that shape our sustainable growth trajectory. By focusing on material matters, we can direct our management time and attention on the most pertinent issues.

Materiality Process

Our materiality assessments follow the Materiality Guiding Principles of the <IR> Framework. This ensures we aptly identify and integrate the matters that materially affect business growth and stakeholder decisions. The materiality assessment is regularly reviewed to ensure that the information is timely and relevant.

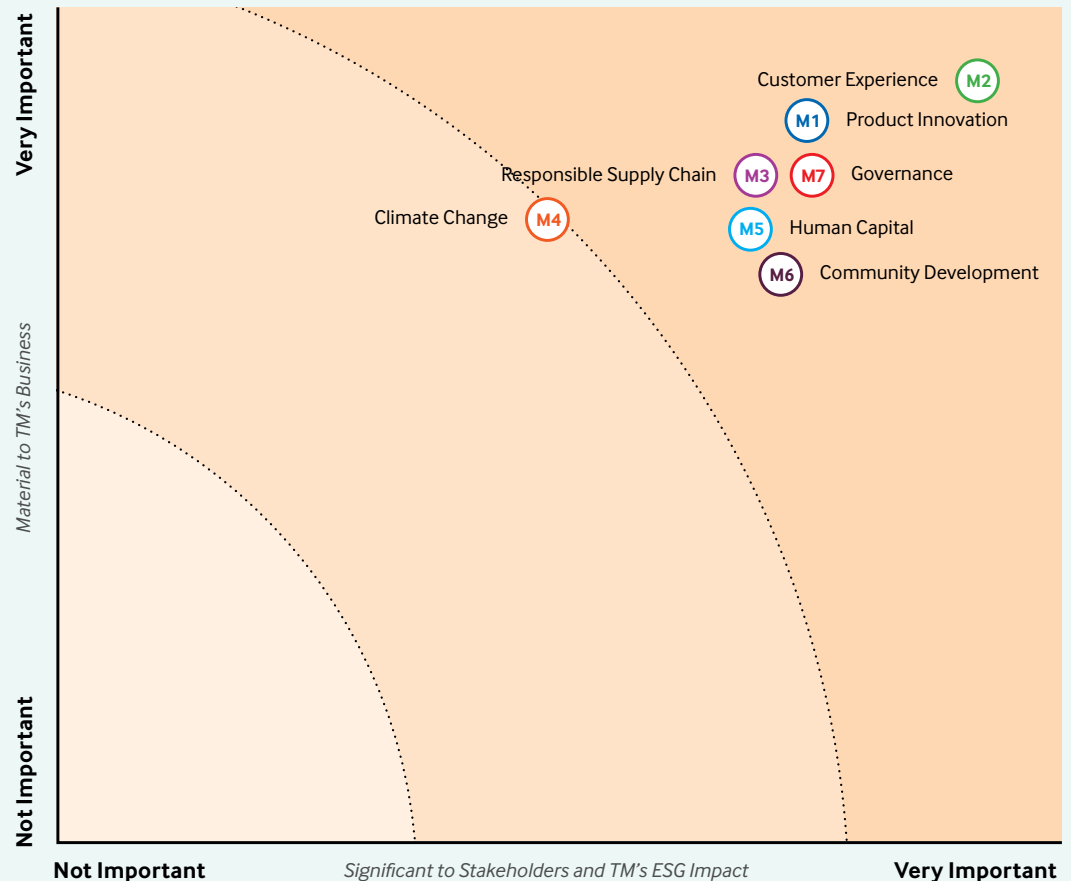
The materiality process is made up of five (5) key steps:



Materiality Matrix

































As shown in the materiality matrix, we have identified seven (7) material matters that are of high importance.

These material matters are integrated into our business strategies and action plans. More details on how we addressed our material matters are available in the Sustainability at TM on page 79.



Our Material Matters

MANAGEMENT APPROACH TO MATERIAL MATTERS

Business Context	Risks	Opportunities	Our Approach
<p>Product Innovation Customer expectations are rapidly changing with IR 4.0. Delivering innovative products that meet market demands is essential to our long-term relevance and competitiveness.</p> <p>M1</p> <p>Capitals  </p>	<ul style="list-style-type: none"> Loss of customer confidence due to irrelevant or outdated products. Competitive encroachment due to emerging and disruptive technologies. <p>Key Risks Market Risk, Operational Risk, Regulatory Risk</p>	<ul style="list-style-type: none"> Product recommendations and higher purchases from satisfied customers. Higher profitability and market share driven by cutting-edge product solutions. 	<ul style="list-style-type: none"> Create a culture of innovation amid a diverse workforce that focuses on creating innovative product solutions. Establish comprehensive frameworks that help capture evolving customer expectations. <p>Stakeholders  </p>
<p>Customer Experience An increasingly crowded marketplace impacts customer acquisition and retention. A seamless and meaningful customer experience acts as a differentiating factor against the competition.</p> <p>M2</p> <p>Capitals  </p>	<ul style="list-style-type: none"> Decline in customer loyalty due to customer frustrations. High customer acquisition costs needed to recover from a poor customer experience. <p>Key Risks Market Risk</p>	<ul style="list-style-type: none"> High customer retention due to the digitalisation of customer experience. Cost-savings from seamless and efficient customer processes. 	<ul style="list-style-type: none"> Expand TM touchpoints to omnichannel and resolve network coverage issues. Strengthen our cybersecurity infrastructure against potential threats. <p>Stakeholders   </p>
<p>Responsible Supply Chain Supply chain issues create a ripple effect across the value chain. Responsible sourcing and procurement measures ensure a stable, efficient and ethical supply chain capable of meeting business expectations.</p> <p>M3</p> <p>Capitals   </p>	<ul style="list-style-type: none"> Operational and business disruptions due to stop work-orders within the supply chain. Tarnished brand reputation due to unethical practices by supply chain partners. <p>Key Risks Market Risk, Operational Risk, Technology Risk, Sustainability Risk, Regulatory Risk</p>	<ul style="list-style-type: none"> Better work performance from suppliers due to fair and safe working conditions. Cost savings from the sustainable and efficient sourcing of products and services. 	<ul style="list-style-type: none"> Establish a transparent and fair procurement management system that protects the rights of our vendors. Ensure that the social and environmental practices of suppliers are in line with our policies. <p>Stakeholders    </p>
<p>Climate Change Climate change is an imminent threat to our operations and business growth. We need to build resilience against climate change to ensure our future survival.</p> <p>M4</p> <p>Capitals </p>	<ul style="list-style-type: none"> Physical damages to network infrastructure due to extreme weather events. Fines and penalties due to non-compliance with tightening environmental regulations. <p>Key Risks Market Risk, Operational Risk, Regulatory Risk</p>	<ul style="list-style-type: none"> A climate-resilient network and business model ensures continued connectivity and customer satisfaction. Green technologies enable us to stay ahead of the market and regulatory changes. 	<ul style="list-style-type: none"> Invest in energy and material optimisation technology that reduces consumption and waste. Plan and implement environmental awareness programmes to educate employees and communities on the impact of their actions. <p>Stakeholders  </p>
<p>Human Capital Employees are responsible for driving our business objectives. It is essential to have an engaged and skilled workforce capable of meeting current and future challenges.</p> <p>M5</p> <p>Capitals  </p>	<ul style="list-style-type: none"> Poor performance by disengaged and unmotivated employees. Penalties and fines from potential health and safety violations. <p>Key Risks Operational Risk, Technology Risk</p>	<ul style="list-style-type: none"> A knowledgeable and skilled workforce developed through effective training programmes. High talent retention and acquisition due to a reputation as a top employer. 	<ul style="list-style-type: none"> Provide regular training and development programmes that equip employees with relevant industry skills. Introduce policies and initiatives that safeguard employee well-being and safety. <p>Stakeholders </p>
<p>Community Development As a nation-building organisation, we are responsible for the inclusive development of all communities. An empowered society is also important in meeting our Digital Malaysia aspiration.</p> <p>M6</p> <p>Capitals  </p>	<ul style="list-style-type: none"> Loss of stakeholder trust due to lack of community programmes and initiatives. Underdeveloped communities hinder inclusive socio-economic growth. <p>Key Risks Sustainability Risk</p>	<ul style="list-style-type: none"> High employee morale and productivity due to community volunteerism. Increased visibility and credibility as a corporate citizen. 	<ul style="list-style-type: none"> Encourage employees to volunteer in our regular community programmes. Award scholarships to high-potential students and nurture them into future leaders. <p>Stakeholders  </p>
<p>Governance Our business objectives can only be achieved with a robust governance system in place. This protects the company against implications of corruption, malpractices and non-compliances.</p> <p>M7</p> <p>Capitals   </p>	<ul style="list-style-type: none"> Penalties and stop-work orders due to potential corruption and malpractices. Low employee productivity due to poor leadership and governance. <p>Key Risks Operational Risk, Technology Risk, Sustainability Risk, Regulatory Risk</p>	<ul style="list-style-type: none"> Improved stakeholder trust and loyalty driven by fair policies and systems. High credibility and performance due to effective compliance and risk management. 	<ul style="list-style-type: none"> Conduct frequent monitoring and review of all regulatory standards to ensure constant compliance. Establish multiple platforms and channels for stakeholders to safely report any malpractices. <p>Stakeholders   </p>

> RISKS & MITIGATION APPROACHES

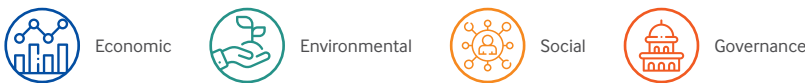
With the dynamic landscape of the modern world, we face external and internal factors that influence our value creation abilities. Therefore, we take a proactive approach to risk management and mitigation, which is a fundamental aspect of our governance, strategy and decision-making.

We stay ahead of critical risks through our Enterprise Risk Management (ERM) Framework. This framework allows us to assess and respond to events that may impact our ability to create sustained value. The ERM implementation is incorporated throughout various levels of the Group and synchronised through by the Board to ensure a top-down approach to risk management.

Our ERM framework is devised according to ISO 31000: 2018 for a more structured and systematic risk management process. The principles, framework and procedures outlined in this international standard efficient and effective execution of our risk control measures, ultimately enabling us to create and protect stakeholder value.









[Read more on page 178](#)

Impact









Risk Evaluated	Impact on Value	Mitigation Approach	2020 Results
<p>Market Risks</p> <p>Performance impacted by market conditions, increased competition and changing consumer behaviour.</p> <p>Material Matters M1 M2 M5</p> <p>Capitals Deployed Lightbulb, Gear, Brain, Bank</p>	<ul style="list-style-type: none"> • Lower customer acquisition and retention due to the poor economy. • Loss of customers to existing and emerging competitors. • Constraint debt capacity from market uncertainties. 	<ul style="list-style-type: none"> • Increased promotional campaigns to target different market segments. • Improved product and service offerings according to customer needs. • Enhanced customer experience through digital solutions. • Extended the credit period, subject to negotiation, to maintain customer loyalty while adhering to our Credit Management Policy. <p>Strategic Pillars Hand holding coin, Hand holding stack of coins</p>	<ul style="list-style-type: none"> • Recorded the highest convergence penetration rate at 60%. • Increased unifi customer base to 3.1 million homes and SMEs (2019: 3.0 million). • Reduced customer complaint volume by over 40%. <p>Impact Market Risks icon</p>
<p>Risk Movements</p> <p>The risk of competition remains SIGNIFICANT given the highly competitive telco market. Meanwhile, credit risk has reduced from HIGH to SIGNIFICANT due to improvements in AR Days and Collection to Sales Ratio.</p>			

Risks & Mitigation Approaches

Risk Evaluated	Impact on Value	Mitigation Approach	2020 Results
<p>Operational Risks</p> <p>Disruptions from failed internal processes, inadequate systems, or external occurrences.</p> <p>Material Matters </p> <p>Capitals Deployed </p>	<ul style="list-style-type: none"> Financial and non-financial costs associated with operational disruption. Revenue leakage due to operational inefficiency. Connectivity downtime due to operational / network failures. 	<ul style="list-style-type: none"> Tightened end-to-end supply chain management to maintain continuous supply of products and services. Streamlined operational processes to optimise efficiency and productivity. Improved service / network restoration to meet the required Mean Time to Repair (MTTR) and Recovery Time Objective (RTO) outlined in the BCP. Proactively managed third-party works by raising local authorities' awareness of issues related to TM infrastructure. Increased operational and workforce efficiency through system automation. <p>Strategic Pillars </p>	<ul style="list-style-type: none"> Delivered demand-driven infrastructure and broadband fibreisation. Lowered Fault Rate from 34.7% to 33.0% 100% full service and network recovery in timely manner Enhanced the restoration cycle time of the access network by 27% Improve fault troubleshooting via Automated System tools <p>Impact </p>
<p>Risk Movements</p> <p>Supply sustainability risk has reduced from SIGNIFICANT to MODERATE due to the minimal impact of geopolitical risk to suppliers and supply management initiatives. However, risk related to service restoration maintains at significant due to the disruption caused by third-party works.</p>			
<p>Technology Risks</p> <p>Failure to respond to disruptive technologies and cybersecurity breaches.</p> <p>Material Matters </p> <p>Capitals Deployed </p>	<ul style="list-style-type: none"> Obsolescence driven by emerging technologies. Loss of stakeholder trust due to cybersecurity issues. Slow scaling of digital agenda due to poor technology adoption. 	<ul style="list-style-type: none"> Strengthened IT security policies and enhanced cybersecurity hardware and software. Accelerated innovation of digital products and services through increased investment and development. Implemented Future Skilling Programmes to upskill employees in digital technology, soft skills and innovation. Embarked on network modernisation with end-to-end automation through programmable network capabilities anchoring on Software-Defined Networking (SDN) and Network Function Virtualisation (NFV) technologies. <p>Strategic Pillars </p>	<ul style="list-style-type: none"> Achieved 100% compliance to relevant laws and regulations: <ul style="list-style-type: none"> Personal Data Protection Act (PDPA) 2010 Payment Card Industry Data Security Standard (PCIDSS) Payment Systems Act 2003 Resolved 100% of cyber threats, security breaches and data-related incidents. <p>Impact </p>
<p>Risk Movements</p> <p>Cybersecurity risk has further improved from MODERATE to LOW due to lack of incidents and well-managed IT security. Similarly, the risk of workforce development in technology remains LOW due to the implementation of future skilling initiatives and online training.</p>			

Risks & Mitigation Approaches

Risk Evaluated	Impact on Value	Mitigation Approach	2020 Results
<p>Sustainability Risks</p> <p>Potential liabilities from environmental, social and governance issues.</p> <p>Material Matters</p> <p>M3 M4 M6 M7</p> <p>Capitals Deployed</p> 	<ul style="list-style-type: none"> Fines and penalties associated with unethical social practices. Loss of stakeholder confidence due to poor environmental and social performance. Physical damages to assets from climate change risks. 	<ul style="list-style-type: none"> Strengthened policies and guidelines according to T.R.U.S.T. principles and TM's KRISTAL values to encourage accountability and integrity. Established internal process to ensure adherence to relevant environmental and social regulations through a compliance framework. Improved TM's Disaster Recovery Plan (DRP) to prepare for climate change threats, especially at disaster prone areas. Implemented occupational safety and health (OSH) programmes designed to improve TM's safety culture. <p>Strategic Pillars</p> 	<ul style="list-style-type: none"> Emerged as one of 75 Bursa companies on the FTSE4Good Bursa Malaysia Index with the full rating of 4/4. Achieved 100% compliance with relevant laws and regulations: <ul style="list-style-type: none"> Environmental Quality Act 1974 Occupational Safety and Health Act 1994 Malaysian Code of Corporate Governance 2012 Lowered Lost-Time Injury Cases by 9.7%. <p>Impact</p> 
<p>Risk Movements</p> <p>OSH risk has improved from HIGH to SIGNIFICANT as WFH requirements lowered employees' exposure to workplace incidents. However, corruption risk remains SIGNIFICANT due to strengthened regulatory governance on corruption with the enforcement of Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009.</p>			
<p>Regulatory Risks</p> <p>Changes in regulations or legislation that materially impact strategic and operational objectives.</p> <p>Material Matters</p> <p>M1 M3 M7</p> <p>Capitals Deployed</p> 	<ul style="list-style-type: none"> Lower profitability due to broadband pricing pressures. Penalties and costs from regulatory non-compliances. 	<ul style="list-style-type: none"> Actively engaged with relevant policymakers, regulators and authorities. Enhanced policies, processes, communication and monitoring to ensure compliance with relevant regulatory requirements. <p>Strategic Pillars</p> 	<ul style="list-style-type: none"> Consistently complied with laws and regulations. Received zero (0) penalties or fines related to major regulatory breaches. <p>Impact</p> 
<p>Risk Movements</p> <p>Regulatory risk remains SIGNIFICANT due to the challenging regulatory landscape for Duct and Manhole Access (DMA) and Mandatory Standard on Access Pricing (MSAP), which requires continuous engagement with MCMC to shape our understanding of the terms and conditions and management of access seekers.</p>			

> OUR STRATEGY

Strategy Reformulated

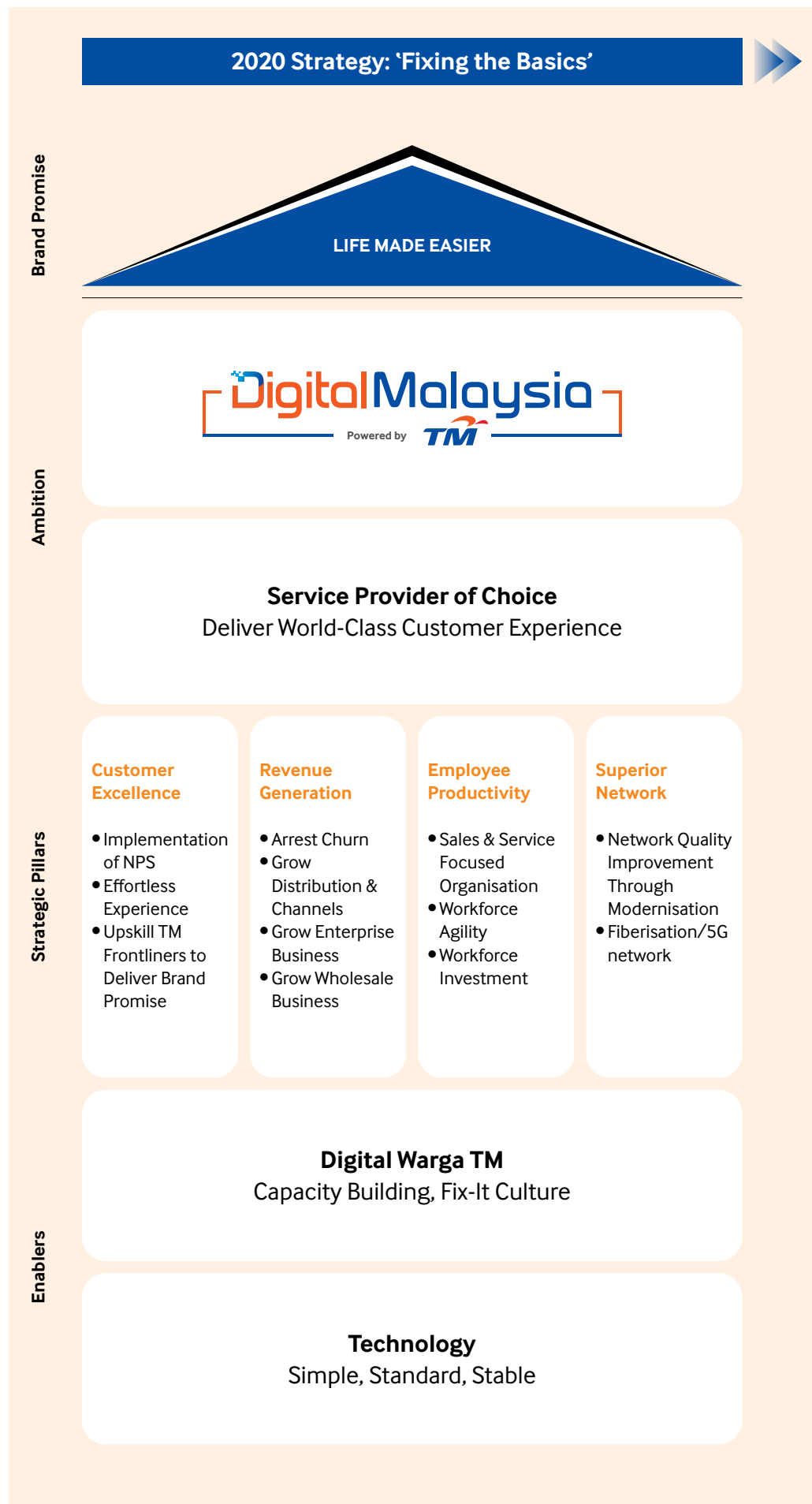
During the year, we executed our immediate term strategy of 'Fixing the Basics'. The strategy's objective is to prepare TM to reinforce our position as the nation's digital enabler. We made great progress in strengthening our foundation in Customer Excellence, Revenue Generation, Employee Productivity and Superior Network.

In charting our strategy for 2021 and beyond, we assessed our current and future situation to determine our next steps. Given the rapidly changing and highly competitive market landscape, TM undertook transformational measures to stay on course to create value for stakeholders and enable Digital Nation. We evaluated emerging trends, evolving stakeholder expectations, and our strengths and capabilities to formulate our next strategy guided by the 'New TM' Compass.

Our 'New TM' Compass outlines our aspirations for the next three (3) years; towards enabling a Digital Malaysia.

- **Our Purpose:** To achieve commercial sustainability to allow us to fulfil business objectives and support nation building.
- **Our Customers:** To serve all segments in Malaysia with our unique value proposition to make life and businesses easier through Connectivity Excellence, Solutions Excellence and Customer Experience Excellence.
- **Our Performance:** To inculcate a new performance culture that is focused on outcome and impact through shareholders value enhancement, going beyond revenue growth, profit growth and returns; and cost optimisation and productivity improvement.
- **Our People:** To ensure cultural and behaviour shifts anchored on TM Values as Warga TM gears up as a strong execution engine via Transformation Office and Value Programmes with clear playbook and higher execution tempo. Embrace a more performance culture with future-ready skills.

Underpinning these key areas are the strategic goals and priorities designed to drive the 'New TM' Compass forward, as shown in the diagram.



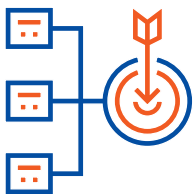
2021: 'New TM' Compass

TM to be commercially sustainable and serve a Digital Malaysia



OUR PURPOSE

Commercial Sustainability to allow us to fulfil business objectives and support nation building



OUR CUSTOMERS

Serving all customer segments, with unique value proposition of connectivity, solutions and customer experience excellence



To deliver healthier financials beyond revenue growth; we will prioritise profit growth and shareholder returns

OUR PERFORMANCE
























Warga TM is the execution engine of the Company today and towards a future-proof and sustainable organisation









OUR PEOPLE

Our Strategy

During the year, we stayed on course with our immediate-term strategy of Fixing the Basics; where we strengthened our foundation by improving network and IT, enhancing processes and distribution; and expanding sales through customer excellence. Moving forward, we will be guided by 'New TM' Compass in delivering our aspirations.

STRATEGIC PERFORMANCE

Strategic Pillar	'Fixing the Basics': 2020 Priorities	Progress & Achievements	'New TM' Compass: 2021 Priorities
 <p>Customer Excellence</p>	<ul style="list-style-type: none"> Implementation of NPS Effortless experience Upskill TM frontliners to deliver the brand promise 	<ul style="list-style-type: none"> Established a new ecosystem anchored by customer feedback in NPS, which measures customer loyalty and offers real-time customer experience improvements. Achieved a positive NPS score, signalling customers' satisfaction and likelihood in recommending our products and services. Reduced our complaints volume by >40%. 	<p>Our Purpose & Our Customers</p> <ul style="list-style-type: none"> Improve the Group's overall NPS. Enhance customer experience at each stage of the customer journey by solving common pain points. Shift customer interactions to self-serve touchpoints.
<p>Capitals Deployed  </p>		<p>Material Matters   </p>	<p>Stakeholders   </p>
 <p>Revenue Generation</p>	<ul style="list-style-type: none"> Arrest Churn Grow Distribution & Channels Grow Enterprise Business Grow Wholesale Business 	<ul style="list-style-type: none"> unifi: Maintained a growth momentum with #sTayhoMe initiatives, in support of PRIHATIN stimulus package. TM ONE: Launched TM ONE Cloud α, positioning TM ONE as the nation's Cloud Infrastructure Provider. TM WHOLESALE: Increased backhaul network coverage and capacity nationwide; improved penetration of HSBA; and expanded product solutions to capture future 5G backhaul requirements. 	<p>Our Purpose & Our Performance</p> <p>Connectivity Excellence</p> <ul style="list-style-type: none"> Maintain market leadership for fixed broadband, drive Fixed Mobile Convergence (FMC) and focus on SMEs through new products and dedicated sales. Sustain connectivity revenue and increase data centre occupancy. Grow mobile backhaul and HSBA business. <p>Solutions Excellence</p> <ul style="list-style-type: none"> Explore beyond connectivity to increase monetisation. Capture market growth in Cloud and managed services. Capture growth of CDN market.
<p>Capitals Deployed   </p>		<p>Material Matters    </p>	<p>Stakeholders    </p>

STRATEGIC PERFORMANCE			
Strategic Pillar	'Fixing the Basics': 2020 Priorities	Progress & Achievements	'New TM' Compass: 2021 Priorities
 <p>Employee Productivity</p>	<ul style="list-style-type: none"> • Sales & Service Focused Organisation • Remobilise Workforce • Workforce Investment 	<ul style="list-style-type: none"> • Shifted the workforce from “functional focus” to “sales and service” focus to strengthen sales and customer experience. • Implemented future-skilling programmes, with >5,000 staff trained with future skills and close to 100 certified SMEs in future skills certification. 	<p>Our People</p> <ul style="list-style-type: none"> • Accelerate Future Skilling, Reskilling and Upskilling programmes that improve productivity and customer service. • Fully inculcate the KRISTAL values for enhanced customer-centricity and integrity. • Develop an agile workforce. • Enhance digital journey with improved features in employee-based platforms. • Simplify employee processes through Robotic Process Automation (RPA).
<p>Capitals Deployed</p> 		<p>Material Matters</p> 	<p>Stakeholders</p> 
 <p>Superior Network</p>	<ul style="list-style-type: none"> • Network Quality Improvement through Modernisation • Fiberisation/5G ready network 	<ul style="list-style-type: none"> • Expanded our network infrastructure through programmes such as Broadband Fiberisation Plan, JENDELA and mobile backhaul. 	<p>Our Purpose & Our Performance</p> <ul style="list-style-type: none"> • Accelerate fibre rollout. • Drive modernisation and simplification of network architecture. • Enhance intelligent operations through digitalisation and automation (i.e. machine learning (ML) and AI).
<p>Capitals Deployed</p> 		<p>Material Matters</p> 	<p>Stakeholders</p> 

> GCFO'S REVIEW



RAZIDAN GHAZALLI
Group Chief Financial Officer

TM made good strategic progress in 2020. As we faced new challenges in a very difficult macroeconomic environment, we maintained our business continuity through the operational resilience we have built over the years.

We navigated external pressures on our revenue through cost optimisation initiatives and cautious spending, which were critical to protecting our financial performance. Despite the unprecedented health crisis, competitive headwinds and industry dynamics, we recorded significant improvements in our fundamentals, particularly in cost and profitability.

When the pandemic hit Malaysia, we swiftly shifted our focus to providing critical coverage and connectivity to the Rakyat. As people quickly moved online towards remote working and living, we took this opportunity to offer greater value propositions; increasing the uptake of our products and services. For instance, through the retail campaign 'unifi Your World', we offered an add-on mesh WiFi booster so customers can freely surf the internet in the safety and comfort of their homes with greater stability and uninterrupted experience.

unifi continued its convergence leadership by achieving the highest convergence take-up rate of 60% since we first reported our convergence penetration in 2018. The convergence growth was partly driven by the strong take-up of the Mesh WiFi booster and unifi plus box, which also helped to increase unifi's ARPU to RM153 at the end of the year. Overall, unifi recorded growth in total fixed broadband customers, from 2.18 million in 2019 to 2.33 million customers in 2020.

Additionally, TM ONE made great strides in enabling the digital transformation journey of enterprise and public sector customers with a comprehensive suite of connectivity, Cloud, data centre and smart solutions. The launching of our end-to-end Cloud services by TM ONE helped businesses migrate their applications and workload to the Cloud, enabling us to capture more of the Cloud market share.

At the same time, TM WHOLESALE further strengthened the domestic and international ecosystem with telcos, digital service providers

and hyperscalers in 2020; positioning Malaysia as a digital hub in ASEAN. TM WHOLESALE continued to support local telcos through unparalleled infrastructure offerings critical for fast network deployment, reinforcing TM's role as the telco for telcos.

Through proactive measures that helped customers adjust to the new normal, coupled with the Group's disciplined cost management, we are proud to report a commendable financial performance despite the challenging landscape. The year 2020 acts as a testament to our resiliency, strength and ability to reach further for a Better Malaysia.

Financial Performance

For 2020, we recorded RM10.84 billion in revenue compared to RM11.43 billion in 2019. The 5.2% decline in revenue is reflective of the macroeconomic and pandemic challenges faced during the year. Nevertheless, we achieved solid profitability growth, driven by TM's ongoing performance improvement programmes. Group EBIT increased by 2.3% to RM1.60 billion, from RM1.57 billion in 2019, which was primarily due to lower operating costs from our cost optimisation initiatives. Group Reported PATAMI improved by 60.6% from RM632.7 million in 2019 to RM1.02 billion in 2020. Additionally, we remained prudent in maintaining our financial indicator of Gross Debt/Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) ratio at 2.59, within the rating headroom guidance. We ended the year with a healthy cash balance of RM4.15 billion, in line with better cost management and our strong focus on collection initiatives.

Capital Management and Discipline

We successfully reduced all of our cost line items from the previous year, due to the effective execution of our cost optimisation initiatives. Direct costs fell 6.7% to RM2,920.5 million; manpower spending declined by 7.3% to RM2,425.3 million; and other operating expenses (OPEX) lowered by 4.9% to RM1,711.5 million. The Group's weighted average capital costs (WACC) dropped to 7.5% from 8.9% in 2019.

Overall, we lowered our total costs by 6.6% and improved cost efficiency from 87.5% to 86.2% of revenue.

Furthermore, we invested 13.7% of revenue in CAPEX, amounting to RM1.49 billion, as we continued to optimise and modernise our network as well as sweating our assets. Of the amount spent, 52.8% was for network access, 22.4% for the core network, and the remaining 24.8% for support systems. These deliberate CAPEX decisions ensured that TM's network was able to manage the surge in network traffic over the MCO period. By the end of the year, the Group's return on invested capital grew from 8.0% in 2019 to 8.4%.

Strong Credit Rating

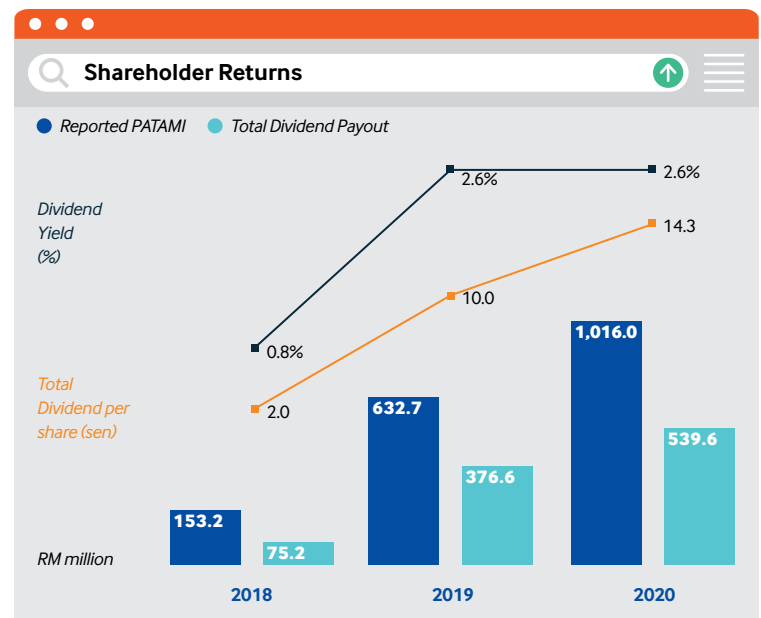
In 2020, we continue to achieve strong credit ratings from multiple rating firms despite the difficult landscape. This demonstrated our financial strength and capacity to meet all our financial obligations.

RAM Rating Services	AAA
Moody's Investors Services	A3 (baseline credit profile "BAA1")
Standard & Poors (S&P)	A- (standalone credit profile "A-")

Shareholder Value

At TM, we are committed to maximising the Group's long-term value to shareholders, enabling us to continually increase shareholder value far into the future. For the financial year 2020, we were proud to declare an interim dividend of 6.8 sen per share and a final interim dividend of 7.5 sen per share. With a total payout of 14.3 sen per share, we delivered a dividend payout amounting to RM539.6 million.

Overall, our share price increased by 41.6% and we successfully retained a dividend payout in-line with our dividend policy of 40-60% of reported PATAMI.



Moving Forward

Looking ahead, the environment remains uncertain as the financial implications of the pandemic are still evolving. Still, we remain confident in our ability to continue meeting all our financial commitments and business aspirations. Finance continues to play a key role to ensure TM remains fundamentally sound with strong financial performance in supporting business strategy for future growth. Compliance with financial best practices, policies, processes and internal controls will continue as a fundamental component of corporate governance.

We will continue our momentum in optimising costs and productivity, with digitisation as a key enabler. The successful implementation of the first phase of the RPA has the potential to save around 10,000 hours per annum. Following this, we will accelerate RPA in 2021 to unlock its full potential and tap into a wider range of opportunities. Additionally, we will continue our Finance Capability Building Programmes to upskill and improve our people's financial competencies.

As we embark on the 'New TM' Compass, finance will play a central role in supporting our transformation aspirations through sound financial management and decision-making support. The new strategic direction will set TM on a sustainable growth trajectory, creating greater shareholder value and enabling Digital Malaysia even more.

> CONNECTING MALAYSIANS IN MORE WAYS THAN ONE

Business Review: unifi



In 2020, our role as a digital enabler was more central than ever. Following the Government's efforts to contain the spread of COVID-19, Malaysians needed fast and reliable broadband services to stay safely connected with their family, friends and colleagues. In support of this, we introduced special #sTayhoMe measures and solutions to customers so that they can easily adapt to the new normal. As we meet the heightened connectivity needs of customers, we continue to maintain our position as Malaysia's leading broadband service provider.

ABOUT US

We are dedicated to making Life and Business Easier for both home and SME customers, particularly SOHO, micro and small businesses. We deliver convergence to fulfil lifestyle and business needs; offering basic telephony services, essential broadband connectivity – via fixed, mobile and WiFi – as well as value-added services such as entertainment and ICT solutions. We strive to continuously deliver exceptional customer experience throughout their end-to-end journey with us.

As an enabler of the nation's Digital Malaysia aspirations and in moving towards a digital and creative-led economy, we ensure that all Malaysians are able to enjoy the benefits of broadband everywhere. We are here to lead the vision of a 'Digital Malaysia powered by TM' with what we do best – providing the most reliable, affordable and high-speed broadband services in the country.



Scan QR code
for more
information

KEY PRIORITIES & RESULTS

Key Priorities

#sTayhoMe Initiatives

- **#stayserved:** Strengthened and adapted unifi activities at digital touchpoints, essential installations/restorations, and self-service payment channels whilst adhering to SOP.
- **#stayentertained:** Provided FREE viewing of unifi TV, with discounts on all Video-on-Demand (VOD) titles in HyppFlicks Plus.
- **#stayconnected:** Free hotspot and data for unifi Mobile; and instant internet connectivity through unifi Air.
- **#stayinbusiness:** Offered up to 20% discount for unifi Digital Marketing Solutions (DMS) to business customers.
- **#stayinformed:** Provided updates on COVID-19 at styalert.my. Also enabled FREE calls to Crisis Preparedness and Response Centre (CPRC).

Key Priorities

unifi Campaigns

- **unifi for Home:** Launched promotions and offerings that aim to attract and retain unifi Home customers. The main campaign highlight is unifi Your World campaign: 1st total convergence offering (voice, broadband, mobile, TV content plus lifestyle devices - mesh WiFi, unifi Plus Box); and promo price for unifi Air.
- **unifi for Business:** Offered exciting prizes and awards to encourage business customers to subscribe to unifi Biz packages. This includes Shopee vouchers ('Sign Up & Win Campaign'); and FREE Touch 'n' Go eWallet Reload ('Sign Up and Enjoy Campaign').
- **unifi for Mobile:** Introduced affordable mobile packages, leveraging on 'unifi Your World' campaign for convergence selling; unlimited data at RM59 for TM broadband subscribers and RM79 for non-TM. FREE weekly unlimited LTE pass for new SIM activations '#BEBAS Starter Pack' during the campaign period.

PERFORMANCE

FINANCIAL PERFORMANCE

RM4,621.5 million Revenue (2020) | **RM4,737.8 million** Revenue (2019) | **-2.5%** Growth

RM606.5 million EBIT (2020) | **RM318.2 million** EBIT (2019) | **90.6%** Growth

NON-FINANCIAL

Total Customers Nationwide

2020



2.7 million
Home (2020)



Close to
400,000
SME (2020)



2.3 million
Broadband subscribers (2020)



More than
700,000
unifi Mobile subscribers
(postpaid) (2020)

Highest TM households
convergence take-up at **60%**

1.6 million
unifi TV subscribers
(2020)



COVID-19 Impact & Response

COVID-19 Impact

- Potential revenue loss due to a low footfall of unifi sales at events and ground activities.
- Delays in revenue recognition due to delays in service installation by the fulfilment team.
- Prolonged service restorations due to movement restrictions impacted the customer experience.

Our Response

- Captured potential customers through Go-to-Digital, in which we made online sales for future installations.
- Contactless selling approach by resellers to minimise physical contact with customers.
- Regularly updated customers on installation progress, which was swiftly resumed after MCO.
- Continued restoration works outside of customers' premises (i.e., hospitals, offices).
- Delivered unifi Air modems via courier to meet immediate connectivity demands.



Achievements

- Reinforce market leadership for broadband.
- Promotion of digital culture due to increased usage of digital channel app.

MOVING FORWARD

In the year ahead, we will focus on helping customers recover from the economic downturn through innovative and high-quality connectivity services at affordable prices. With online connectivity playing a central role in the new normal, we will accelerate digitalisation and offer seamless convergence experiences for our customers to thrive in 2021 and beyond. Additionally, we will maintain our effort in becoming a one-stop service provider for SMEs while helping them navigate the challenging market environment. Amidst immense stakeholder pressure and intensifying competition, we will differentiate ourselves by continuously enhancing our end-to-end customer experience. This will be achieved through convenient digital processes, as well as a dynamic and high-performance customer service team.

> CATALYSING A HYPERCONNECTED DIGITAL ECOSYSTEM

Business Review: TM ONE



The year 2020 has seen us progressing with our verticalisation strategy. We started the year with multiple showcases of our Smart Services and Smart City solutions, as part of our 5GDP. In addition to real estate and township, we also advanced in the education sector with key collaborations and achievements. With 'Product Focus' as a top priority, we have made significant advancements in our product solutions, such as the launching of Cloud α.

ABOUT US

We are the enterprise and public sector business solutions arm of the Group. We remain at the forefront of holistic, agile and reliable infrastructure; integrating innovative vertical solutions for the dynamic market. Our Hyperconnected Ecosystem is powered by extensive, secure and dependable connectivity; world-class data centre facilities; and industry experts. This allows us to stimulate digital transformation among enterprises and Government agencies. We offer our customers a comprehensive suite of integrated digital products and vertical-specific solutions to propel their digital journey, which consequently enables Malaysia's progress towards becoming a Digital Nation.



Scan QR code for more detail information

KEY PRIORITIES & RESULTS

Key Priorities

TM ONE Cloud α

- Launched TM ONE Cloud α, which is positioned to become the nation's Cloud Infrastructure Provider.
- Aligned Cloud α's comprehensive offerings with our customers' Cloud strategy – whether its public, private, hybrid or multi-cloud. It comprises of full stack end-to-end Cloud services (IaaS, PaaS, SaaS, and Managed Cloud Services) to build customers' business resilience.
- Offers comprehensive Cloud Professional Services, including Consultancy, Technology Consulting, Migration Assessment, and Cloud Design Planning, to facilitate our customers' Cloud adoption journey.

Capitals Deployed  

Results

Two (2) MoUs signed to promote Cloud computing in Malaysia under TM ONE Cloud α brand:

1. VMware – catering for an end-to-end Cloud platform to enable next-generation innovation for Malaysian enterprises.
2. Huawei – enabling innovation for customers and accelerating partnerships in the Cloud and AI opportunities.

#kitajagakita Innovative Solutions

- Deployed voice and internet services at strategic sites nationwide to ensure efficient crisis response by related bodies throughout the crisis period. It also allowed authorities to collect, analyse and relay accurate data in near real-time to make informed and swift decisions.
- Launched ONE PASS; a smart, contactless health screening and monitoring solutions.
- Developed a VMS app for easy self-declaration and thermal checks before entering a building or premise. It enables mass individual-analysis and swift in-building people tracking from a centralised dashboard.
- Supported the Government's CPRC, with TM ONE's call centre agents attending public inquiries.

Capitals Deployed  

- Hundreds of critical sites nationwide provisioned with voice and internet services.
- Five (5) schools and multiple customers from five (5) verticals; which are manufacturing, retail/hospitality, education, Government and oil & gas across Malaysia.
- Over 400 calls received a day through TM ONE's call centre for COVID-related enquiries.

PERFORMANCE

FINANCIAL PERFORMANCE

RM3,961.9 million
Revenue (2020)

RM4,235.2 million
Revenue (2019)

-6.5%
Growth

RM1,003.8 million
EBIT (2020)

RM995.1 million
EBIT (2019)

0.9%
Growth

NON-FINANCIAL

- **≈ 11,000** enterprise customers
- **≈ 2,000** Government customers

9 data centres

Total space of all data centres
200,000 sqft

High reliability and quality of service :
5 ISO certifications

2 certified by the Uptime Institute as **Tier III**, and **1** certified **TIA-942 Rated 3**

State of the art Experience Centre with
20,000 sqft gross area

COVID-19 Impact & Response



COVID-19 Impact

- Lower sales volume and revenue due to COVID-related issues faced by customers (i.e. movement restrictions, financial challenges)
- Delays in service installation due to MCO and supply chain issues, which delays revenue recognition.
- Prolonged service restorations due to social distancing requirements adversely affect customer experience.

Our Response

- Continuously updated customers on our delivery progress, thus keeping them informed.
- Identified customers that are allowed to have service installations on their premises according to SOPs.
- Swiftly resumed full installations after the MCO was lifted.
- Utilised alternative platforms to engage with customers at a safe distance (i.e., conference calls, e-mails etc).



Achievements

- **Minimised disruption of 28 projects that were initially expected to be significantly impacted by COVID-19.**
- **Convinced customers to perform system testing online instead of the standard physical testing, which allowed us to meet the agreed RFS.**
- **Reassessed the list of delivery tasks to identify and prioritise projects that can be done online i.e. circuit upgrade, service testing, etc.**

MOVING FORWARD

In 2021, we will push for better results. We have plans in place to further expand our products and services, especially for Cloud and Managed Services. With volatile market conditions stemming from the COVID-19 pandemic, we will help organisations remain competitive through Cloud computing solutions; enabling businesses to become more agile, customer-responsive, and cost-efficient. We will also support JENDELA through business digitalisation and new ways of working. As the digital enabler for enterprise and public sector customers, we are well-positioned to catalyse a Digital Malaysia with enterprise-grade connectivity and end-to-end Cloud offerings. Leveraging our complete digital solutions offerings – across connectivity, voice and collaboration tools, business outsourcing services, Cloud services, cybersecurity and IoT - based smart services – we will fulfil the needs of businesses and the public sector for digital convergence.

> THE ACCELERATOR OF BUSINESS GROWTH

Business Review: TM WHOLESALE



Despite the unique challenges faced in 2020, we continued to deliver sustainable business growth and create value for domestic and international customers. Our relentless efforts to provide uncompromising network quality and customer experience played a pivotal role in bridging the Malaysian public, businesses and Government agencies to the rest of the world, specifically during movement restrictions throughout the year. Our swift capability in fulfilling customers' surging bandwidth demand during the global pandemic is a key highlight of our operational efficiency throughout 2020. Enhancements on network infrastructure solutions, for both domestic and international segments, remained a key priority as we strive to accelerate the evolution of telecommunications technology.

ABOUT US

We focus on domestic and international wholesale business, offering a comprehensive suite of cutting-edge connectivity and digital infrastructure solutions. In the domestic market, we emphasise on being the nation's preferred fixed and wireless infrastructure enabler. We are continuously enhancing our wholesale solutions offerings to serve the ever-changing demand of licensed service providers. Supported by over 600,000km fibre-optic cables and more than 2 million broadband access ports nationwide, we continue to provide unparalleled infrastructure offerings for the fastest and most cost-effective network deployment within Malaysia.

In the international market, we aim to position Malaysia as the region's key digital hub through the expansion

of digital infrastructure solutions and partnership ecosystems with global carriers and hyperscalers. We are supported by close to 30 submarine cable systems spanning over 300,000km and more than 60 CDN nodes to deliver reliable, diversified and uninterrupted global connectivity solutions to customers. Complementing the extensive global coverage is our wide-ranging wholesale data centre capabilities and more than 9TB peering and caching ecosystem. With an aspiration to become the #Accelerator of Business Growth, we are committed to making business easier for customers through infrastructure solutions and digital offerings that realise the vision of a Digital Malaysia.



Scan QR code for more details information

KEY PRIORITIES & RESULTS

Key Priorities

The Chosen Infrastructure Provider

- Increased our backhaul network coverage and capacity nationwide.
- Improved the penetration of High Speed Broadband (HSBB) Access nationwide.
- Expanded product solutions to cater to future 5G backhaul requirements.

Capitals Deployed  

Results

- 1% increase in the number of TM Next Generation Backhaul (NGBH) sites.
- 10% increase in backhaul capacity.
- 23% increase in the total number of HSBB Access ports.
- Successful Proof of Concept (PoC) of 5G backhaul network solution during 5GDP in Langkawi.
- Introduction of NGBH Lite solution.

Malaysia: ASEAN's Digital Hub

- Increased our CDN network coverage and capacity.
- Strengthened domestic and international ecosystem with telcos and hyperscalers positioning Malaysia as a digital hub for ASEAN.
- Expanded the total number of Wholesale Data Centre customers.
- Expanded our global data connectivity business.

Capitals Deployed  

- Additional 14 CDN nodes worldwide.
- Increase of 1688% in CDN traffic volume compared to 2019.
- 20% increase in data centre power consumption.
- Increase 75% of the capacity for main global data products.

Seamless Customer Experience

- Increased the standard of customer experience through service improvement working group and business process simplification.

Capital Deployed 

- +22 points increase in Transactional Net Promoter Score (tNPS).
- 11.46% improvement in MTTR hours.
- 26.66% improvement in Incident Handling Hours.
- 2.02% improvement in Fibre Restoration Hours.
- Certified as T-Systems' Approved Zero Outage Supplier for 2020.
- Awarded National Five Star Gold Award and Regional i4.0 Award by Malaysia Productivity Corporation (MPC) for First Level Troubleshooting solution.

PERFORMANCE

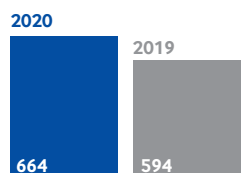
FINANCIAL PERFORMANCE

RM2,315.7 million Revenue (2020) | **RM2,466.0 million** Revenue (2019) | **-6.1%** Growth

RM356.4 million EBIT (2020) | **RM433.1 million** EBIT (2019) | **-17.7%** Growth

NON-FINANCIAL

Total Customers Worldwide



- **142 Customers** Domestic
- **522 Customers** International

Overall MTTR (hours)



COVID-19 Impact & Response



COVID-19 Impact

- Delays in order fulfilment and assurance for both domestic and international segments due to movement restrictions.
- Unavailability of equipment to fulfil orders due to supply chain disruption.
- Delays in the closure of new sales for international customers that were significantly impacted by the global pandemic.

Our Response

- Adopted virtual engagements with existing and potential customers via Account Management and Customer Experience team for business continuity.
- Upsold capacity upgrades to meet the higher demand for network capacity during the pandemic.
- Accelerated our order fulfilment backlog clearance to minimise opportunity loss.



Achievements

- **Successfully minimised revenue impact through the adoption of identified mitigation plans.**
- **Improved tNPS from +54 points to +76 points in 2020.**

MOVING FORWARD

In 2021, we will continue to respond to the greater demand for telecom infrastructure in a post-pandemic business environment. We will remain on course to enrich our core business value and enhance adjacent and digital businesses, for both domestic and international segments. Towards becoming the preferred fixed and wireless infrastructure enabler, we will continue to expand our backhaul network coverage and increasing HSBB Access penetration nationwide. In doing so, we also support the Government's JENDELA initiative and 5G aspiration. Additionally, we will equip our network infrastructure with technological advancements capable of fulfilling network requirements. Concurrently, our subsidiaries will focus on innovating existing offerings and new digital services as the foundation of growth in years ahead.

In the international market, we will further establish ASEAN's digital hub by developing submarine cables and wholesale data centres; further inducing global carriers and hyperscalers to reside in Malaysia. We aim to create a more vibrant digital ecosystem in the region. Our CDN solutions will act as a foundation for us to venture into targeted digital solutions, particularly on edge network computing and platform-based services. Moving forward, we will also magnify our CDN reach covering ASEAN, Europe, the Middle East and South America.

> BACKBONE OF THE NATION: MODERNISING THE TM NETWORK

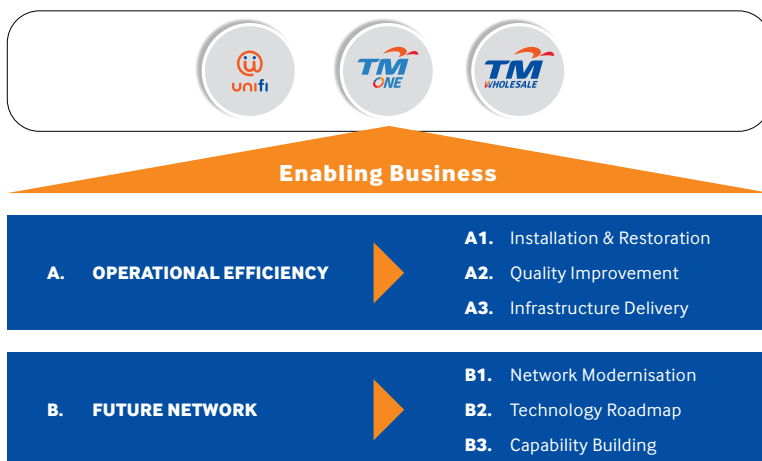
Business Champions: GROUP NETWORK TECHNOLOGY (GNT)



Undeterred by the unprecedented year, GNT remained focus on delivering connectivity to customers. GNT promptly optimised TM’s network by increasing our domestic and international network capacity to support the traffic surge, as well as completed all backlog orders that occurred during MCO. These were achieved via the automation of operations. By improving operational efficiency, GNT not only contributed to revenue growth but also enhanced the customer experience. Despite the rise in our customer base, there was a 34% drop in network-related complaints. Additionally, GNT also led the successful delivery of mega projects, namely Broadband Fiberisation, MyGovnet and Mobile Backhaul.

ABOUT US

GNT acts as the backbone of the business. It is responsible for the planning, building, operating and maintenance of TM’s network infrastructure; delivering critical connectivity to customers. GNT’s core focus is Connectivity Excellence. This means continuously improving operational efficiency for better service quality, as well as modernising the network infrastructure to meet future demands. GNT aligns the overall network modernisation strategy with the Group’s strategic priorities, which contributes to growth for all business units. It also continues to optimise costs for network/technology investment and network operation and maintenance. GNT’s plays a central role in stakeholder and business value creation.



KEY INITIATIVES & OUTCOMES

Key Initiatives

Operational Efficiency

- **Installation & Restoration:** Improved connectivity installation within customers' preferred time, with a lower return order target of 4%. Additionally, restoration works were efficiently completed within 24 hours.
- **Quality Improvement:** Continuously improved the quality and availability of network and service.
- **Infrastructure Delivery:** Expanded network infrastructure through programmes such as JENDELA and Mobile Backhaul.

Capitals Deployed  

Outcomes

- 34% reduction in customer complaints about network-related issues.
- 10% decrease in service-affecting faults.
- Lowered fault rate from 34.7% to 33.0%.
- Delivered on the demand-driven unifi infrastructure and broadband fiberisation.



COVID-19 Impact & Response



COVID-19 Impact

- Setbacks in the delivery of infrastructure material and other shortages due to contractors' inability to work on site.
- Delays in key project deliverables (BBF, SRR, NRP, NGBH, HRBF), which impacts TM's ability to meet MCMC and external customers' timelines.

Our Response

- Engaged with current Rakan Rangkaian (RR) & Broadband Fiberisation (BBF) Partners for additional team members.
- Awarded new Certified Network Contractors (CNC) to increase the number of field team members.
- Appointed new suppliers for iron and concrete poles to address the material shortage.



Achievements

- **96% (374,000 ports) delivery of delivery of mega projects, despite COVID-19 challenges.**

MOVING FORWARD

GNT is at the forefront of each of TM's telecommunication technology evolution, and will continue to do so in the long-term. It will remain committed to expanding its network with a comprehensive digital infrastructure; enabling TM to move beyond connectivity services towards new value-added digital services. In 2021, GNT will support New TM by continuously optimising costs and increase productivity, enabling business growth and enhancing customer experience. GNT's key programmes in the pipeline include:

1. Accelerating fibre rollout and copper decommissioning.
2. Modernising and simplifying network architecture.
3. Strengthening intelligent operations through digitalisation & automation, with machine learning (ML) and artificial intelligence (AI).
4. Adoption of SDN-NFV technology as the foundation of modern network towards an agile and greater network flexibility.

> DIGITALISATION TOWARDS LEAN, MEAN AND CLEAN

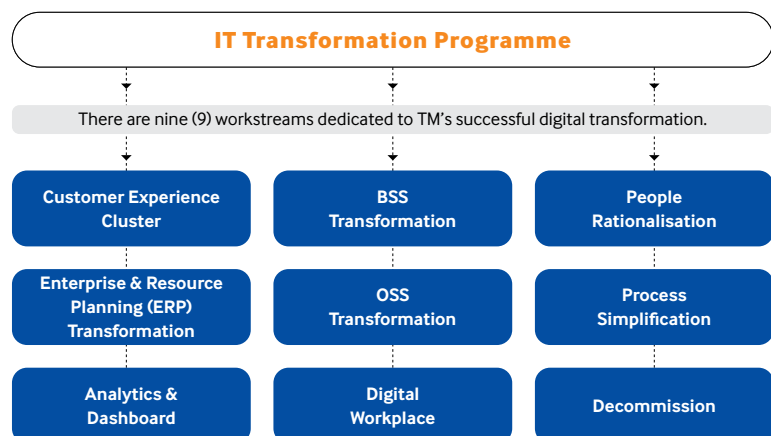
Business Champions: GROUP IT & DIGITAL (GITD)



Throughout 2020, GITD underwent an internal transformation to become a technology enabler and data-driven, in-house service organisation. With the vision of making IT and Digital “Lean, Mean and Clean” via the “Simple, Standard and Stable” principles, GITD invested in strategic projects that deliver faster Go-to-Market (GTM) and greater revenue generation. With the launch of the GITD Service Catalogue in January 2020, GITD transformed into an official service house that offers internal and external services (via a strong collaboration with TM ONE). GITD also maintained its commitment to service integrity; achieving 100% Information Security Management System (ISMS) compliance at CBJ6 Data Centres for eight (8) consecutive years.

ABOUT US

GITD was established in 2019 to catalyse our digital journey. Through the IT Transformation programme, GITD accelerates our GTM capacity, improve people efficiency and enhance the customer experience. GITD is paving the way for TM to become a full-fledged IT and digital organisation. The Business Champion is guided by the Principles of 3S: Simplification of Processes; Standardisation of Technology; and Stabilisation of Operations and People. These principles are supported by GITD’s four (4) pillars of excellence, namely Analytics, Process, Digital and Innovation. By improving organisational productivity, GITD enables business units to identify new revenue streams, implement cost-effective solutions, and improve stakeholder value creation.



KEY PRIORITIES & RESULTS

Key Priorities

Elevating Cloud Services

- **Project tGRID:** Transformed our existing Cloud platform to TM ONE Cloud Solutions. This involved expanding our Cloud services to create an end-to-end Cloud platform that meets the evolving needs of Malaysian enterprises.
- **Project Alpha:** Collaborated with Huawei to scale up the full Cloud capabilities of TM ONE Cloud α. This accelerates digital services and offerings to the nation; enabling next-generation innovation.

Capitals Deployed  

Results

- 55 services enabled under Cloud α Edge platform.
- One (1) of the four (4) VMware Cloud Provider Platform (VCPP) partners in Malaysia.
- Successfully accomplished Cloud α Edge Pilot within three (3) months.
- En-route to becoming the only Malaysian-owned end-to-end Cloud AI infrastructure service provider.

Consolidation of Processes

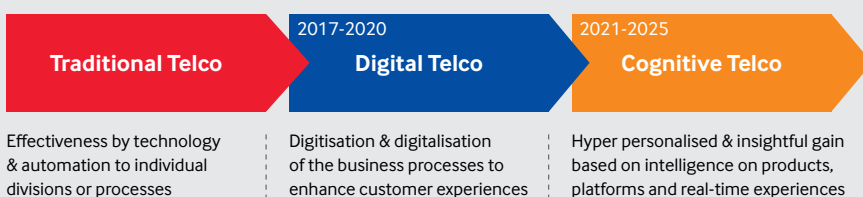
- **Project Andromeda:** Migrated applications from CBJ6 / BRF8 to BRF7 / KDVC. The aim of this project to migrate 406 applications from CBJ6 and BRF8 to the newly built TM Data Centres at BRF7 and KVDC.
- **EMS Transformation:** Consolidated various EMS systems into a centralised Cloud platform. This simplified our EMS architecture.

Capitals Deployed  

- More than 1,500 VMs migrated under Project Andromeda, with RM3.0 million in cost avoidance from the server, storage repurpose and electricity savings.
- All EMS domains virtualised in a centralised Cloud platform.
- Reduced EMS Software versions from 14 to ten (10).

MOVING FORWARD

In the years ahead, GITD will continue to deliver IT and digital solutions that can make life easier for stakeholders. In its efforts to strengthen TM's data-driven and agility culture, GITD will proceed with its aspirations of becoming a trusted, committed and cost-efficient technology enabler. GITD will not falter its focus for excellence in Digital Services & Applications. In 2021, GITD will begin transforming TM from a Digital Telco into a Cognitive Telco; enabling personalised, real-time customer experience based on AI, Machine Learning (ML), Analytic, Cloud and more.



How to achieve the transformation?

1. From traditional into Digital Telco towards Cognitive Telco
2. From automation into data-driven and intelligence
3. From silo monolithic applications into integrated platforms

COVID-19 Impact & Response

COVID-19 Impact

- Restrictions in team communication and collaborative work in day-to-day operations.
- Setbacks in the delivery of End User Computing (EUC) devices (Notebook & PC) to end-users due to movement restrictions. This impacted new installations and configurations.
- Global supply chain disruptions also impacted the delivery of EUC devices by suppliers.

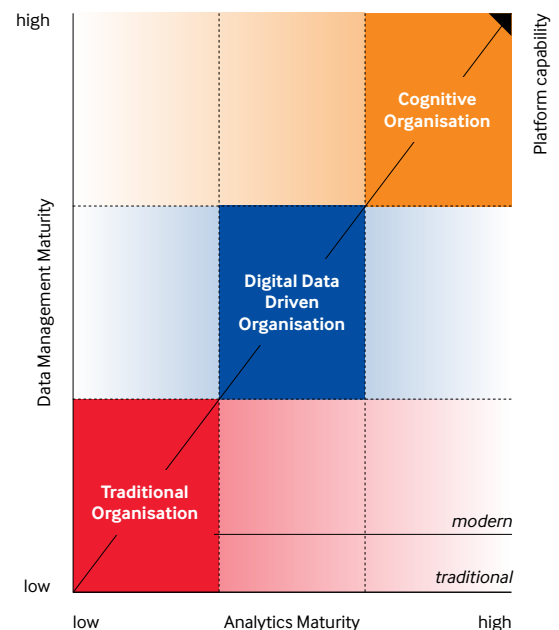
Our Response

- Led the digital enablement of Warga TM, as mandated by the Software Asset Management team. The deployment of communication and collaboration tools ensured TM services and operations continued during MCO.
- Ensured essential staff remained at EUC office to prepare and configure new EUC devices for customers' connectivity.
- Introduced new EUC delivery methods, such as POS Laju and personal deliveries for urgent requests.
- Launched trUST, a data-driven check-in tool that allows GITD management to track the whereabouts of its staff. This enables contact tracing when needed.



Achievements

- 2,000 employees provided with MS Office 365 within two (2) weeks, and 9,500 employees within three (3) months.
- Supported 57,298 online meetings within three (3) months of MCO.
- Successfully conducted Jom Bersama with GCEO, with 9,200 employees attending online.
- 7,643 new EUC devices deployed; fulfilling several urgent and high-profile requests.



> NURTURING PEOPLE AND PROPELLING THEIR GROWTH

Business Champions: GROUP HUMAN CAPITAL MANAGEMENT (GHCM)

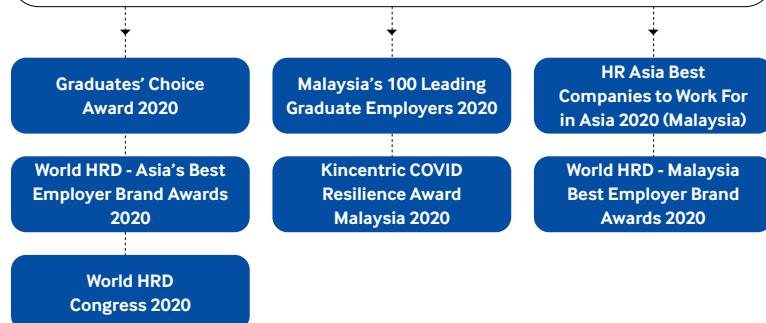
Following the unprecedented events of 2020, GHCM swiftly responded to enable a smooth transition to a remote working arrangement for Warga TM. The main priority was to protect employees from health and safety risk during the COVID-19 pandemic, while also driving sustainable growth and productivity amidst drastic changes. GHCM implemented the PEOPLE2020 Strategy, which is built on three (3) pillars of talent excellence: Re-mobilising Our People, Re-thinking Our People Investment and Re-engaging Organisational Values. The strategy was driven by GHCM's 17 Agile HR Squads for effective and efficient implementation. Their responsibilities include maintaining a lean and agile organisation as well as equipping employees to meet the rapid change in customer needs. GHCM also introduced SWA guidelines to enhance Warga TM's new work experience, which included flexible working options and seamless digital platforms. With a commitment to an inclusive, nurturing and productive work culture, we remain the employer of choice for the industry's talent.



ABOUT US

GHCM plays a central role in executing our aspirations of enabling a Digital Malaysia powered by Warga TM. The Business Champion shapes a future-ready and customer-centric workforce with the right skills and knowledge needed to thrive in a digital economy. GHCM strives to continuously improve workforce agility through innovative co-creation and collaboration across all work levels. This includes the digitisation of employee processes for increased efficiency and mobility. With an emphasis on productivity, growth and sustainability, GHCM has created a conducive work culture that keeps employees engaged and motivated. Under the guidance of GHCM, Warga TM remains unified to fulfil a higher sense of purpose – championing 'Life and Business Made Easier' for all Malaysians.

Human Resources Awards Won by TM in 2020





KEY INITIATIVES & OUTCOMES

Key Initiatives

Remobilise Our People

- **TM On the Move:** Embarked on a regionalisation initiative to strengthen frontline operations and improve customer experience. This involved shifting key talents to critical areas of business (i.e. sales and service functions).

Capitals Deployed 

Outcomes

- 5% increase in customer-facing and frontline workforce.

Rethink Our People Investment

- **Future-Skilling Programmes:** Equipped employees with future-ready skills. This includes training in key areas such as Cloud, RPA, 5G, SDN/NFV, Data Analytics, Smart Services, IoT, Digital, and Agile.
- **Upskilling Programmes:** Developed TM Subject Matter Experts (SME) according to their areas of expertise, as well as coached them to become internal trainers.

For more information on all our training and development programmes, see 88 [SR].

Capitals Deployed 

- 6,026 staff trained with future-ready skills.
- 158 SMEs with future skills certification.
- 490 SMEs identified.
- RM25.3 million in total training cost avoidance.

Reengage Organisational Values

- **High-Performance Culture:** Implemented various initiatives to sustain productivity during the COVID-19 pandemic. These include setting performance goals based on S.M.A.R.T. X2 Principles, conducting regular briefings, introducing an e-learning module, and frequently engaging with employees.
- **Remote Working Experience:** Enhanced our Flexible Working Arrangement to manage COVID-19 restrictions. This comprises of Flexi Space (work from home), Flexi Time (staggered working hours) and Flexi Team (split teamwork).
- **Employee Compensation:** Redesigned our compensation operating model to keep employees engaged and motivated. All eligible employees were provided with an annual increment, bonus and long-term incentive plan (LTIP).
- **Talent Management Framework:** Introduced a new and robust Talent Management Framework comprising of Career Conversation & Individual Development Plan (IDP), Talent Potential Assessment & Talent Calibration, and Succession Planning initiatives.

Capitals Deployed 

- 96% of employees completed goal settings (2019: 65%).
- 92% of employees finished their mid-year review as per schedule (2019: 80).
- 94% of employees attended the e-learning module.
- 80% of executives completed their performance goals based on S.M.A.R.T.x2 Principles.
- 75% of employees on average worked from home.
- An average of 4% increment delivered to employees.
- 7.8 million units of Restricted Shares 2nd Grant vested to eligible employees.
- 16.5 million units of Restricted Shares 5th Grant and Performance Shares granted to eligible employees.
- 100% completion of Talent Management Framework plans.
- Over 30,000 registered development action plans for TM executives.

COVID-19 Impact & Response

COVID-19 Impact

- Health risks to employees working on-site, at the field or customer-facing, particularly for those with existing medical conditions.
- Challenges to employee motivation and productivity levels as they adapt to remote working requirements.

Our Response

- Implemented SWA nationwide to maintain employee productivity and business continuity.
- Provided digital tools and platforms to enhance the WFH experience of employees. Regularly sent out COVID-19 alerts through various communication channels, including the COVID-19@TM app, which helped keep employees informed.
- Offered counselling services through our Life Coach programme made available 24/7 for employee wellbeing.



Achievements

- **WFH Productivity Survey:** 83% of respondents said that productivity levels were the same or higher during the MCO.
- **Kincentric COVID-19 Crisis Survey:** 86% positive feedback in Employee Health & Safety, and 86% positive feedback in Virtual Work Effectiveness.
- Over RM700,000 raised by employees through an internal fundraising campaign (TM Tabung Kebajikan COVID-19) to assist groups affected by the pandemic.

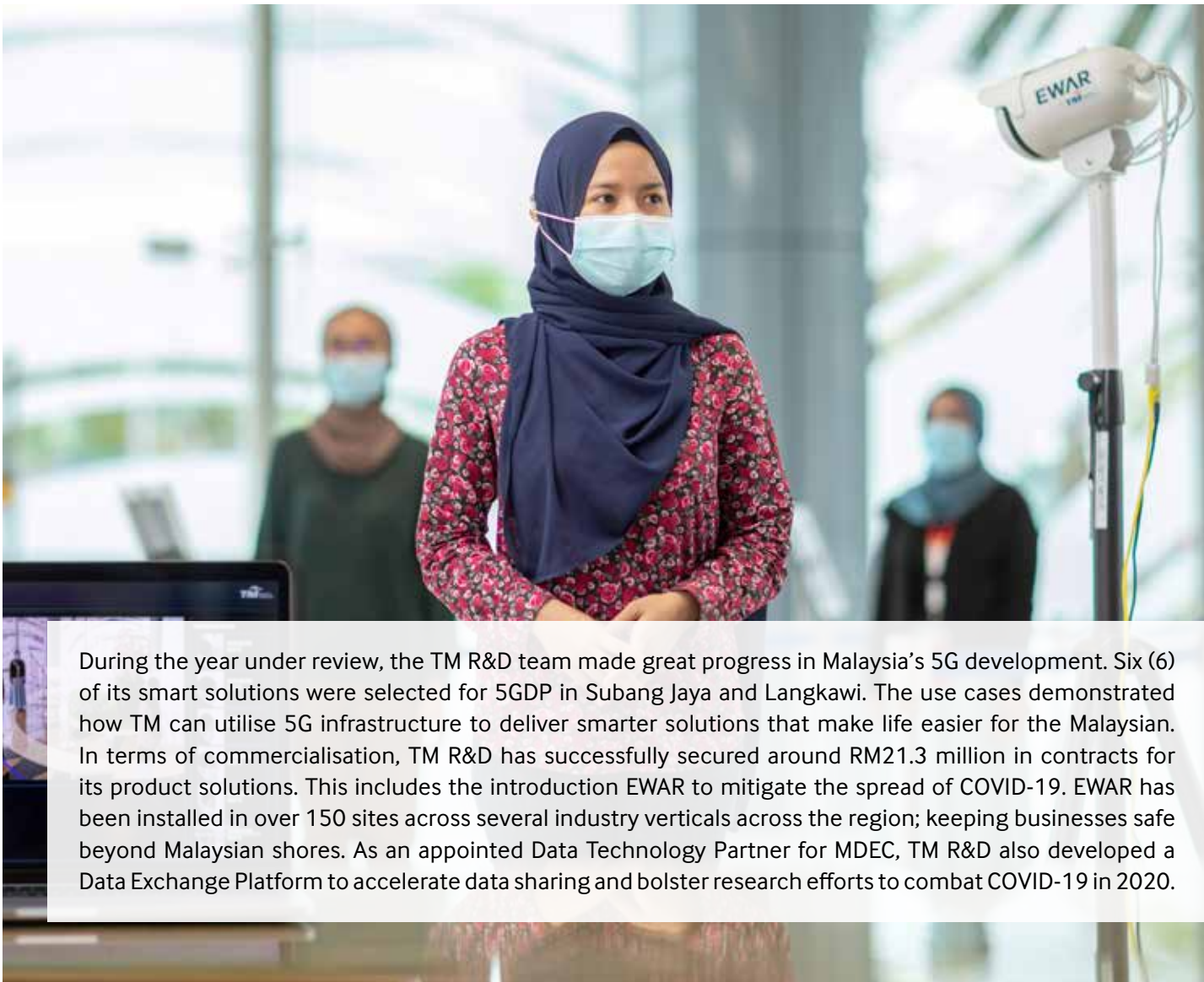
[Read more on page 30](#)

MOVING FORWARD

In the upcoming year, GHCM will continue to build momentum on employee productivity for business growth. The main focus remains in future-proofing the organisation through a simplified operating model, and ensure that the workforce is purpose-driven, relevantly skilled, and fuelled by a high-performance culture. GHCM will implement more professional development initiatives in Future Skilling, Re-skilling and Upskilling programmes, as well as fully inculcate TM's KRISTAL values for greater customer-centricity and integrity. Following TM's digital journey, GHCM will also develop added features in employee-based platforms via the ERA Single Employee App. Additionally, more processes will be simplified through RPA, which utilises AI to complete repetitive and low-skill tasks. This will allow employees to focus on high-value work instead. With the new Talent Management Framework, development interventions will be implemented for the high-potential talent pool. This includes collaborating with world-renowned business schools, such as IMD, to implement a two-year structured programme for TM Leaders.

> INNOVATING THE PRESENT & THE FUTURE

Business Champions: TM RESEARCH & DEVELOPMENT (TM R&D)



During the year under review, the TM R&D team made great progress in Malaysia's 5G development. Six (6) of its smart solutions were selected for 5GDP in Subang Jaya and Langkawi. The use cases demonstrated how TM can utilise 5G infrastructure to deliver smarter solutions that make life easier for the Malaysian. In terms of commercialisation, TM R&D has successfully secured around RM21.3 million in contracts for its product solutions. This includes the introduction EWAR to mitigate the spread of COVID-19. EWAR has been installed in over 150 sites across several industry verticals across the region; keeping businesses safe beyond Malaysian shores. As an appointed Data Technology Partner for MDEC, TM R&D also developed a Data Exchange Platform to accelerate data sharing and bolster research efforts to combat COVID-19 in 2020.

ABOUT US

Incorporated in 2001, TM R&D is the centre of innovation for the Group. TM R&D plays a strategic role in bringing new technology and innovation to our business, while simultaneously contributing to nation-building and the digital knowledge economy. The Business Champion leverages on the following strengths to create smarter ecosystems for the economy:

- (a) **Telco Intelligent Support System:** Driving seamless and best-in-class customer experience by providing reliable, AI-driven end-to-end solutions.
- (b) **Data Brokerage:** Creating new revenue opportunities through smarter platforms; cultivating better insights to spawn the creation of new services.
- (c) **IR4.0 & Digital Solutions:** Developing smarter digital ecosystems that enable businesses to benefit from the current industrial revolution.
- (d) **Digital Workforce:** Creating state-of-the-art solutions, with safety and productivity as the top priority, to boost efficiencies at the workplace.

TM R&D's innovations, all developed in-house, has cut across multiple verticals such as Utilities, Retail, Agriculture, Healthcare and Education. As we continue to expand the business beyond connectivity and into smarter digital systems, TM R&D's role is becoming more prominent and exciting.

TM R&D has gained recognition for its work in Open Data and AI solutions by winning several coveted awards:

Malaysia Technology Excellence Awards 2020



TM Forum Excellence Awards 2020



WITSA Global Excellence ICT Awards 2020

KEY INITIATIVES & OUTCOMES

Key Initiatives

Smart People Solutions

- **5GDP:** Introduced 5G use cases that are designed to improve the socio-economic well-being of citizens.

Capitals Deployed  

Outcomes

- Six (6) use cases selected for 5GDP in Subang Jaya and Langkawi.

Smart Cost-Saving Solutions

- **CAMELIA:** Enabled network operations to transform from reactive & corrective to towards proactive & preventive.
- **SPICE.ai:** Deployed Automatic Speech Recognition (ASR) and Next Best Action (NBA) solutions.

Capitals Deployed  

- RM15.0 million in cost avoidance and new revenue opportunities realised.

Smart COVID-19 Solutions

- **EWAR:** Launched an all-in-one contactless thermal screening solution to help curb COVID-19.

Capitals Deployed   

- RM1.5 million commercial value secured for EWAR.
- 150 sites installed with EWAR.



COVID-19 Impact & Response



COVID-19 Impact

Although COVID-19 did not specifically impact TM R&D, the business champion was determined to help our lines of businesses and our stakeholders navigate the unprecedented challenges. Without losing sight of its 2020 growth roadmap, TM R&D developed solutions to improve TM's safety, agility and COVID-related response. With its feet firmly on the ground, TM R&D charged forward to play its part in mitigating the crisis.

Our Response

- Developed EWAR to precisely detect high body temperatures in crowded areas as well as one-on-one screening for entry/exit points.
- Launched Data Exchange Platform, a one-stop data exchange centre that facilitates COVID-related data sharing to better combat the virus.



Achievements

- **Winner of the Malaysia Technology Expo (MTE) 2020 Special Edition: COVID-19 International Innovation Awards**
 - Winner - Best Innovation Awards for Data Exchange Platform
 - Gold Medal for Data Exchange Platform
 - Gold Medal for EWAR


MOVING FORWARD

The recent Budget 2021 announcement, which takes into account a post-pandemic landscape demonstrates the importance of R&D, commercialisation and local purchasing. The Government's fiscal and digital policies aim to support business continuity towards Malaysia's economic recovery. With this in mind, TM R&D's key focus in 2021 is to build a sustainable organisation that will continue to create and commercialise solutions with a global outlook. TM R&D will maintain relevancy through innovative products and solutions that are essential to the changing market. The Business Champion will continue to support TM's revenue growth and productivity by increasing external revenue via the adoption of our OIP. Aside from that, TM R&D aims to increase market access as well as intensifying the speed of delivery of high-value impact TM projects, which would contribute to a faster cost improvement. Through its work in AI & digital solutions, TM R&D is building smarter ecosystems that will enrich humanity and progress the country towards a Digital Malaysia.


JENDELA - Delivering Seamless Connectivity for all Malaysians

What is the Impact?


JENDELA will provide the foundation in driving Malaysia's digital economy. This digital transformation will close the country's connectivity gap; raising the rakyat's economic status and advancing the country's socio-economic progress.




Education




Entertainment



Energy & Efficiency




Technology & IR4.0




Banking


Elevating Industries, Communities & Lifestyles




Manufacturing & Processing




Transportation



Government Services



Entrepreneurship & SMEs




Healthcare

How Will It Work?


JENDELA will be rolled out in phases:

Phase 1 (2020-2022)


Expand 4G mobile and broadband coverage – **91.8% to 96.9%** in populated areas




Increase mobile broadband speeds – **25Mbps to 35Mbps**



3G Network Sunsetting by the end of 2021



Enable as many as **7.5 million** premises with gigabit access through fixed broadband



What is TM's Role?

JENDELA strongly aligns with TM's aspirations of enabling a Digital Malaysia. As the nation's leading connectivity and digital infrastructure provider, TM is working closely with the Government and other industry players to fast-track the nation's progress towards becoming a globally competitive, resilient and enriched digital nation.

Deployed fixed broadband infrastructure to **300,000 premises**, achieving **138% of the premises targeted for 2020**

Broadband Fiberisation to support mobile backhaul network coverage and capacity nationwide to **improve the current 4G service quality and next, to expedite the 5G roll out**

An active and major contributor together with industry to fiberise **83% of total premises passed by 2022**

Extensive international coverage to deliver reliable, diversified and uninterrupted global connectivity solutions to support national need

Strengthening Digital Infrastructure to drive Malaysia's Digital Economy

Fast-track Malaysia towards becoming a globally competitive, resilient and digital society through JENDELA

A robust national digital infrastructure is a key enabler to build a high-income digital economy

Catering for future demands of connectivity to empower people's livelihoods, education, business; building and connecting communities.

What Is JENDELA?

The Jalinan Digital Negara action plan, which is also known as JENDELA, is a five (5) year infrastructure plan announced by the Government to improve the quality and reach of the country’s digital communication network. The action plan will accelerate Malaysia’s digital connectivity through widespread deployment of mobile, fibre and fixed wireless access, while paving the way for the upcoming 5G rollout.

Phase 2 (2022 & Beyond)

Utilise FWA and other fit-for-purpose technologies to **address further gaps in the digital divide**



Prepare for eventual **5G adoption**




Education/Productivity

- Students' home-based learning
- Webinars and training to drive productivity and human capital development

Businesses/Economy/Government & Services

- Digitise SMEs / Business to Business (B2B) to recover and diversify
- New ways of working to drive efficiency and delivery

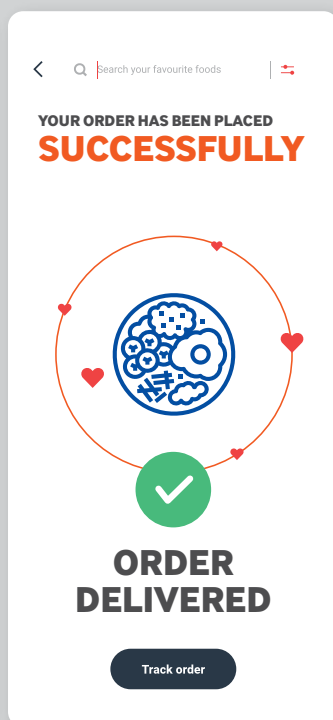
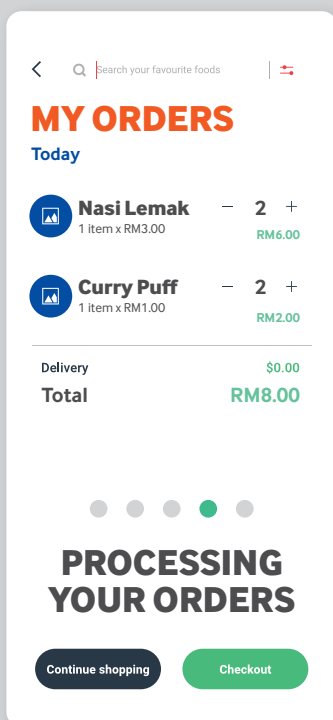
Communities & Societies

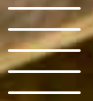
- Staying in touch with families and friends
- Digital inclusion - no one gets left behind



Seamless Connectivity For A More Digital Lifestyle

We are encompassing digital connectivity, digital infrastructure as well as digital talent and skillsets to make life and business easier for all Malaysians





Is received on Mak Cik Kiah's phone and prepared.

Order Prepared



From the rice farmed by Kak Yong and managed by a smart water management system.

Smart Water Management System

