

CEO's Statement



Morten Lundal
CEO

We want digital capabilities to be our new key differentiator.

The Internet has transitioned from being a good thing to a very important or even crucial thing for most of us. Data explosion is not an overstatement here in Malaysia. In just one year, the blended Maxis data consumption went from 4.1GB to 7.4GB per month. Globally speaking, there can't be many networks that expanded more than we did.

It's a sign of the tremendous growth we are seeing in the digital world where great connectivity matters more than ever before. For us, digitalisation is surging in three areas:

More and more people are digital natives. People are embracing new means of consumption in almost every aspect of work, play and life. Digital natives are the new normal, as rising lifestyle digitalisation in an "Always On" world is resulting in shifts in the way we consume media, e-commerce and financial services, which are some of the fastest growing sectors. Even everyday services such as the way we order transport and food are going online. Digital experiences have gone from exciting and empowering for the consumer to being absolutely crucial for everyday functioning.





CEO's Statement

Businesses increasingly compete on digital grounds. Digital behaviour and lifestyle creates fast growing demand in that arena. Businesses are vying to catch up. This simply means that businesses need to craft a clear and ambitious digital strategy to not be at a disadvantage. They need to think about ways that the Internet can empower and drive their businesses into a sustainable future.

Maxis going Digital. We want to be fully digital by the end of 2018, a vision we have had for three years. Maxis is very ambitious in changing its business model, distribution, products and operational model to one that fully embraces digital technologies. We want digital capabilities to be our new key differentiator. These are mighty aims, but we are serious and we are investing significantly in this multi-year programme to create an all new IT stack and capabilities. More or less, every software component in Maxis is going to be the newest and the best as we end 2018. Our new IT capabilities will allow us to understand our customers even better, enabling us to channel the full power of the Internet through the Maxis digital experience.

MAXIS IN 2017: A YEAR OF SETTING BENCHMARKS

2017 continues the trend of price-focused competition in a maturing telecom industry. Though we operated within a challenging environment, our performance in different areas exceeded competitive benchmarks, our own historical benchmarks and our rather incredibly high internal ambitions.

We remain at the forefront as the revenue leader within our core business segments. MaxisONE Plan now has a solid base of more than 2 million subscribers with higher monthly usage and monthly spend than before. Hotlink FAST subscriptions also grew to more than 2 million customers.

Our customers' worry-free digital experience has only gotten better after the launch of our integrated home and mobile data solution, MaxisONE Prime, and our personalised prepaid app experience, HotlinkMU.

In Enterprise, we have been developing and launching new products and services in fast rising adjacent verticals for long-term growth. Our solutions are there to amplify the power of the Internet in enabling digital solutions and new ways of working for Malaysian businesses.

The ongoing digitalisation of our retail and contact centres is already creating new digital customer experiences. The number of renovated stores with mobile customer service systems and smarter self-service kiosks has increased by over 49% from 2016. Our self-service apps, MyMaxis App and Hotlink RED App, are gaining traction with over 3.0 million active users – and they are joined by the newly launched MyMaxis Biz App for business users.

Our network continues to be unparalleled in quality as confirmed by independent studies. We have invested RM1.03 million for the year to ensure our customers continue to enjoy the best mobile streaming experience. Our industry-leading 4G LTE network now covers 92% of the population. Within our home fibre segment, we've expanded our coverage to now include Sabah and Sarawak with speeds up to 100Mbps. It is now also possible to combine mobile and home data in East Malaysia, which is in line with our obsession to become everyone's total digital solution provider. We've even got your 4G smartphone needs sorted with our new Maxis branded Next M1 and X1 smartphones.

We have been performing well in terms of competitive benchmarks and we have also been doing well in some global benchmarks. Our internal measurement

for employee engagement, Voice of Maxis, showed the highest scores in Maxis' history at 88% which literally is world class. To put it simply: our people are thriving – which seems to translate to customer happiness as well. We are equally proud to have achieved some of the highest customer satisfaction scores ever recorded by Maxis in 2017, which is at an all-time high at +53, from +39 in 2016. Voted by the public, once again Maxis was chosen as the "Best Telco" and "Best LTE Network" in the country in Lowyat.NET Community Choice Awards for 2017. Fundamentally, we've met our own ambitious goals – and that's what matters.

Overall, 2017 was filled with many proud highlights. I will just summarise our key numbers below:

- Service revenue: RM8.5 billion
- EBITDA (normalised): RM4.6 billion
- EBITDA margin on service revenue (normalised): 54%
- PAT (normalised): RM2.1 billion
- Prepaid revenue: RM3.8 billion
- Postpaid revenue: RM4.1 billion
- Mobile Internet penetration: 75%
- LTE coverage: 92%

So, 2017 has set a new standard. But our to-do list heading towards a fully-digitalised Maxis is still long and ambitious – and I am certain we have the right plans and people to make it happen. We can't wait for you to see and experience all the other exciting things that we have been creating inside the Maxis machine.

An exciting journey in the past and at least equally exciting in the future, but I am logging off the Maxis computers at the end of my contract term, 31 March 2018. It has been a true privilege to head Maxis through this transformation and I wish the Maxis team all the best for continued success.

MORTEN LUNDAL