

# VALUE CREATION BUSINESS MODEL



**Inputs**

- FINANCIAL**
  - RM25.5 billion market capitalisation
  - RM21.2 billion total assets
  - RM2.2 billion Free Cash Flow
  - RM1.6 billion CAPEX
- MANUFACTURED**
  - >740,000km fibre optic cables nationwide
  - ~160 CDN nodes worldwide
  - 33 submarine cables
  - 4 data centres in Malaysia
  - 1 regional data centre in HK
- INTELLECTUAL**
  - Close to 80 years' experience as a leading digital provider
  - RM56.9 million in R&D
  - 193 researchers
- HUMAN**
  - 18,309 *Warga TM*
  - >RM20 million invested in training and development
  - Increased women representation in senior management to 35%
- SOCIAL & RELATIONSHIP**
  - >2,000 active suppliers
  - RM40 million invested in community development
- NATURAL**
  - 420,913 MWh energy consumed
  - 132 megalitres water drawn from municipal water suppliers

**Business Overview**

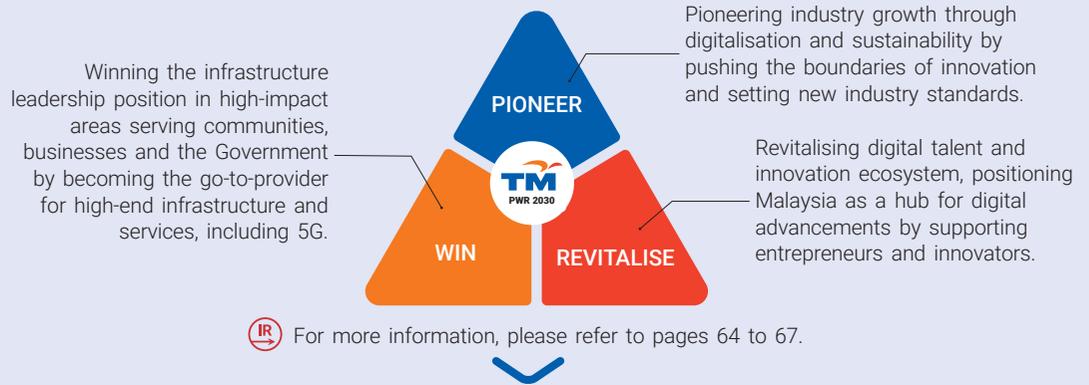
Market Trends	Corporate Risks
<ul style="list-style-type: none"> <li>The Economy</li> <li>Protecting Our Core</li> <li>Advancing Our Digital Solutions</li> <li>Sustainability</li> </ul>	<ol style="list-style-type: none"> <li>Mobile and 5G Business Risk</li> <li>Geopolitical Risk</li> <li>Infrastructure Readiness for Future Business Growth Risk</li> <li>Regulatory Risk</li> <li>Cyber Security Risk</li> <li>IT and Digital Resilience Risk</li> <li>Corruption Risk</li> <li>Climate Change Risk</li> <li>Workforce Development in New Technology Risk</li> </ol>



**IR** For more information, please refer to pages 34 to 38; and 52 to 62.

Our strategic goals, ambitions and execution pillars for PWR 2030 are outlined below:

**PWR 2030: Digital Powerhouse for Malaysia & the Region**



**IR** For more information, please refer to pages 64 to 67.

**Material Matters**

- |                                       |                                   |                                      |
|---------------------------------------|-----------------------------------|--------------------------------------|
| <b>M1</b> Innovation & Technology     | <b>M6</b> Environmental Quality   | <b>M11</b> Sustainable Supply Chain  |
| <b>M2</b> Customer Experience         | <b>M7</b> Climate Change          | <b>M12</b> Responsible Communication |
| <b>M3</b> Network Stability & Quality | <b>M8</b> Fair Employment         | <b>M13</b> Cyber Resilience          |
| <b>M4</b> Affordability & Inclusion   | <b>M9</b> Health & Safety         | <b>M14</b> Good Governance           |
| <b>M5</b> Community Development       | <b>M10</b> Learning & Development |                                      |

**IR** For more information, please refer to pages 46 to 51.

...VALUE FOR OUR STAKEHOLDERS.

Outputs/Outcomes



Actions To Enhance Outcomes



Strategic Trade-Offs

**FINANCIAL**

- Total Dividend Payout: RM1.19 billion (31 sen per share)
- Dividend increased 6 sen per share
- Return of equity: 20.9%

- Driving sustained revenue growth across all Lines of Business (LOBs) and product categories
- Enhancing cost efficiency to boost profitability
- Optimising the cost of capital to maximise shareholder value and returns

We channel our Financial Capital into developing other vital capitals, such as workforce training (Human Capital), innovation and research (Intellectual Capital), efficient resource management (Natural Capital) and the expansion of our network infrastructure (Manufactured Capital). Although this may momentarily impact our Financial Capital reserves, we are confident that these strategic investments will foster sustainable growth and support national development.

**MANUFACTURED**

- 3.2 million fixed broadband customers\* & >400,000 MSME customers
- >1 million fixed broadband customers subscribing to mobile and content services^

- Strengthening our network through strategic investments
- Supporting MSMEs with digital upskilling initiatives

Our investments drive the expansion of our network infrastructure (Manufactured Capital), reinforcing our commitment to closing the digital gap. While this has temporarily reduced our Financial Capital, we expect that improvements in other capitals will ultimately restore and strengthen our long-term financial position. By extending connectivity across Malaysia, we build trust and support, contributing to the growth of our Social and Relationship Capital.

\* Represents fixed broadband customer base comprising B2C, B2B and C2C segments.

^ Customers can opt to subscribe to mobile, content or both. This is in line with our role as Malaysia's Convergence Champion.

**INTELLECTUAL**

- >35 awards
- 20 smart solutions clusters

- Enhancing process efficiency and staff productivity to lower operational costs and improve the customer experience (CX)
- Driving commercialisation efforts by working with LOBs to introduce smart solutions to the market and accelerate revenue growth

We have invested in R&D initiatives and the adoption of smart technologies. Although this has temporarily impacted our Financial Capital, we are confident that it will strengthen our competitive edge and drive long-term performance. Additionally, our recognition as a digital leader has reinforced customer trust, further enhancing our Social and Relationship Capital.

**HUMAN**

- 16,098 *Warga TM* trained, with a total of 812,430 hours of training delivered
- Achieved a low risk rating. (Likelihood is 20% lower than the National Incident Rate)
- Zero work-related employee fatalities, over the last three (3) years
- 35% women in senior management

- Strengthening communication between employee representatives and management to facilitate negotiations and establish mutually beneficial collective bargaining agreements
- Enhancing awareness of safety protocols, audits and corrective actions to reduce incidents, fatalities and Lost Time Injury (LTI) frequencies

We have allocated funds to targeted upskilling initiatives to develop a future-ready workforce, while also implementing well-being programmes to support employees' physical and mental health. Although this may initially impact our Financial Capital, the resulting boost in productivity and acquisition of new skills will ultimately drive long-term profitability.

**SOCIAL & RELATIONSHIP**

- RM2.7 billion in total contributions to local suppliers
- 95,610 beneficiaries impacted through community development programmes

- Consistently empowering and upskilling our suppliers through capability building
- Providing targeted initiatives to enhance entrepreneurs' business capabilities and market presence
- Delivering industry-relevant training programmes to develop future talent

Over the year, we invested in community and stakeholder engagement programmes, resulting in a short-term outlay of Financial Capital. However, we are confident that the trust built through these initiatives will drive the growth of our Human and Intellectual Capital, ultimately strengthening our long-term Financial Capital performance.

**NATURAL**

- 40% reduction in water consumption
- TM's carbon emissions reduction improved by 30% from 2019 baseline

- Reducing energy consumption through collaborative initiatives involving multiple departments across TM

Dedicated to sustainability, we continue to invest in green technologies and low-carbon solutions, despite the initial financial commitment. We strongly believe that adopting resource-efficient operations will not only preserve both Natural and Financial Capital in the long run but also strengthen stakeholder trust, enhancing our Social and Relationship Capital.



Impacted Stakeholders/Sustainability and Related UN SDGs