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

My Life / My Work
RESPONSES TO QUESTIONS FROM MINORITY SHAREHOLDER WATCHDOG GROUP (MSWG)

COMPANY UPDATES

FINANCIAL & OPERATIONAL HIGHLIGHTS

LATEST UPDATES

MOVING FORWARD
RESPONSES TO QUESTIONS FROM MINORITY SHAREHOLDER WATCHDOG GROUP (MSWG)

“Everything I need is at the touch of a button.”
Questions from MSWG:

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

i. In a highly competitive industry, how has webe performed to-date and how does TM expect webe to perform for FY 2017?

ii. What is the percentage of TM’s customers subscribing to webe?

ii. Competitors such as Maxis and Digi have a population coverage for LTE of 88% and 86% respectively. webe has a population coverage of about 61% at the end of 2016.

a) What would be the targeted population coverage for webe at the end of 2017?

b) What would be the expected capital expenditure to be incurred in expanding webe’s population coverage?

c) Would webe be targeting to reach similar or better level of coverage compared to its competitors?
webe is strategically positioned as TM’s Centre of Excellence for Mobility and Digital, completing our portfolio of convergence services to further create value for our household customers. It offers a truly digital proposition and provides customers with the freedom to “start here, go anywhere” – this is something unique in the market.

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

The 2017 capital expenditure for webe forms part of the TM Group’s overall capex guidance in the low-30% of revenue and webe already has nationwide coverage today.
The Government announced in its 2017 Budget a desire to see fixed broadband providers offer higher speeds at the same price as of January 2017. It was also announced that within the next two years, the speed will be doubled with the reduction in price by 50%.

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

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

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

Company Updates
RECAP: 2016 Outlook and Business Priorities

- The Year of Convergence – entry into mobility space
- Aggressive rollout of major projects: HSBB2, SUBB
- Focus on new platforms for growth
- Operationally: focus on innovation, productivity enhancement, digitalization.
• Manifests TM’s Convergence Champion aspiration
• Malaysia’s first fully digital mobile company
• Service launched 30th September 2016
• More than 2,100 LTE sites operational; more than 61% population coverage
• “Data Liberation” – never-ending proposition of data, calls and SMS’
Our digital transformation supported by Convergence

Superfast & seamless internet connection, everywhere and anytime

Relevant lifestyle and business services on all your devices

Delivered to you through an easy and enjoyable experience

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

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

*TSR as at 25th April 2017
"Where technology can help us become ‘heroes of the day’.”
Transformation toward Convergence Champion for sustainable value creation

Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>11,722</td>
<td>12,061</td>
</tr>
</tbody>
</table>

EBIT

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported EBIT</td>
<td>1,257</td>
<td>1,240</td>
</tr>
<tr>
<td>Normalised EBIT</td>
<td>1,154</td>
<td>1,185</td>
</tr>
</tbody>
</table>

-8.2% (Normalised -4.4%)

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

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

<table>
<thead>
<tr>
<th>BROADBAND CUSTOMERS</th>
<th>FY2015</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streamyx ARPU</td>
<td>839</td>
<td>949</td>
</tr>
<tr>
<td>UniFi ARPU</td>
<td>1,501</td>
<td>1,421</td>
</tr>
</tbody>
</table>

Higher speed and content buys driving ARPU expansion

<table>
<thead>
<tr>
<th>BROADBAND ARPU</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streamyx</td>
<td>89</td>
<td>92</td>
</tr>
<tr>
<td>UniFi</td>
<td>190</td>
<td>201</td>
</tr>
</tbody>
</table>

More customers subscribing to UniFi ADVANCE & PRO packages

- **FY 2015 (839,000 UniFi customers)**
  - Below 10Mbps: 54%
  - 10Mbps and above: 46%

- **FY 2016 (949,000 UniFi customers)**
  - Below 10Mbps: 21%
  - 10Mbps and above: 79%
TM’s leadership in all fields recognized globally

Frost & Sullivan Malaysia Awards 2017
- Outstanding Contribution to the Industry Award – Tan Sri Dato’ Sri Zamzamzairani Mohd Isa
- Telecom Service Provider of the Year
- Infrastructure as a Service Provider of the Year – VADS Berhad

Alpha Southeast Asia’s Institutional Investor – Corporate Awards 2016 (Malaysia)
- Best CFO in Malaysia – Datuk Bazlan Osman
- Most Organised Investor Relations
- Strongest Adherence to Corporate Governance
- Most Consistent Dividend Policy

Malaysian-Asean Corporate Governance Transparency Index, Findings and Recognition (MSWG) 2016
- Excellence Award for Top CG and Performance (Overall)
- Excellence Award for Long-Term Value Creation
- Merit Award for CG Disclosures
- Industry Excellence (Telecommunications & Media)
- Merit Award for Board Diversity
- Merit Award for Best AGM (Overall)

Jim Bound IPv6 Awards – Malaysia
- World Leader Award – Tan Sri Dato’ Sri Zamzamzairani Mohd Isa

5th Annual CFO Innovation Awards
- CFO of the Year (Excellence in Financial Planning & Analysis) – Datuk Bazlan Osman

16th Malaysia HR Awards 2016
- Grand Award for Employer of Choice (GLC)

National Center For Sustainable Reporting (NCSR)’s Sustainability Reporting Awards 2016
- Commendation for Best Practice in Sustainability Reporting in Malaysia

National Annual Corporate Report Awards (NACRA) 2016
- Most Outstanding Annual Report of the Year – Gold
- Industry Excellence Award for Main Board Companies in the Trading & Services Sector – 20th consecutive
- Best Design Annual Report – Platinum
- Best CSR Reporting Award – Silver
### 2017 and Mid-term Headline KPI

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Mid Term</th>
</tr>
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<tbody>
<tr>
<td>Revenue Growth&lt;sup&gt;1&lt;/sup&gt;</td>
<td>3.5 – 4%</td>
<td>3.5% - 4%</td>
</tr>
<tr>
<td>EBIT Growth&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Maintain 2016 RM level</td>
<td>3.5 – 4%</td>
</tr>
<tr>
<td>Customer Satisfaction Measure&lt;sup&gt;2&lt;/sup&gt;</td>
<td>73*</td>
<td>73</td>
</tr>
</tbody>
</table>

<sup>1</sup> These KPIs are for TM including Webe.

<sup>2</sup> This KPI excludes Webe for 2017.

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

Broadband Improvement Plan 2017

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

*Subject to technical availability
Business Made Easier™

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

• VADS MARKETPLACE launched in August 2016

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

“Where young minds are inspired to find new solutions to old challenges.”
Convergence 2.0: Moving TM to deliver Life in the Era of Convergence
TM’s milestones since Demerger

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

2008

- Malaysia’s Broadband Champion
- **Unifi** launched

2009

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

2010

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

2011

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

2012

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

2013

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

2014

- HSBB2 and SUBB Agreements
- All-new UniFi launched

2015

- Revenue crosses RM12bn mark

2016

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

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**Revenue CAGR (2008-2016):**

- >3.7%

**Broadband customers from 1.3mn to 2.37mn**

**Total Dividend & Capital Repayment:**

- RM12.66bn

**Market Cap from <RM11bn to >RM24bn**

**TSR >400%**

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TM 32nd Annual General Meeting 26th April 2017
New leadership of TM

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

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