



“We look forward to building capabilities to become a digital company.”

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**RAJA TAN SRI DATO' SERI ARSHAD  
BIN RAJA TUN UDA**



## STRONG PERFORMANCE IN A CHALLENGING ENVIRONMENT

In 2015, telco players continued to jostle for leadership position in the mobile Internet space. Voice services faced rising pressures from Voice over Internet Protocol ("VoIP") technology as widely adopted Internet Protocol ("IP") messaging services started adding voice capabilities. Furthermore, the goods and services tax ("GST") implemented in early 2015 resulted in regulatory and consumer uncertainties, which impacted revenues and costs.

But the demand for mobile Internet continued to rise sharply as consumers' digital demands grew and businesses look for new ways of working in a fast growing digital economy. This environment is a perfect match for Maxis as an Internet enabler, as we renewed our focus and efforts towards offering unmatched Internet experiences through the best data offerings in the market.

Our high speed network is a critical driver for these experiences, and our RM1.3 billion base CAPEX investment in network modernisation initiatives is contributing to our 4G leadership position in the market. These investments also include quality and capacity building for our 2G and 3G networks as well.

In our bid to further improve the quality of our 4G LTE services across the country and to meet the growing demand for data, we are pleased to have received approval from the regulator, MCMC, to utilise our 1800 MHz spectrum. This will contribute greatly towards achieving national goals, including the 11<sup>th</sup> Malaysia Plan's broadband targets.

We will continue to work with the regulator on spectrum proposals to ensure we have a portfolio of spectrum to run our businesses efficiently.

## GROUP PERFORMANCE

Maxis had a strong performance in 2015, with group service revenue growing 3.8% year-on-year to RM8.5 billion, driven by solid prepaid and improved core postpaid performance.

Our postpaid business continued to be stable despite the intense competition. Core postpaid revenue grew 2.7% year-on-year to RM3.7 billion with continued strong adoption of MaxisONE plan.

Our prepaid business saw strong growth, with service revenue growing 6.2% year-on-year to RM4.2 billion, supported by rising data usage and bigger share in the migrant segment.

Our customers are also increasingly choosing our bundled mobile and fibre broadband services. This has contributed to our Integrated Services division's revenue growth of 44% year-on-year to RM171 million as fibre broadband subscriptions grew.

In 2015, EBITDA improved 4.1% year-on-year to RM4.4 billion, while achieving EBITDA margin of 51.5%, reflecting our continued focus on cost efficiency. As a result, PAT for 2015 was RM2.0 billion.

Based on four interim dividends of 5 sen net per share, the Company declared total dividends of RM1.5 billion for the financial year. This pay-out is aligned to our cash generation and dividend policy.

## ADMIRED FOR EXCELLENCE

The first phase of our transformation journey is essentially done, and I am proud that our goal of being Admired for Excellence is within grasp. A lot of work has gone towards this aspiration, and we have made it a priority to ensure our products and services deliver the best value and experiences to our customers.

I am pleased to say that our core MaxisONE postpaid and Hotlink prepaid offerings have continued to set the standards in the industry in 2015.

We have invested more than anyone else in our network, which is indisputably the widest in the country. It is a critical driver of customer experiences, so we continue to make significant investments to improve its quality to perpetually deliver the best data experience to our customers. With our 4G LTE leadership, our customers enjoy high-speed mobile Internet in more places across Malaysia. This was made possible with the acceleration of our capital programme and huge network investment. We are also aggressively rolling out LTE in East Malaysia and expanding our footprint in key market centres as well as key secondary towns in this region.

## BASE CAPEX

# RM1.3 billion

investment in **network modernisation initiatives** is contributing to our **4G** leadership position in the market.

We are very serious about developing talent within our organisation. Our scholarship programme continues to attract some of the brightest talents into the Company. Our award winning management associate programme provides new recruits with a deep sense of knowledge of the business while having the opportunity to be mentored by our highly experienced senior leadership team. These efforts will be significant in taking the Company into the future.

We now look forward to the next phase which is our plan towards 2018 – building capabilities to become a digital company. This involves revolutionising our channels (moving towards self-serve and apps), digitalising our products and services and transitioning to a more open, flexible internal operating model.

#### CORPORATE RESPONSIBILITY

In our last Annual Report, I spoke about moving into a new dimension of our community programme in 2015 to make a direct impact on teaching and learning in an Internet era. I am excited about how the effects of the Internet can drive positive changes for the community.

As such, I'm pleased that we have made significant progress in kicking off our new flagship community programme, eKelas, which combines our passion for education, and access to Internet so that we can reach out to rural areas and contribute to the children's education in these areas. You can read more about this exciting programme in our community section of this annual report.

Maxis also showed strong commitment to education and leadership development by presenting the Maxis Scholarship for Excellence Awards ("MSEA") to six outstanding young Malaysian students in 2015, who will be attending notable international universities. The MSEA that we have been committing to every year since 2005 for top education institutions represents not just the search for top academic results, but importantly, great character, attitude and the ability for us to identify future talent and the potential to move forward as leaders.

#### BOARD COMMITMENT

The Board continues to uphold and implement the highest levels of corporate governance and corporate responsibility across the Company. Details of our corporate governance initiatives and internal control policies are in the relevant sections of this Annual Report.

We value the diverse mix of skills, experience, knowledge and competencies on the Board and will continue to drive a culture of high performance and continuous improvement in the Company.

#### ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank KKMM and MCMC, our customers, business partners, associates and our shareholders, to whom we remain grateful for their support and confidence.

During the year, Augustus Ralph Marshall, Krishnan Ravi Kumar and Dr. Ibrahim Abdulrahman H. Kadi resigned from the Board. We also received notification from Robert William Boyle of his intention not to seek re-election and will therefore retire at the conclusion of the Seventh Annual General Meeting.

Both Augustus Ralph Marshall and Robert William Boyle have been long standing members of the Board, having been appointed in 2009. The Company has benefitted immensely from their knowledge and experience and on behalf of the Board, I would like to express our gratitude to them.

I would also like to thank Krishnan Ravi Kumar and Dr. Ibrahim Abdulrahman H. Kadi for their valuable contributions to the Company during the 2½ years they served on the Board.

At the same time, I would like to welcome Mohammed Abdullah K. Alharbi and Robert Alan Nason as members of the Board.

Mohammed Abdullah K. Alharbi has more than 20 years of experience in the corporate sector, the last 12 years in senior positions in an international role with Saudi Telecom Company ("STC"). He leads STC's M&A activities focusing on strengthening and expanding STC's international presence.

Robert Alan Nason brings with him 25 years of experience in senior leadership roles in global professional services firms and in the corporate sector, the last five in the telco industry where he led a significant transformation programme.

I have benefitted from the shared wisdom of my colleagues on the Board and would like to thank them for their guidance and contribution.

I would also like to express my gratitude to the CEO, Morten Lundal and the Management for their leadership, and to all the staff for their positive attitude, hard work and commitment.

I look forward to working together with the Board and the Maxis team as we build on the work that we have already started and I am excited for a better year ahead.

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