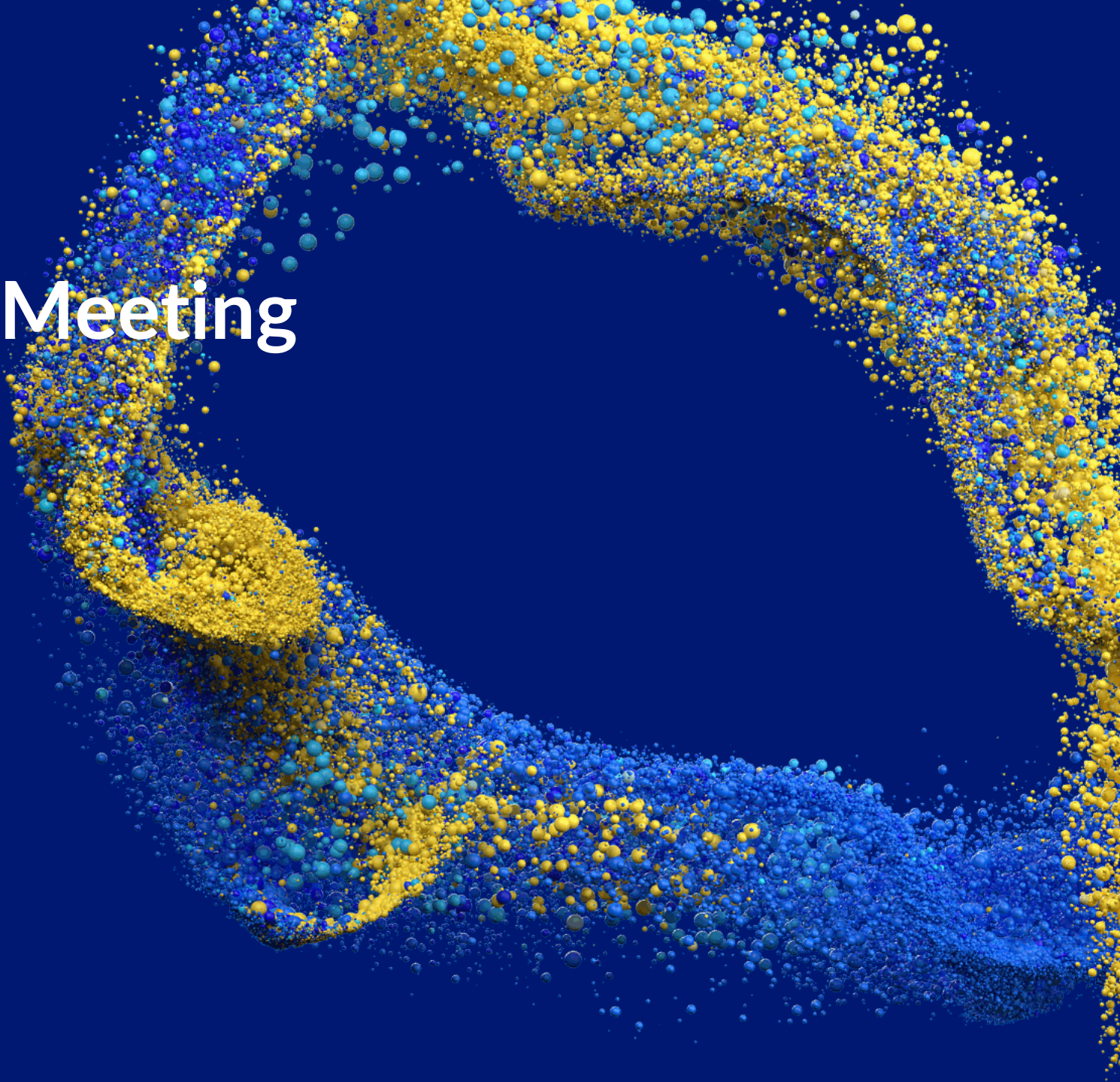




# 27<sup>th</sup> Annual General Meeting

Monday, 27 May 2024 | 10:00AM





# Agenda

**1** CelcomDigi Today

**2** 2023 Highlights

**3** Shaping Up For Future Growth





**celcomdigi**

**ADVANCING & INSPIRING SOCIETY**



# The nation's Top 10 corporate leader, an inclusive and responsible business

*Inspire to be a leading technology and innovation icon in Malaysia*

## OUR PURPOSE

**Advancing and Inspiring Society**

## OUR VISION

**To be Malaysia's top Telco-Tech company**

*Largest telco today, transforming beyond core connectivity to lead in digitalisation and innovation*

## OUR VALUES



**Customer Obsessed**



**Performing Relentlessly**



**Stronger Together**



**Responsible & Caring**

## OUR BRAND SPIRIT

**Creating a world inspired by you**

*We are the #1 enabler of the digital lives of Malaysian consumers, businesses, and society*

# 2023 Highlights

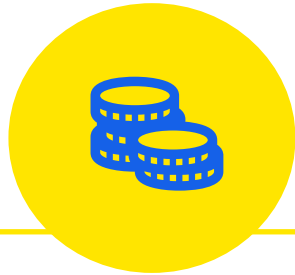


# A Solid First Year Post-Merger



## INTEGRATION

**Year 1  
Milestones**  
and  
**gross synergy**  
on track



## MARKET

Retained **market  
shares** for core  
segments with  
stronger  
**subs base**



## RESULTS

**Strong** earnings,  
delivered  
**13.2 sen**  
dividend



# 2023 Integration Progress Highlights



Completed **organisational integration** for business continuity



Harmonised **Channels** with integrated **Sales** teams



Embracing new **CelcomDigi** culture integration



Launched **new iconic CelcomDigi** brand



> **50 product campaigns** including unified **5G offerings**

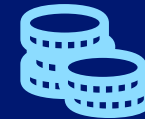
celcom

digi

Digi Stores & Celcom bluecubes open **365 days** a year



~**5,000 sites** integrated ahead of schedule



Efficient **cost management** & improved **free cash flow**

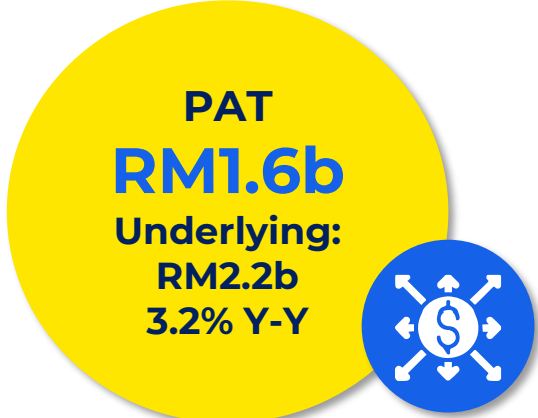
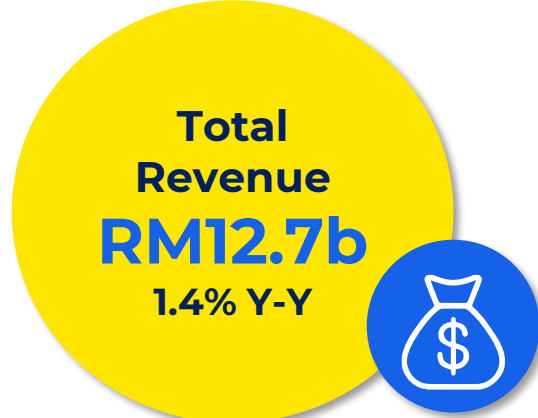


**Realised gross synergy** of RM366m



# Delivered 2023 Financial Guidance

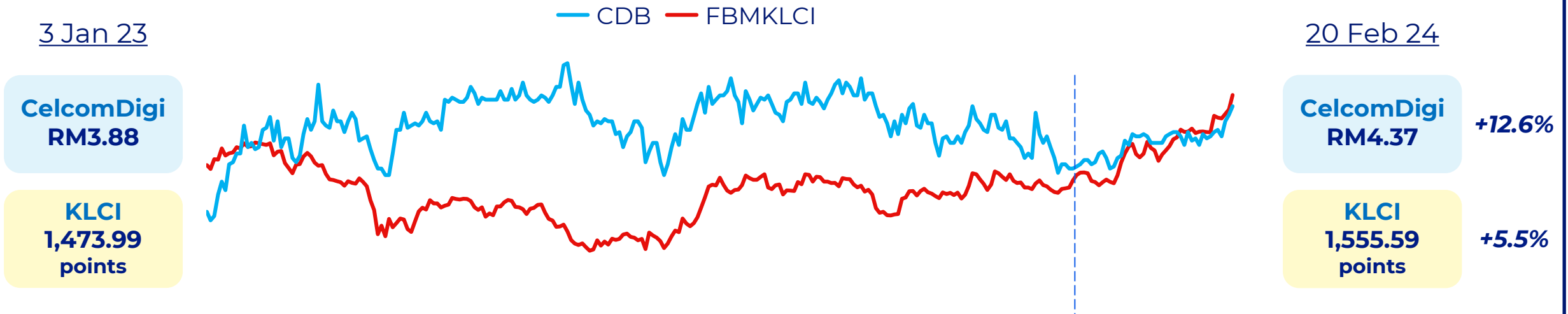
2023 Guidance		2023 Achievement
Maintaining growth momentum	Service Revenue Growth	0.4%
Flat to low single digit increase	EBITDA Growth	3.3%
Around 15% to 18%	Capex Intensity	RM1.7b / 13.8%





# Share Price Performance

### CelcomDigi share price against KLCI from 3 January 2023 to 20 February 2024



← 2023 | 2024 →

**#7** listed on KLCI

**RM51.3b**  
Market cap <sup>(1)</sup>

**3.02%**  
Dividend Yield <sup>(1)</sup>

**13.2 sen**  
Earnings per share

<sup>1</sup> Closing share price of RM4.37 as at 20 February 2024

# The Value We Created

## For our Customers

### Network Integration & Modernisation

- Completed **35%** ahead of initial target of 30% by end-2023



- **Signal strength**
- **Download speeds**
- **Data Traffic**

### Widest Nationwide Coverage



**4G LTE :**  
**97%**  
**4G LTE-A :**  
**91%**

## For our Investors



**Highest return on equity over 3 years** for Super Big Cap Companies above RM40b and Telco & Media

# AAA

**RAM Ratings**  
**MARC Ratings**

## For CDzens



**Diversity, Equity and Inclusion** embedded in our culture

- Aspire to be **talent powerhouse**
- **Integrating Code of Conduct** into our way of work
- Harmonisation of **rewards & benefits**

## For our Environment



The Edge Malaysia ESG Awards 2023 **Gold Award** for Telco & Media



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Committed to set **near and long-term company-wide emissions reduction** in line with **science-based net-zero** with the SBTi





# Shaping Up For Future Growth



# Widest and Most Modern 5G-ready Network



## Momentum on enterprise solutions and partnership

- Private 5G LTE network and digital solutions offshore
- Integrated digital cities powered by 5G
- Continuous efforts to digitalise SMEs businesses

## National 5G development

Supportive of Government's 5G ambitions & ready to invest in building a leading 5G network in Malaysia





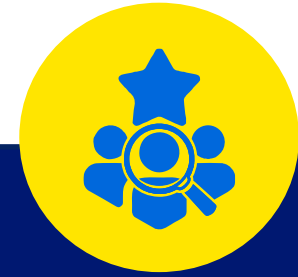
# Focused On Executing These Priorities



***CEMENTING***  
**MARKET**  
**LEADERSHIP**






***INSTITUTIONALISING***  
**OPERATIONAL**  
**EXCELLENCE**



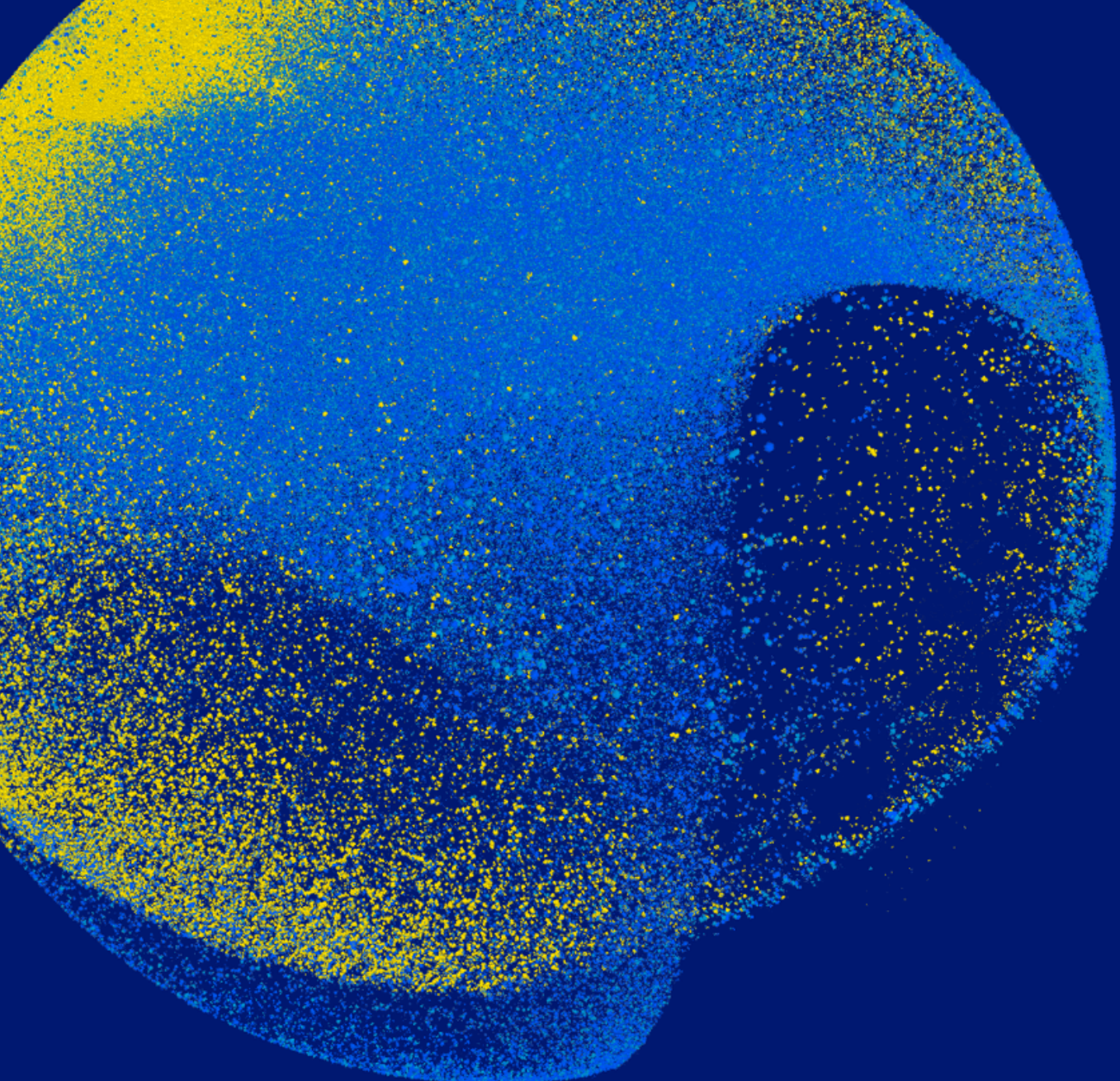
***A TRUSTED AND***  
***EXCITING***  
**BRAND FOR**  
**MALAYSIANS**

# Guidance For 2024

 <b>Service Revenue Growth</b>	<b>Low single digit increase</b>
 <b>EBIT</b>	<b>Similar level to 2023</b>
 <b>Capex-to-Total Revenue ratio</b>	<b>Around 15% - 18%</b>







# CelcomDigi Berhad

Registration No. 199701009694 (425190-X)

celcomdigi

# Thank You

Monday, 27 May 2024



# Q&A

1

Responses to questions raised by  
**Minority Shareholders Watch Group (MSWG)**



# Responses to Questions Raised by MSWG

## QUESTION

- 1) a. *Please elaborate on the integration and synergy targets achieved in FY2023, particularly the RM300 million in synergy savings.*
- 1) b. *How does CelcomDigi plan to further accelerate integration activities to realise the targeted RM8 billion in net present value synergies?*

- a) Key initiatives executed in 2023 include:
  - Re-negotiation of contracts, consolidation of volumes and resources, network and IT consolidation;
  - Elimination of redundancies, optimisation of resources (e.g. energy consumption, office supplies and facilities maintenance); and
  - Harmonisation of operations / processes across the organisation to optimise operational efficiencies.
- b) Apart from network integration being one of the key initiatives to deliver the RM8 billion NPV synergies, there's an ongoing effort in identifying new and additional synergy opportunities that contribute towards operational efficiencies.

# Responses to Questions Raised by MSWG

## QUESTION

2) *How does CelcomDigi ensure that the integration process does not compromise service quality and customer experience?*

Our integration efforts are centred around uplifting customer experience, hence whilst network integration targets are met, customers are now able to enjoy in the post-consolidation areas, an improved download speeds by between 20% and 26%, and better signal strength by between 13% and 16%.

In addition, continuous monitoring of our network is being conducted as part of our promise in upholding and enhancing our network quality.

# Responses to Questions Raised by MSWG

## QUESTION

- 3) a. We welcome the Company's commitment to consistent shareholder returns. However, with a 99% dividend payout ratio, considering the potential for significant capital expenditure (Capex) on 5G dual network model deployment and modernising legacy Celcom and Digi networks, how does CelcomDigi balance consistent shareholder returns and financing its Capex?

CelcomDigi has a solid balance sheet, which highlights our financial capabilities and flexibility to continue funding our investments and operational obligations. The Company manages its operational commitments by focusing on free cash flow optimisation through the implementation of various working capital initiatives aimed at deleveraging the balance sheet while simultaneously minimising new debt requirements and keeping the Net Debt/EBITDA ratio within healthy range of below 2.5 times.



# Responses to Questions Raised by MSWG

## QUESTION

3) *b. What is the expected total capex spending to integrate and modernise legacy Celcom and Digi networks?*

We have launched full-scale integration and modernisation programme in June 2023, committing an investment of RM4 billion in capex to build Malaysia's leading digital network with an end state of 18,000 5G-ready sites.

# Responses to Questions Raised by MSWG

## QUESTION

- 4) The Company continues to depart from Practice 5.2 of the Malaysian Code on Corporate Governance (“MCCG”), which states that at least half of the board should comprise independent directors. For large companies, the board comprises a majority of independent directors.

As a large company, only four of the Company's ten directors are currently independent. In explaining the departure, CelcomDigi mentioned that it recognises the importance of having a majority of independent directors to promote objective board decisions. Although currently less than half of the Board comprises independent members, its robust framework, policies, and procedures safeguard against any influence on Board decisions, whether internal or external. Despite the current composition, the Board remains committed to upholding principles of independence and transparency.

Furthermore, the Company stated that the Board Nomination and Remuneration Committee (BNRC) will continue to review the board's composition to ensure alignment with best practices and regulatory requirements.

The Corporate Governance Report for FY 2022 also mentioned that the Company shall comply with Practice 5.2 of MCCG within three years

# Responses to Questions Raised by MSWG

## QUESTION

- a. *Please provide an instance where the robust framework, policies, and procedures safeguard against any influence on Board decisions*

CelcomDigi has established a robust framework supported by comprehensive policies and procedures to ensure the integrity of our Board decisions. Our Conflict of Interest Policy mandates that all Board members disclose any potential conflicts before deliberations begin and our Related Party Transaction (RPT) Manual mandates all RPTs to be reviewed and approved by the RPT committee, the Board Audit Committee and Board in accordance with the authority limits as set out in the manual. These policies and manuals are further reinforced by our Code of Conduct and Board Charter, which emphasize transparency and accountability in our governance practices.

Throughout the year, our Board convened 18 meetings to address various matters, including amongst others the re-appointment of directors, remuneration of fees, and evaluation of a network rationalisation process post-merger. In instances involving related party transactions or conflict of interest, conflicted Board members adhered to our established procedures by recusing themselves from deliberation and voting. Subject to the limits of authority, all conflict of interest and related party transactions were reviewed by the RPT committees and Board Audit Committee, and there were no issues recorded that were detrimental to the Company. The related party transactions and conflict of interest situations were deemed fair, reasonable, conducted on arm's length terms and in the best interest of the Group and the Company.



# Responses to Questions Raised by MSWG

## QUESTION

b. *How many candidates for the position of independent directors have been interviewed to date?*

*What prohibits the companies from appointing the candidates identified?*

Following the recent merger, CelcomDigi is concentrating on effectively integrating the two merged businesses and delivering on the announced synergies. The Board is prioritising a careful and methodical integration process to ensure stability and effectiveness before appointing new independent directors. Throughout the first-year post-merger, the Board has placed a high priority on assessing the effectiveness and independence of both the Board and its committees.

The Board Nomination and Remuneration Committee conducted a comprehensive annual evaluation that covered various aspects, including Board leadership and committees' effectiveness. This evaluation included Directors' self and peer assessments, a skills matrix assessment, and an evaluation of the independence of the Independent Non-Executive Directors (INEDs). The findings concluded that the Board and its committees are functioning effectively, with the INEDs maintaining their independence, ensuring unbiased oversight and decision-making.

Additionally, there were no instances of any individual or group of directors dominating the decision-making process, and no director had unfettered powers in this regard. There have been no instances to date where an independent director abstained or voted differently from the majority during board decisions. This balance has ensured that the Board's decisions are unbiased and solely in the best interest of shareholders as a whole. While the Company has not yet interviewed candidates for independent director positions, it remains committed to enhancing its governance through strategic succession planning.

# Responses to Questions Raised by MSWG

## QUESTION

5) In response to climate and environmental risks, the Company is committed to achieving Carbon Neutrality by 2030 and Net Zero by 2050, in alignment with the Science Based Target Initiative (SBTi) (Page 34 of AR2023)

What are the potential challenges or obstacles that CelcomDigi foresees in meeting its Carbon Neutral by 2030 target, and if so, what mitigation strategies are in place?

CelcomDigi has set clear focus areas to support our commitment to advocate responsible business practices across our value chain, addressing material ESG matters such as digital inclusion, privacy and data protection, human rights, as well as the impacts of climate change on our business and society.

We foresee and map multiple climate risks which exist for CelcomDigi and the ICT sector broadly to meet our Carbon Neutral target by 2030. Some of these challenges include managing the growing data demand from our customers, the optimal adoption of emission reduction solutions (factoring in socioeconomic impact and commercial viability), building capabilities to respond to emerging climate-related threats, and ensuring a '*just transition*' with our suppliers and partners.

However, our climate risk assessment also clearly points to our sector having the opportunity to identify emission reducing digital solutions with the potential to avoid emissions and drive significant enablement impact across other sectors.

Our focus in the near term will be on improving efficiencies, reducing emissions in our value chain, and adopting feasible digitalisation solutions including AI, automation, virtual models and renewable energy transition.



# Q&A

2

Responses to **pre-submitted** questions by  
shareholders



# Responses to Pre-Submitted Questions by Shareholders

7) *The Company should consider giving door gifts / e-voucher / ewallet for attending shareholders as token of appreciation.*

*Are the Directors getting allowances for attending AGM?*

We appreciate the shareholders' participation and continuous support to CelcomDigi.

There will be no distribution of door gifts physical or electronically.

We will continue to provide the best product offers and services for all segments.

We are committed to striving our businesses to deliver returns to our shareholders.

There is no allowance given to any of the Directors for attending this AGM.

# Responses to Pre-Submitted Questions by Shareholders

2) *What is the process in evaluating directors remuneration and benefit and how frequent it is benchmarked against peer?*

*The remuneration and benefit seem to be at the high side.*

- Post-merger, the Company has established a comprehensive Non-Executive Directors' Remuneration Policy and Framework. This framework outlines the process for evaluating and determining the remuneration packages for non-executive directors.
- To ensure competitive and fair remuneration, the Company engaged an independent human resources consultancy firm to conduct a benchmarking exercise. This exercise analysed the structure of fees and benefits in-kind, comparing them with those of the top 10 companies listed on Bursa Malaysia.
- Based on market benchmark findings, CelcomDigi has adopted the prevalent practice of providing insurance and medical coverage, mobile devices and telecommunication services.
- Our Non-Executive Directors' Remuneration Framework is scheduled for review every 3 years to ensure its continued relevance and competitiveness



# Responses to Pre-Submitted Questions by Shareholders

3) *What is the Company's strategy or technology in place to prevent subscribers from being scammed given that some of the scams had happened using CelcomDigi name.*

As a network provider serving more than 20 million customers, we take great responsibility to ensure safe access to our users.

We empower our societies through nation-building initiatives such as S.A.F.E Internet (Smart, Aware, Fortify, Empathy) and Anti-Scam campaigns and put efforts to accelerate targeted awareness and more effective prevention initiatives such as:

- i. Special taskforce to investigate scam and strategise to improve mitigations
- ii. Scam alerts on the latest modus operandi updated on our website within 24 hours
- iii. Making it easier for our customers to report
- iv. Security enhancements in our apps and subscription flows, firewall
- v. Supporting MCMC and industry efforts to block the sending and receiving SMS, potential scam-related URL links
- vi. Special program with PDRM, Cybersecurity Malaysia and other agencies on Anti-Scam nationwide.

# Responses to Pre-Submitted Questions by Shareholders

4) *It seems that sometimes with full bar 4G/5G signal, the download speed is still very slow. What can the Company do to improve customer experience and improve customer retention in this case?*

- We continue to monitor our customer experience and feedback.
- Our 4G network delivers average speed of 67 Mbps. We deliver above the average required by MCMC, however from time to time, we do encounter issues due to sudden spike of users as well as device related issues.
- On 5G, as this is a new network provided by DNB, there are still customer experience handover issues as it is operating on 2 separate networks.
- We are continuing to deliver the improved experience through network modernisation and upgrades.

# Responses to Pre-Submitted Questions by Shareholders

5) *After the merger, coverage seems to get worse. In addition, the back-end system seems not capturing the latest updates by customer. For e.g. not capturing the correct card details for auto-debit purposes.*

- We continue to monitor our customer experience and feedback.
- Coverage could be affected from several factors such as network congestion, interference, network throttling and device issues.
- We will investigate and analyse the root cause to provide viable solutions and to deliver better experience for our customers.
- In relation to back-end system, we will take your feedback as we make improvements and enhancements to our payment experience.



# Responses to Pre-Submitted Questions by Shareholders

6) *What causes the network interruption that happened on 21 May?*

*How can the Company prevent this from occurring again?*

*Service disruption to network is definitely impacting people's lives considering that we are a connected society and we cannot be connected to what matters to us most.*

- On 21 May, we experienced intermittent data services on the Celcom network due to a new firewall introduced for enhanced network security and worked to resolve the issue promptly. During this time, voice services and certain apps including whatsapp were still available.
- The issue was resolved within 2 hours of detection.
- Service interruptions are regrettable, and we are continuously improving our network monitoring protocols to ensure consistent network uptime and faster resolution times in the event such an issue occurs, to continue delivering the best and safe experience for our customers.

# Responses to Pre-Submitted Questions by Shareholders

7) *Commendable performance for Home & Fibre with revenue up from RM41 million to RM173 million with net addition of 30k subscribers.*

*Does the Company expect this level of performance to continue in FY2024?*

- The significant increase in FY2023 was also due to merger effect. (2022: 12 months of Digi + 1 month of Celcom vis-à-vis 2023 being full year of CelcomDigi).
- We believe we can continue with the growth momentum, providing best fibre offer, convergence solution add-ons and improve our customer experience.

# Responses to Pre-Submitted Questions by Shareholders

8) *FY2023 integration cost of RM114 million was incurred and few hundred non-cash impact due to change in useful life/accelerated depreciation.*

*Does the Company expect zero or minimal integration cost in FY2024, and on the accelerated depreciation will this still be incurred in FY2024?*

- Our integration is a 3-year programme, therefore we will expect to incur integration cost in FY2024 as we progress into the second year of merger, focusing on completing network and IT integration initiatives and modernisation programme.
- Accelerated depreciation will continue but at a smaller quantum, in line with the remaining useful life of the assets.



# Responses to Pre-Submitted Questions by Shareholders

9) *What is CelcomDigi's position with regards to participation in DNB?*

- We are and have been working closely with the Government and supportive of the Government's 5G policy direction and committed to a successful rollout of 5G for Malaysia.
- As publicly known, we are participating in the on-going process of investment into DNB as a step prescribed by the Government.
- We also have been upgrading our network to be fully at the RAN, CORE and transport layers.
- We are keen to participate to bid on Entity B in building the second network and confident that we are in the good position to build the second 5G network, on top of the widest and most modern 4G network.

# Responses to Pre-Submitted Questions by Shareholders

10) *Why is CelcomDigi using both Boardroom Share Registrar and Tricor Investing House? The Annual Report hard copy had to be requested through Tricor but questions for AGM to be submitted via Boardroom? Can it be made easy for shareholders to just request Annual Report through one registrar instead of two?*

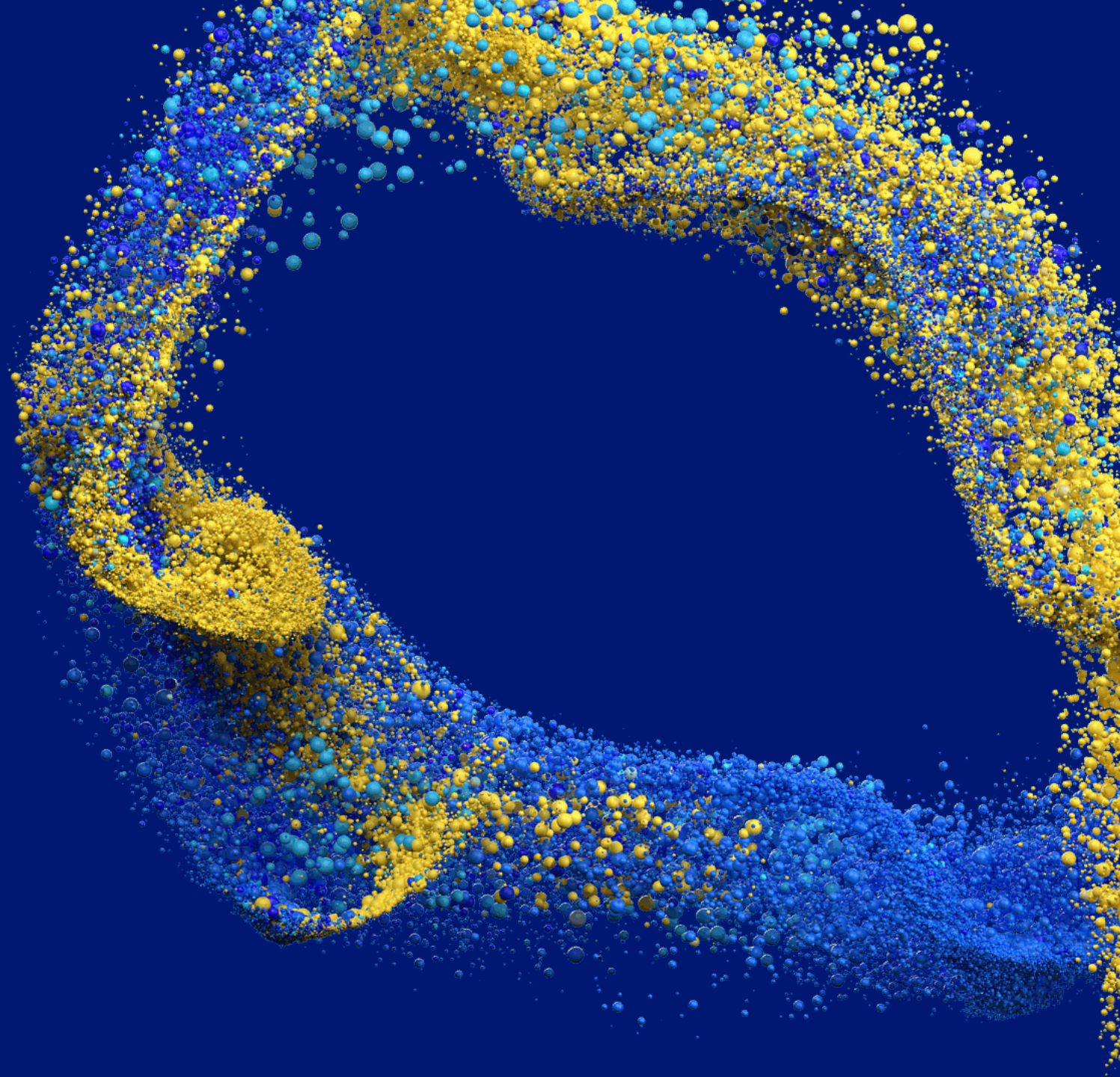
- Boardroom Share Registrars Sdn Bhd is not our share registrars and they are only appointed as the Poll Administrator for the remote AGM.
- Therefore, rRequest for the printed annual report shall be requested through Tricor Investor & Issuing House Services Sdn Bhd while preAGM question can be submitted via Boardroom Smart Investor Portal or CelcomDigi's Investor Relations.



# Q&A

3

Live







# Thank You

Monday, 27 May 2024

