

# Chair of the Board's Statement

Dear Shareholders,

## REALISING THE FULL POTENTIAL FROM ONE OF SOUTHEAST ASIA'S TELCO MEGA-MERGERS

Over a year ago, we established CelcomDigi aspiring to be the most trusted partner to consumers, businesses, and the government in our endeavour to power Malaysia's digitalisation journey. As one of the nation's largest corporates, expectations were high for the company to deliver on our purpose and fulfil our duty to uphold the highest standards in customer experience, corporate governance, sustainability, and healthy shareholder returns.

The Board has been pleased with CelcomDigi's response in fulfilling these duties.

In the year, we sharpened our strategy to maximise value for our respective stakeholders, made the right investments in people and platforms to deliver on our integration and synergy commitments, and mitigated risks related to evolving industry conditions and customers' expectations. These efforts led us to deliver a solid first year of financial, operational and integration performance.

One year post-merger, we continue to affirm CelcomDigi's position as a leading Malaysian telecommunications institution, well-positioned to drive the country's digital ambitions. We made progress in enabling new growth opportunities for large enterprises and SMEs, providing world-class connectivity and experience to customers, and stimulating innovations in 5G and Artificial Intelligence (AI) through global technology partnerships. Today, we remain focused in our ambition to drive the digitalisation growth for Malaysia's economic advantage.

As we serve the needs of 20.6 million Malaysians, it gives me great pleasure to share that we have met our first-year objectives outlined at the inception of the merger. In the first full year of operations as a single company, the Management and all CDzens have successfully delivered on our goal to be a trusted digital and innovation accelerator for Malaysia, maintained strong



**YM Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz**  
Chair of the Board, Non-Independent Non-Executive Director

operational performance, and returned value to shareholders despite tough external challenges. All this gives the Board confidence that the company's steady pace of operations has set us on the right course to realise the full benefits of the merger and fulfil our purpose of Advancing and Inspiring Society.

## ENABLING THE DIGITAL LIVES OF OVER 20 MILLION MALAYSIANS AND BUSINESSES

We are proud that we continued serving our customers well in our first year of operations. It was always the ambition for our customers to feel the maximum benefit of the merger, with minimal impact. Our combined resources enabled us to deliver improved experiences and innovation for our customers, be they individual consumers or families, SMEs, or large enterprises.

We introduced a wider range of postpaid and prepaid offerings, reached new

customer segments with Home & Fibre and Enterprise Business, served customers of both brands across all retail and service channels, and invested RM1.75 billion in capital expenditure in line with our commitment to deliver Malaysia's future digital network. We also focused on uplifting capabilities of MSMEs and enterprises through workshops on emerging technologies such as 5G and AI to accelerate the digitalisation of more Malaysian businesses. These efforts have contributed to increased customer confidence in CelcomDigi and our network, well reflected in our customer satisfaction (CSAT) scores which improved 3.9 percentage points in 2023.

## HEALTHY SHAREHOLDER RETURNS A CONTINUED PRIORITY

Our solid balance sheet highlights our financial capability and flexibility to continue funding our investments and operational obligations. For FY2023, the Board

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declared a net dividend of 13.2 sen per share, returning a total payout of RM1,549 million to our shareholders, exceeding the minimum 80% dividend payout ratio. As a result of successfully achieving our first-year integration milestones, we realised gross synergies of over RM300 million in 2023. We aim to continue meeting our remuneration policies and synergy savings, and generating strong and sustainable returns to shareholders for the long-term.

Our determination to deliver on these policies and solid performance has been acknowledged by corporate Malaysia. In 2023, The Edge Billion Ringgit Club Awards recognised CelcomDigi for having the highest return on equity over three years in the Super Big Cap Companies group, entering the category for the first time this year.

### SETTING NEW BENCHMARKS TO DELIVER ON OUR PURPOSE IN A SUSTAINABLE AND RESPONSIBLE MANNER

The Board remains focused in maintaining our responsible business leadership and raising ESG standards in Malaysia. In 2023, we established our ESG strategy, setting clear pathways to build trust, inclusion and create shared value for all stakeholders. The strategy ensures we deliver impact by enabling inclusive and safe digital access, maintaining a sustainable value chain, implementing a good governance and performance culture, and managing our environmental impact. In 2023, we signed up to two leadership platforms as part of our commitment to secure a sustainable future. The first was the United Nations Global Compact initiative, a global movement of forward-thinking companies resolved to act based on the Sustainable Development Goals (SDGs). Secondly, we signed a commitment to the SBTi Net-Zero Standard to set a robust emissions reduction target, adding emphasis to our climate focus.

In the year, we contributed meaningfully to advancing society, leveraging connectivity as a key enabler to build thriving communities for the longer-term. We were active in making the internet safer for all, most notably with our joint efforts in the

Jelajah Anti-Scam Kebangsaan programme to increase public awareness and protect Malaysians against sophisticated scam tactics. We drove higher adoption of digital skills among school and university students to nurture the next-generation of top-tier tech professionals to drive our future digital economy. During the flood season, we also took proactive measures to strengthen network resilience and maintain service availability, alongside extending aid relief and rescue efforts to flood victims during these challenging times. A full disclosure of our responsible initiatives is in Section 4: Performance Review on pages 56 to 91.

On this note, I would like to express my gratitude to our community partners and stakeholders for their unwavering support in these endeavours. Through collaboration and innovation, I believe we can address some of society's most complex challenges to enable a more equitable future for all.

Our solid reputation for responsible business practices saw us rank in the top 10 constituents on the FTSE4Good Bursa Malaysia Index, with a 4-star rating on the FTSE4Good Bursa Malaysia Shariah Index, an 'A' rating in the MSCI ESG Ratings, and a low-to-medium risk rating in Sustainability's ESG Risk Rating. Additionally, we also attained the gold honour at The Edge Malaysia's ESG Awards. We believe our aim to deliver on our goals sustainably will make us an exceptional organisation for employment, business partnerships, and investment.

### PRACTICING HIGHEST STANDARDS OF GOOD CORPORATE GOVERNANCE

As we pursue our future plans, the Board recognises that we must uphold our commitment to practice the highest governance, ethics, and integrity standards. This is extremely important during a time of widespread digitalisation, where trust and transparency are crucial to operating a robust business and creating long-term value for all. We have an unwavering commitment to compliance and integrity across the organisation when capitalising on opportunities or addressing challenges faced in the market. Our governance approach is benchmarked and reviewed regularly against

the latest in industry best practices. Pages 94 to 122 of Section 5 provides further disclosure on these procedures.

### MOVING FORWARD WITH CONFIDENCE AS MALAYSIA'S LARGEST TELECOMMUNICATIONS OPERATOR

With a solid first year behind us, we have renewed belief that our purpose, strategy, and execution abilities position us well under existing competitive conditions. The Board and I are confident we have the right blend of skills, experience, and backgrounds to oversee this business and support the management team in implementing our strategy. I would like to take this opportunity to thank my esteemed colleagues on the Board, and former Board members and Deputy Chairs Jørgen Rostrup and Petter-Boerre Furberg for their invaluable contributions this past year.

On behalf of the Board, I also wish to extend my appreciation to our customers, the government, regulators, and shareholders for your trust in CelcomDigi and our vision to be a strong ally to realise a truly digital Malaysia. We also express our deepest thanks to the Management and all CDzens, for your tenacity and continued dedication towards driving the companies' strong performance and solid integration progress in 2023.

We remain optimistic about the future of CelcomDigi. The company has the right priorities, capable leadership and people, and good integration momentum to achieve the vision we have set for ourselves, for the benefit of all our stakeholders.

We look forward to engaging with our shareholders on our future business plans at our 27th Annual General Meeting (AGM), which will be held virtually on 27 May 2024. Please see the details outlined in our Notice of AGM on pages 252 to 260.