

CEO's Statement

We've got high ambitions for ourselves and I believe that we've got the right plans in place to make them happen. I am confident that these changes will not only empower us at Maxis but also offer our customers a new and superior digital experience.

Morten Lundal
Chief Executive Officer



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We know it so well, but it is worth being 're-amazed' again and again. The (mobile) Internet is having a phenomenal impact on our lives, it really is hard to overplay. Each one of us is now empowered by this huge amount of information at our fingertips. Internet is the greatest leveller there is – all it takes is a phone to be truly informed and engaged.

GOING ALL-OUT DIGITAL

So, it's going to be an ever bigger and more impactful digital world out there as more and more people and businesses take advantage of the exciting and empowering possibilities from new technologies.

But what does this mean for 'telcos' like Maxis? I will highlight three things:

Great connectivity really matters. More and more individuals and particularly businesses are completely relying on a combination of mobile, software and cloud infrastructure. For that reason, high quality connectivity really matters, be it fixed or wireless, in the car, in the office, in that big meeting room, in the basement, in that café you like so much, and so on. It doesn't matter how good the cloud is if you cannot reach it. Connection has to be fast, consistent,

secure always, absolutely on always. So connectivity is not a commodity, it is the foundation for the digital world to actually function.

New ways of providing digital solutions are needed. Yes, there is a flurry of applications and technologies out there, but it is not straightforward for ambitious homes and progressive enterprises to choose, implement, maintain, upgrade and troubleshoot these solutions. And many of these technology vendors are niche and silo-focused, making it hard for users to find the 'solution' that they crave. This is where an ambitious 'telco' like Maxis can play a role.

Digital enables new ways of working. The digital universe also offers Maxis itself a chance to work differently. 2016 is our first stepping stone towards real transformation 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 digital operationally. It means that we have to build fantastic digital interfaces between ourselves and our customers, partners and vendors. We are about to make fundamental changes in our operational setup, IT and processes to support all these ambitions. All of these trends are fundamental reasons for the optimism I have for the industry in general and Maxis specifically.

I have written 'telco' in inverted commas here, because although I acknowledge we are set up like a classic telco, we internally think and feel like something else, and we are transforming towards something else, more like a 'Digital Empowerer', but that's a too pretentious word to use so I'd rather use 'telco' for now...



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**MAXIS IN 2016: WINNING IN A TURBULENT MARKET**

2016 was a year of intense price-focused competition, massive network expansion and seeing our customers truly embrace the Internet.

For Maxis, prices need to be competitive, but that doesn't mean a narrow focus on low sticker prices. We want to be the more attractive overall value proposition for our customers, where price point, functionality, quality and customer experience work together to create a worry-free experience of empowerment for our customers. So our core strategy is simple: to build high-quality data networks, to enable worry-free usage with large data bundles and to provide relevant solutions. In April and November, we launched enhanced MaxisONE plans where we executed massive upgrades of data quota for existing and new customers, which was combined with an attractive sharing proposition for families. Malaysians act when they see a good deal, which is why more than 800,000 MaxisONE customers have been added and now the base has doubled to 1.7 million.

We have also infused new energy into the market with Hotlink FAST that gives customers free data on weekends, for life. We have more than 1.5 million subscribers since its launch in April 2016.

Our Maxis Home Fibre has also done well in 2016. We differentiated our offering with a new Maxpert service, which provides customers with technical help to set up their home Internet the right way, right from the start. This has translated to an increase of 32% in service revenue for this segment and very high customer satisfaction.

Our Enterprise team is also continuously empowering our SME and corporate customers with innovative solutions that much improve their processes for payments and asset tracking. Our aim is to simplify, optimise and grow businesses through new digital ways of working.

However, innovation alone isn't enough and we believe that to provide the best experience, you need the best network. For us, it's not just about giving more data – what's important is that you get high quality data. Maxis invested RM1.2 billion

in capital expenditure and we are proud of our industry-leading LTE network which has reached 88% of the population, covering more than 220 cities and towns.

Our customers have responded tremendously to the expansion of our quality network. We've witnessed an absolutely amazing increase in average usage of mobile Internet per customer. From an average of 1.5GB per month last year, our customers are now using 4.0GB per month. These are remarkable statistics for any market globally, proving Malaysians' love for the Internet.

Our flagship internal ambition is to deliver Unmatched Customer Experience. We strongly believe that enabling our customers to interact with us digitally is part of that ambition. Our goal is to be near 100% digitally enabled by 2018, so that our customers can fully engage with us online. Through digitisation, our customers are gaining greater control over their accounts and services, product features and support options, all while saving valuable time. MyMaxis App has shown great traction this year with



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over one million downloads and nearly half a million active users while our Hotlink RED App has over 1.5 million active users.

We ended our first transformational journey in 2015 by successfully fixing the fundamentals at Maxis. Coupled with the efforts of our frontliners, the transformation resulted in higher market shares and happier customers in 2016, translating to the highest satisfaction score we have ever received.

In essence, 2016 was about change and performance, and of course the credit goes to our people who have worked hard behind the scenes to deliver our progress. We've come a long way from being a standard telco company to becoming a high-performing, collaborative, digital Maxis and our people are thriving in this new work environment. This year, we achieved the highest ever Employee Engagement score of 85%, which is no mean feat considering just three years ago we were well below 70%.

My appreciations also go to my fellow Board of Directors for providing valuable guidance and support. Also thanks to our customers, business partners and dealers for their support and confidence in us.

While the industry had a challenging year, we experienced good traction for all parameters, achieving both good absolute and relative (market share) results. Here are the key numbers:

- Total service revenue – RM8.5 billion
- EBITDA (normalised) – RM4.5 billion
- EBITDA margin (normalised) – 52.1%
- PAT (normalised) – RM2.0 billion
- Postpaid – 1.7 million MaxisONE plan subscriptions
- Prepaid – The Hotlink FAST launched in Q2 2016 has surpassed 1.5 million customers
- Mobile Internet subscribers – 74.5% of base
- LTE coverage – 88% of population; widest in Malaysia

So, 2016 was a good year for us. As we embark on our ambition to become a truly digital Maxis, there is still lots to be done and equally lots to look forward to.

MOVING TOWARDS 2018: JOURNEY TOWARDS A FULLY-DIGITALISED MAXIS BEGINS

We've got high ambitions for ourselves and I believe that we've got the right plans in place to make them happen. I am confident that these changes will not only empower us at Maxis but also offer our customers a new and superior digital experience. After all, our customers are the main drive and passion for our transformation.



