

"We are always looking forward to What's Next."

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MORTEN LUNDAL
CEO

maxis.com.my/ceo



IMAGINE WHAT'S NEXT.

It is fascinating to see how the Internet is levelling the playing field, both for businesses and individuals. We see small companies having big company advantages, companies in rural areas operating like those in towns and local businesses expanding their geographical scope. And when it comes to information, people can get empowered by knowledge, independent of who and where they are. This may be viewed as a technology revolution, but its impact is truly profound for both individuals and societies.

It's all about the meeting of two incredibly powerful concepts; the Internet and mobile. Our customers use their mobile phones for just about anything; consume media, do banking, buy products and even order their taxis and food. They are consuming an average of 1.3GB monthly, prepaid users nearly as much as postpaid users. Our high-speed LTE users now use 2.5GB. These are remarkable statistics also in an international context. This love for the Internet and the high data volume that we are providing is comparable to that of most advanced nations.



Businesses in Malaysia are catching on to the digital wave as they look for new ways of working and transform how they engage and build relationships with their customers. It is overwhelmingly clear that the Internet, broadband and mobile are embraced by nearly every person and organisation in Malaysia and these technologies will just continue to increase in importance.

This is clearly a good trend for our industry; to work with the ever-expanding demand. The whole nation, everybody from large businesses to young kids, wants more of our products. This can't be a bad situation to be in. But we are not just about providing access. We want to be a critical driver in the transition of our customers' daily lives to a digital empowerment in the way they live and work. We have made good progress towards this ambition but we view this as a long-term aim. We are happy with our progress, and we will work even harder to provide a superior "Always On" data experience for our consumers with their ever-increasing digital appetite. There is a massive opportunity for new digital ways of working which we will tap into. 2016 definitely promises to be an interesting year for Maxis.

We now view 2014 and 2015 as the first phase of our transformation; becoming a high performing mobile company. We now enter the second phase of our transformation, where we, over 2016 and 2017 transform ourselves to deliver broader solutions to homes and enterprises, delivered over increasingly digital interfaces.

BUILDING ON A GOOD MOMENTUM

When we started our transformation journey two years ago, we wanted to do two things really well; to deliver a Worry-Free and Unmatched Customer Experience, and be really modern in the way we set up the company. In 2014, we successfully fixed the fundamentals. We intensified our efforts and went through a very good 2015, customers are a lot happier - we have the highest customer satisfaction we have ever seen in various channels.

Operationally, positive improvements that we gained in 2014 are now translated into growth in revenues, profit and market shares. I am very happy that 2015 actually became the year of performance for Maxis. These are indeed proud achievements for us:

- Total service revenue: RM8.5 billion; up 3.8% year-on-year
- EBITDA (normalised) – RM4.4 billion
- EBITDA Margin – 51.5%
- PAT (normalised) – RM2.0 billion
- Prepaid: 6.2% growth year-on-year in service revenue

- Postpaid: 623,000 MaxisONE plan subscriptions
- Mobile Internet subscribers: 72% of base
- LTE coverage: 71% of population; widest in Malaysia

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On the postpaid front, the MaxisONE plan is driving ARPU and revenue growth. We further enriched this plan's Worry-Free value proposition to allow sharing of unlimited talk and text plus any amount of data with anyone through our MaxisONE Share. We then introduced Zerolution, an industry first and a breakthrough smartphone ownership programme. It allows MaxisONE customers to own a brand new phone every year without any upfront payment and it is something people really like. Despite the tough competition during the year, more than 20% of our customers are on MaxisONE plan, making our postpaid revenue relatively insensitive to the decline in voice and SMS.

Our success with #Hotlink's Always On proposition in the prepaid segment saw our key competitors again imitating our moves with similar product propositions in the market. We had strong mobile Internet growth with strong gross adds and sustained survival rates. Our prepaid service revenue grew 6.2% year-on-year despite a tough market environment.

During the year, we also increased our product bundling efforts as an innovative differentiator - MaxisONE Plan customers can subscribe to our fixed Maxis Fibre Internet available throughout Malaysia at preferred rates, and our Hotlink ReloadPlus bundles high-speed mobile Internet with each prepaid top-up.

SME mobile and fixed services are driving growth in our Enterprise segment. Our MaxisONE Business plan is gaining traction with its Worry-Free unlimited voice and SMS features. They are backed by ONEBusiness Essentials which offers 24/7 dedicated customer service, telecom expense manager, mobile device management, ability to consolidate device subsidies across an organisation, and doorstep delivery. We encourage our Enterprise and SME customers to think and

work differently so that they will be able to sell differently. A combination of embracing new technology and a mindset change can lead them to new ways of working in the digital age. Maxis itself is a case study as we are already on this journey of digitalising our own business.

Channel transformation initiatives saw modernised retail stores doubling in 2015 with 170 locations across Malaysia. Besides appealing to our target segments, sales grew substantially in the new concept stores. Our self-serve RED App and MyMaxis App are now even more feature-rich, allowing for more convenience and giving customers more control. Over two million customers actively use these digital channels to interact with us.

We care obsessively about providing an Unmatched Customer Experience ("UCE"). This year, we upped the ante with new processes, tools and culture makeover to provide more personalised services, creating even more "LIKE" moments for our customers at all our touch points. For example, smoother and quicker interactions, relevant recommendations for customers and a 'Great Host' approach when engaging with customers. Overall, the Net Promoter Score for our customer touch points improved by 25% compared to 2014 and our customer complaint level is now at its lowest in a decade.

Our modernised network now covers nearly 90% of population while our 4G LTE network has doubled to over 70% of population coverage, or 7 out of 10 Malaysians, making us the leader in the country. Clearly, for the customers who require the best experience, Maxis is the choice. In 2015, we accelerated our investment in our network and IT infrastructures, spending a total base CAPEX of RM1.3 billion, 21% more than in 2014. That's a lot of commitment to network investment and quality enhancement so that people can feel free to be empowered by the Internet wherever and whenever they want. All the hard work has made Maxis and Hotlink winning brands in their own segments, being particularly preferred by smartphone users.

Being an attractive employer to relevant talent is equally important to us. We are obsessed about having high employee engagement and a constructive work environment. Our aspirations for 'working well together and having fun' are based on the values of being positive, passionate and collaborative, our own Maxis Way of working. We want Maxis to become a showcase of a modern company that is embracing digitalisation. Leveraging on technology, we have already revitalised our internal environment to support our new collaboration suite and our new cloud-based HR system, enabling employees to use their mobile devices for all collaboration and employee services. The employee engagement calendar was full for the year, with employees

having a lot of fun in all the activities, while also having a company-wide effort called #FitterFasterStronger, which should be self-explanatory.

During the year, we completed the new look of our offices in Plaza Sentral and the Pinnacle, Sunway. Not only are our offices among the most modern in the country (we humbly believe so), our people are also embracing the new ways of working and are resonating with the new open, collaborative and agile culture we are creating. As result of all these efforts, it is amazing to see that we achieved the highest Employee Engagement score in 10 years of 80%.

MAXIS IN 2016: UNMATCHED DATA AND DIGITAL EXPERIENCE AND MOVING TOWARDS 2018

Nobody really knows what's going to happen, and it's a fool's game to pretend that we do either. However, it is unlikely that we will remain successful if we don't change ourselves when everything is changing around us. It is our company's core philosophy that we are always looking forward to What's Next and we also want to be What's Next. In the next three years, we have a goal to transform further to thrive in a digital world. This means moving from products to solutions, from access to digital services, from traditional to digital channels, supported by being fully digitalised ourselves. Fundamental changes in our operational setup (IT and processes) are necessary to support our ambitions. We need to build and acquire new capabilities in areas such as solution selling and provisioning, digital channels, customer insights (big data), the cloud, etc.

2016 is our first stepping stone in the second phase of our transformation, our digitalisation. I am truly positive about what lies ahead of us and the increased empowerment we could offer individuals, homes and organisations. We look forward to cementing our position as the preferred choice for digital experience seekers.

My appreciation goes to the Board of Directors for their support, guidance and contributions. I also would like to thank the Management and staff for their commitment and hard work in making 2015 a successful year. On behalf of Maxis, a big thank you to our customers, business partners and dealers for their support and confidence.

MORTEN LUNDAL