



GCFO's REVIEW

Ahmad Fairus Rahim, Group Chief Financial Officer, reflects on TM's financial performance in 2024, highlighting the Company's disciplined approach to growth, cost management and strategic investments in empowering Malaysia's digital future.

 For a detailed breakdown of TM's financial performance, please refer to the Financial Report 2024.

AHMAD FAIRUS RAHIM
Group Chief Financial Officer

Q1

In your first year as GCFO, how do you reflect on TM's financial performance in 2024 and what were the key factors driving these results?

A1

As the Chairman highlighted, TM operates in a rapidly evolving and uncertain market. Yet, we met all financial guidance targets in 2024, delivering sustained profitability while continuing to drive Malaysia's digital progress. Our strategy was anchored on financial resilience, revenue growth and long-term investments – ensuring that we remained profitable while preparing for the future.

First, we sustained our revenue trajectory by strengthening our core business and expanding into digital services. Our B2B segment contributed RM2.9 billion in revenue, driven by higher demand for digital solutions including cyber security, cloud and other smart technologies. Total fixed broadband customers grew to 3.2 million, with more customers choosing bundled packages, which grew our average revenue per user (ARPU). TM continued to reinforce its B2C segment market leadership with the only quad-play true convergence offering, providing greater value to our customers. Meanwhile, our C2C revenue has remained stable, reflecting a strategic shift towards high-value data services. These efforts contributed to a total operating revenue of RM11.7 billion, demonstrating the strength of the company's diverse business portfolio.

Second, we strengthened TM's financial resilience by managing costs efficiently and improving profitability. Through our operational efficiencies and careful cost management, we have enhanced our margins, delivering Earnings Before Interest and Tax (EBIT) growth of 11.3% to RM2.3 billion and Profit After Tax and Minority Interests (PATAMI) growth of 7.8% to RM2.0 billion. We also continued to repay our debts and optimised tax benefits, keeping our balance sheet strong and cash reserves healthy, enabling us to weather market uncertainties with confidence.

Finally, we invested in future growth by further development of Malaysia's digital infrastructure. We expanded our fibre networks, enhanced data centre capacity and strengthened global connectivity through new international submarine cables. We also continued to improve our customer experience using AI and data analytics. These investments not only support the nation's digitalisation agenda but also keeps TM at the forefront of the digital economy, delivering long-term value to both the business and the country.

TOP ACHIEVEMENTS IN 2024



REVENUE
RM11.7 billion
 FY2023: RM11.7 billion



EBIT
RM2.3 billion
 FY2023: RM2.1 billion



PATAMI
RM2.0 billion
 FY2023: RM1.9 billion



CAPEX
RM1.6 billion
 FY2023: RM1.9 billion

Q2

Amid market volatility and rising costs, how has TM maintained financial rigour while sustaining profitability?

A2

Financial discipline is more than cost reduction; it is about optimising resources, improving efficiency and driving sustainable profitability. In 2024, we maintained a systematic approach to financial management, making certain that every ringgit spent contributes to business growth and operational resilience.

By managing costs strategically, we reduced our total operating expenses by 2.3% to RM9.6 billion from the previous year. We improved our cost-to-revenue ratio to 81.8% from 83.9% in 2023, a testament to our balanced approach while maintaining a strong performance. The cost-to-revenue ratio excluding depreciation also saw an improvement in 2024 signalling better operational efficiency.

Striking this balance between cost consciousness and strategic investment has helped keep TM financially strong, ensuring our sustained profitability while continuing to make the right investments for future growth.

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Q3
What were the key areas of TM's capital investment in 2024 and how do they support long-term value creation?

A3
TM's investments are deliberate and impact-driven, fostering financial strength while advancing Malaysia's digital ambitions. In 2024, our Capital Expenditure (CAPEX) totalled RM1.6 billion (13.6% of revenue), focused on expanding access, enhancing network efficiency and fortifying our digital capabilities – driving both TM and the nation's growth.

We allocated 41.1% of our CAPEX to broadband expansion and FMC, particularly in underserved areas, to improve accessibility for businesses and communities. A further 22.3% was used on core network enhancements, boosting network speed, capacity and reliability to meet rising data demand. The remaining 36.6% was invested in IT and operational system upgrades, modernising service platforms and automating processes to improve the overall customer experience.

Our investments continued to support critical national initiatives like the 5G ecosystem and JENDELA, strengthening Malaysia's economic position. At the same time, we also prioritised projects that improve our energy efficiency, aligning our network expansion with TM's sustainability goals. A sizeable portion of our CAPEX was deployed in Q4, positioning TM for long-term success and aligning with key mega projects that will future-proof Malaysia's digital ecosystem.

These investments go beyond infrastructure – they shape Malaysia's digital economy, strengthen national resilience, bringing Malaysia to the world while unlocking new opportunities for businesses and communities.

TM successfully maintained robust credit ratings from both domestic and international rating agencies, reflecting our strong financial performance and ability to fulfil our financial commitments.

RAM Rating Services: **AAA**

Moody's Investors Services: **A3**
(baseline credit assessment "baa1")

S&P Global Ratings: **A-**
(standalone credit profile "a-")

In 2024, we established a Sustainable Finance Framework which is aligned with international standards including the International Capital Market Association (ICMA), ASEAN Capital Markets Forum (ACMF) and Securities Commission Malaysia (SC). The framework embeds TM's sustainable funding strategy into its operations and enables the transition towards a more digitally connected and environmentally responsible Malaysia.

Q4
How does TM's financial strategy align with sustainability beyond digital expansion?

A4
We view sustainability and financial control as mutually supportive, where responsible investments drive both stakeholder value and business resilience. As we expand our infrastructure and digital capabilities, we remain committed to making all our investments environmentally responsible, socially impactful and financially sound.

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On the social front, beyond our focus on community development, we allocated more than RM20 million towards *Warga TM*, to future-proof our workforce through skills training, leadership development and well-being programmes. This investment has strengthened our people, culture and long-term business sustainability, keeping TM agile and innovative.

From an environmental perspective, climate action is a growing priority, taking into account our commitment to achieve net zero by 2050. In 2024, we invested RM5.2 million in energy efficiency and renewable energy initiatives, which include reducing our carbon footprint and optimising energy consumption. These investments have already yielded RM6.7 million in energy cost savings, proving that sustainability is not just a responsibility—it is also a lever for operational efficiency and financial optimisation.

Our progress in integrating ESG into financial decision-making can be seen from our improved ESG ratings. Our S&P Global CSA score increased from 46 in 2023 to 55 in 2024, while our MSCI rating improved from BBB to A. These improvements have buoyed investor confidence in TM's long-term growth prospects.



Q5
As stewards of shareholder value, how has TM delivered on its responsibility to investors in 2024?

A5
Every financial decision we have made balances our reinvestment with shareholder returns to ensure sustainable growth while delivering strong value creation to our investors. In 2024, TM recorded one of its highest shareholders returns in recent years, which reflect our good financial management and strategic capital allocation. Our Total Shareholder Returns (TSR) have consistently outpaced the market average over the last five (5) years, which highlighted our operational excellence, competitive strength and ability to generate lasting value.

We declared a total dividend payout of 31 sen per share, comprising an interim dividend of 12.5 sen, a second interim dividend of 12.5 sen and a special dividend of 6 sen. This demonstrates our ability to reward investors while maintaining financial flexibility for future growth.

Beyond dividends, our financial strength remains a key driver of investor confidence. Our cash and bank balances grew RM3 billion, up from RM2.7 billion in 2023, supported by our efficient CAPEX spending and lower operating costs. Return on Invested Capital (ROIC) rose to 13.32%, exceeding our Weighted Average Cost of Capital (WACC) by 4.56 percentage points, reinforcing our ability to generate long-term value.

Our strong credit profile has solidified the trust that our investors have in TM. We maintained AAA ratings from RAM Rating Services, A3 from Moody's and A- from S&P Global Ratings, to bolster investor confidence and position us for future growth.

Q6
After a strong year in 2024, how do you see TM's financial outlook for 2025 and what are the key priorities moving forward?

A6
TM has entered 2025 from a position of strength and stability, with a clear focus on sustaining growth and driving long-term value. We have announced our 2025 market guidance, projecting a low single-digit revenue increase, stable EBIT and CAPEX between 14%–16% of revenue. Our methodical approach to balancing growth with financial resilience ensures we continue delivering shareholder returns while making strategic investments in critical areas.

Our priorities remain focused on strengthening core business performance, accelerating digital and enterprise solutions and improving operational efficiencies. As we advance into the second year of our PWR 2030 strategy, we will continue to invest in Malaysia's digital future and drive meaningful progress for the nation's economy and society.

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