

U MOBILE RECEIVES THE 2023 COMPANY OF THE YEAR AWARD

*Identified as best in class in the Malaysia
mobile services industry*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. U Mobile excels in many of the criteria in the mobile services space.

| AWARD CRITERIA | |
|---|-------------------------------|
| <i>Visionary Innovation & Performance</i> | <i>Customer Impact</i> |
| Addressing Unmet Needs | Price/Performance Value |
| Visionary Scenarios Through Mega Trends | Customer Purchase Experience |
| Implementation of Best Practices | Customer Ownership Experience |
| Leadership Focus | Customer Service Experience |
| Financial Performance | Brand Equity |

Market Outlook

One of Southeast Asia’s fastest-growing mobile communications markets, Malaysia presents opportunities to increase coverage and internet services. GSMA’s Mobile Connectivity Index reported that Malaysia’s performance outweighed other countries in South and East Asia, with a 73.9 score in 2022.¹ The index measures enablers of mobile internet adoption, such as infrastructure, affordability, consumer readiness, and content and services.

Malaysia scores particularly well on consumer readiness and infrastructure. Higher consumer readiness scores indicate they want to try innovative mobile services and seek valuable ones. In terms of infrastructure, 4G connection covered 96% of the population in 2022, increasing from 91% in 2021.² Creating rapid 4G coverage lays the groundwork for 5G, which will usher in a new era of mobile applications and services.

5G targets to meet consumer demand for bandwidth, such as experiencing immersive gaming, accessing big data-intensive applications, streaming over-the-top (OTT) content, and connecting to cloud environments. Three major mobile network operators (MNOs) currently offer 5G services using Digital Nasional Berhad’s (DNB) network, a state-owned wholesale and sole provider of 5G network. While MNOs

¹ GSMA, 2023 Mobile Connectivity Index, <https://www.mobileconnectivityindex.com/index.html#year=2022&zonesocode=MYS>

² MCMC, Malaysia’s Digital Connectivity Journey, <https://www.mcmc.gov.my/skmmgovmy/media/General/pdf2/Insight-Digital-Connectivity.pdf>

see the benefits in the single wholesale model (e.g., reduced capital investment and end-user service costs), they also raise concerns that this model will hinder innovation as MNOs cannot differentiate service offerings and determine the best arrangement of network assets.

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– Dewi Rengganis
Senior Industry Analyst

With stiff competition and macroeconomic forces affecting their revenues, all MNOs must increase efforts to become more customer-centric, creating new differentiators with innovative solutions and business models to compete and retain subscriber revenue. Malaysia is also still experiencing rising inflation due to the COVID-19 impact. This has changed consumer behavior, with consumers being more prudent in spending.

Companies that have continued to do well in this environment have taken a pioneering position in 5G, reaping the benefits of

its rapid growth. In addition, by offering new business models based on digital services in industries such as retail and healthcare to boost revenue, leading companies have established a strong competitive advantage, creating differentiators beyond pricing, branding, and market presence.

Addressing Unmet Needs

U Mobile is one of Malaysia’s leading telecommunication service provider and was incorporated in 1998 under a different name. In 2007, U Mobile as the brand was unveiled to the Malaysian market and since then U Mobile has grown its business substantially, providing a wide range of telecommunication service to customers. The company offers mobile, wireless broadband, fiber broadband, and digital services for consumers. For the enterprise segment, it delivers broadband services, digital payment acceptance, dedicated internet access, and private networks. Frost & Sullivan has recognized U Mobile for its state-of-the-art services and solutions, best practices implementations, and excellent customer experience for five consecutive years and remains impressed with the company’s continuing innovation and leadership.

The new way of life, such as flexible remote working and online learning, compel Malaysian consumers to find reliable and cost-effective ways to be connected. Identifying an unmet need, U Mobile introduced the high-speed Ultra Unlimited Home Fiber Broadband with speeds up to 1Gbps and priced up to RM299 monthly in September 2021. In contrast, its closest competitor charges their customers more than RM300 monthly. The company formed partnership with Time dotCom in November 2022 to expand the reach of U Mobile’s high-speed Ultra Unlimited Home Fiber Broadband to over 650% more households. This collaboration empowers Malaysian households to experience high speed connectivity, especially for high-rise residential areas in urban cities. The residential service uses fiber optics technology to provide customers with high-speed, reliable, and stable internet to facilitate their digital lifestyles, especially for remote working and online learning.

Understanding that bundle plan contracts can be cumbersome for customers, U Mobile is expanding its home broadband range with the latest contract-free 5G service. The company introduced U Home 5G in 2023, offering customers unlimited fiber-like speeds without bundled contract requirements for RM68 per month, while its competitor charges RM90 monthly. This plug-and-play service lets customers access 5G immediately and seamlessly upon registration with any existing compatible modem or new models

purchased from a third party. With its latest offerings, U Mobile is well-positioned to monetize opportunities in 5G services while delivering customers the best mobile connectivity experience.

Price/Performance Value

The company has earned a sterling reputation for customer excellence over the years, delivering services that provide the best value for the price. U Mobile introduced the most affordable 5G-ready package services in Malaysia, U25 and U35, in 2022. The services address the evolving data connection needs of consumers looking to leverage mobile services, enabling them to stay connected anytime, anywhere. Another unique feature is the daily 1-hour high-speed boost, which allows customers to access the fastest 4G and 5G speeds at their chosen times. Customers can redeem this additional service through the product discovery function on the MyUMobile App, a one-stop app for account management, and purchase add-on services.

Building on its success in the consumer segment, U Mobile has expanded 5G broadband functionality and capabilities to address the needs of small and medium enterprises (SMEs). U Biz 5G allows multiple users and hotspot capability. Specifically, U Biz service enables local SMEs with its five Postpaid Biz Lines at just RM50/month per line. This attractive offer, equipped with free global roaming service in 63 destinations, allows SMEs to stay connected without paying hefty roaming fees.

With the value-added services of packaging/pricing, U Mobile can address a broad customer spectrum, from consumers to SMEs. The company also tailors its mobile solutions to make it easy to provision additional services.

Visionary Scenarios Through Mega Trends

Frost & Sullivan recognizes U Mobile's focus on providing Malaysia with broader and higher-quality internet connectivity. U Mobile remains committed to its mission of empowering Malaysians with world-class mobile services, addressing the connectivity needs of consumers and supporting the government's Jalanan Digital Negara (JENDELA) initiative to improve network coverage in Malaysia.³ Within this context, U Mobile successfully expanded its 4G coverage to over 9,200 sites in 2022, ensuring customers experience the full potential of mobile service usage. U Mobile understands that upgrading the current 4G infrastructure is an important stepping stone to 5G networks. Therefore, the investment for 4G needs to be future-oriented to deliver the 5G capabilities. Frost & Sullivan applauds U Mobile's efforts in optimizing its ecosystem to take full advantage of 5G connectivity, enabling new growth opportunities.

Understanding the limitations of the single wholesale model, U Mobile works with stakeholders, including regulators, to transform 5G implementation in the country by leveraging the dual 5G network system, as per government's decision in May 2023. This will benefit the industry as the system will foster innovations that increase market competition, leading to better customer experiences and satisfaction levels.

Despite challenges in the single wholesale model implementation, U Mobile remains committed to supporting the government's initiative to achieve 80% population coverage of 5G through the DNB network by the end of 2023. Once the dual networks system is adopted, U Mobile will ensure seamless

³ JENDELA is a National Digital Infrastructure plan introduced in 2000, aiming to provide wider coverage and better experience of broadband services in the country.

interoperability between the two networks. This strategic plan will pave the way to more innovation (e.g., edge, network slicing) and bring the full benefits of 5G to consumers. As a result, the company can offer more differentiators beyond pricing, branding, and market presence.

Best Practices Implementation

U Mobile is at the forefront of bringing digital transformation as the demand for digital-first value-added services grows. Chief among these are dedicated private networks and a digital payment solution that empowers businesses to pursue digital transformation. The company offers enterprise solutions (e.g., dedicated internet access, point-to-point network, private network) that allow businesses to manage operations reliably and flexibly in private environments. This ensures secure and optimized communication for use cases, such as automating data collection, remote systems control, and surveillance.

U Mobile has also augmented its digital channel capabilities to enhance the customer purchase experience. MyUMobile is a one-stop app for mobile services, including purchasing data plans and paying postpaid bills.”

**– Dewi Rengganis
Senior Industry Analyst**

To support local entrepreneurs and accelerate digital payments, U Mobile introduced the GoBiz digital payment acceptance solution, enabling merchants to accept digital payments in their physical stores. The solution accepts payments from cards and eWallets. Through this, SMEs can better serve their customers, improve the time to market for new stores, and create new revenue streams by offering mobile reloads and bill payment services.

U Mobile also facilitates digital transformation in the retail industry through partnerships with leading stakeholders from various industries. The company partnered with Qualcomm in 2022 to introduce TROLLEE P1, a smart shopping cart solution for retail merchants developed by iFREE Group. TROLLEE P1's functionalities, powered by Qualcomm chipsets and U Mobile connectivity, enable shoppers to receive real-time recommendations and promotions. First showcased at the Smart Nation Expo 2022—Southeast Asia's biggest tech event on emerging technologies—the solution is mountable on traditional shopping carts. This enables retailers to provide personalized shopping experience. As of September 2023, TROLLEE P1 is on trial at The Food Merchant, a popular grocery store in the Kuala Lumpur city center. Customers using TROLLEE P1 can access product search features, get product recommendations, and navigate to specific aisles based on their search. It allows retailers to achieve lower serving time during checkout and end users to bypass checkout lines.

U Mobile also consistently invests in upgrading its digital infrastructure. In the third quarter of 2022, the company completed upgrading its customer relationship management and billing system. Frost & Sullivan is impressed with the rate at which U Mobile explores new use cases and delivers products to support digital transformation in the market, validating its best-in-class implementation.

Customer Purchase Experience

Consumers can purchase U Mobile services and bundled solutions directly from its service centers across Malaysia. U Mobile has also augmented its digital channel capabilities to enhance the customer purchase experience. MyUMobile is a one-stop app for mobile services, including purchasing data plans and paying

postpaid bills. The self-service platform allows customers to discover needs, control their subscription plan, and manage their accounts (e.g., monitor mobile service usage, redeem rewards, activate SIM cards).

U Mobile's technology partnerships with leading equipment manufacturers like Apple and Samsung instill customer confidence. The company offers a flexible payment plan called U PayLater, where customers can get the latest mobile phone models at 0% interest when bundled with the telco's U Postpaid 98 plan. As a result, the company helps customers reduce monthly spending by buying the most optimal solution for their unique needs.

Brand Equity

With over 25 years of service, U Mobile has been vital in building Malaysia's mobile and digital service industry. Seeking to be the country's favorite digital services provider through innovations, it offers a smart health solution that addresses the digital divide in the healthcare system. In 2022, the company collaborated with Qualcomm and DoctorOnCall to introduce a 24-month initiative called Sistem Integrasi KeHidupan Antara Teknologi (SIHAT) to provide telemedicine services in Malaysia. Since its launch, SIHAT has achieved its goal of enrolling 100 Malaysians affected with diabetes and hypertension to gain recommendations on telemedicine implementation on a wider scale, a testament to the positive customer perception of the service.

U Mobile's capabilities in introducing value-added digital service offerings, forging strategic industry partnerships, and delivering worry-free experiences also enable it to establish long-term customer relationships. The company grew its loyal customer base over the past year and surpassed 8.5 million subscribers.

U Mobile acquired several awards, including MCMC Star Rating Awards for Best in Network Investment, PC.com Best Product Awards for Best Prepaid Plan, and Putra Brand Aria Awards for Gold in Communication Network, demonstrating customers' high satisfaction rate. Data from the OpenSignal Mobile Network Experience Report showed that U Mobile's networks had the best available experience while using OTT voice app (e.g., WhatsApp, Facebook Messenger).⁴ The company is also rated the best in upload speed experience, indicating its subscribers experience high-quality upload capacity. This shows U Mobile's ability to keep pace with changing customer demands for uploading content in real time.

Conclusion

U Mobile provides advanced and unique mobile and digital service offerings in Malaysia. Leveraging its scale, scope, and experience as a leading mobile service network, the company supports communities, especially SMEs, in growing Malaysia's economy. It delivers innovative services, solutions, and platforms to the consumer and enterprise segments, tailoring its offerings to different needs. Despite the challenging economic conditions, U Mobile continues to invest in the latest technologies. It also partners with industry leaders and collaborates with regulators to foster a conducive mobile service ecosystem.

With its strong overall performance, U Mobile earns Frost & Sullivan's 2023 Company of the Year Award in the Malaysian mobile services industry.

⁴ Open Signal, Malaysia Mobile Experience Report, <https://www.opensignal.com/reports/2022/09/malaysia/mobile-network-experience>

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends: Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

