

Chairman's Statement

We are making good progress towards our ambition to be a fully digitalised Maxis to deliver the best digital experience to our customers.

Raja Tan Sri Dato' Seri
Arshad bin Raja Tun Uda
Chairman



< 2016



Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
online



2016 was a good year for Maxis. The company saw a surge in data consumption across all customer segments, reflecting an unprecedented growth in the demand for mobile Internet in Malaysia. The good news is that this development works well for Maxis as we continue our transformation journey to be a digital enabler.

SOLID PERFORMANCE IN A CHALLENGING ENVIRONMENT

For our customers to enjoy the best uninterrupted digital experience, we continue to upgrade our industry-leading 4G network. On the solutions front, we introduced new innovative offerings designed to facilitate new ways of working for businesses. During the year under review, there were industry challenges that the Company had to face – an unprecedented price pressure and additional investments arising from the new spectrum regulatory measures. Despite the tough environment, Maxis delivered a solid performance.

Overall the Group's service revenue was successfully maintained at similar levels to 2015, with a strong end-of-the-year – building up momentum as Maxis enters 2017. Our postpaid performance was strong and our prepaid business

showed ARPU improvement as a result of good mobile Internet uptake. At the same time, our Integrated Services division also made significant gains in 2016. In line with our ambitions to evolve into a digital company, we have made great strides within the Enterprise business through the introduction of new and innovative offerings. Normalised EBITDA was reported at RM4.5 billion and we achieved an EBITDA margin of 52.1% reflecting our continued focus on cost efficiency. As such, PAT was RM2.0 billion.

We have been rewarding our loyal shareholders with cash dividends. 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.

WHAT MATTERS TO US

Data quality is becoming critical for so many Malaysians, and real customer experience matters, which is why we are expanding our 4G coverage, investing significantly in the network. We have invested RM1.2 billion in 2016 and are particularly proud of our industry-leading LTE network which has reached 88% of the population, covering more than 220 cities and towns. We are making good progress towards our ambition to be a fully digitalised Maxis to deliver the best digital experience to our customers.

Following the spectrum reallocation exercise, Maxis needs to optimise a reduced spectrum portfolio. We are pleased with the spectrum certainty gained but we are looking forward to further fair spectrum allocations in other bands to continue serving the Malaysian population with the best Internet experience.



< 2016



Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
online



Great companies are made up of great people. That's why we at Maxis continually renew our commitment to develop talent and successions. In view of that, we have improved our talent review process to make it more action-oriented. Employees now see a clear link between their performance and their potential for career and capability growth.

On the community front, I am happy to share with you our excitement for eKelas, our flagship Corporate Responsibility programme. Leveraging on technology and the Internet, eKelas is an after-school digital learning initiative that aims to improve the academic performance of students in the rural and urban poor communities in Malaysia. We are proud to be the first company to bring e-learning as a structured, after-school learning programme to Pusat Internet 1Malaysia.

BOARD COMMITMENT

The Board of Directors is fully committed to its duties and responsibilities as fiduciaries

of the Company. Each director brings a unique set of skills and experiences to aid the Company in effective decision-making and management. During the year, Fraser Curley resigned and I would like to thank him for his contributions to the Board. I would like to take this opportunity to formally welcome Mazen AlJubeir, Naser AlRashed and Dr. Kaizad Heerjee who were appointed as directors during the year. Collectively, they bring vast experience in strategy, entrepreneurship, management, investment and telecommunications which will contribute to the Board's stewardship.

ACKNOWLEDGEMENT

Our achievements this year would not have been possible without the crucial support of key stakeholders. We remain deeply thankful for the confidence shown to us by KKMM and MCMC, our customers, business partners, associates and shareholders.

I would like to thank the Board for the wise counsel and

valuable insights. I would also like to express my gratitude to the CEO, Morten Lundal, on his leadership and the Management as well as the staff for their enthusiasm and commitment.

I am excited to see what lies ahead for our future as we continue on our transformation journey. I believe new opportunities will emerge and look forward to working together with the Board and Maxis team towards an equally great year ahead.

