

CEO's Statement

2020 Highlights



How Our Strategy Helped Our Business Growth during COVID-19

Areas We Doubled Down

- Accelerated home broadband connectivity
- Positioned Maxis Business
- Expanded and prioritised digital channels, while maintaining our network and technology leadership
- For our employees, we continued to nurture and cultivate a strong MaxisWay culture

COVID-19 Business Continuity Plan

Managing the Crisis and Business Reconfiguration.

- We prioritised the safety of our people, our customers, and their communities
- Focused on providing reliable connectivity and an unmatched personalised experience for our customers

Financials

Revenue

RM8,966 million

EBITDA

RM3,759 million

OFCF

RM3,639 million

“Despite the extraordinary year, we remained focused on our growth strategy and commitment to bringing together the best of technologies to enable people, businesses and the nation to *Always Be Ahead* in a changing world.”

Dear Stakeholders,

Without doubt, 2020 will be remembered as one of the most challenging years for us in our history. Globally, the telecommunications industry had already been under pressure due to increased competition. Many players experienced flat or declining revenues while having to boost investments to grow their network footprint and introduce new services to the market.

The result is that global players have reached an inflection point in terms of finding a successful operating model from which to operate. In Malaysia, Maxis began 2020 by observing an increased interconnectivity between mobile and fixed players, commonly known as the convergence market. We also saw the rapid increase in digitalisation efforts in enterprises and a greater demand for increased speeds, wider coverage and stable connectivity.

COVID-19 is a global phenomenon that descended on all businesses so suddenly that its impact cannot be overstated. It intensified the pressure on the Malaysian economy as well as the challenge that the telecommunications industry faced as essential service providers. Despite the extraordinary circumstances, we remained focused on our growth strategy and commitment to bringing together the best of technologies to enable people, businesses and the nation to *Always Be Ahead* in a changing world. The collective will of our employees and our agility to respond to the circumstances enabled us to rise above this enormous challenge to bring the best network experience and connectivity to our customers.

From the onset of COVID-19, our robust Business Continuity Plan (BCP) was activated and enhanced, with the highest priority on the health, safety and wellbeing of our employees, customers and members of the public.

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Following the announcement of the first Movement Control Order (MCO) by the Government, we stepped up our measures to mitigate the impact. As Maxis is listed under the essential services category, we continued with full operations although our BCP included the requirement for employees to work from home. As such, we ensured that they were well equipped with support and collaboration tools to continue business as usual and to meet the needs of our customers.

Meanwhile, our frontliners with customer facing and critical office functions who continued to perform their jobs with split shifts and/or locations where possible, were given full support with all necessary precautions to minimise any risks, including providing face masks, hand sanitisers, increased sanitisation at all Maxis Centres and temperature screening at entrances of all our premises.

For our customers, we helped them stay connected safely at home. Measures were put in place to ensure that our fixed and mobile networks remained uninterrupted so that we could meet the dramatically increasing needs of people and businesses in the country.

We launched several key initiatives under our #KitaSapotKita campaign, including free daily 1GB Internet for our customers. Along with this, we provided zero-rated calls and free access for important hotline numbers and selected websites, as well as free trials on collaboration tools and mobility solutions to help with business continuity. As mentioned by our Chairman,

we ensured that our eKelas students were able to continue learning from home with zero data charges for use of the eKelas portal.

Free access to Hotlink Postpaid plans for healthcare frontliners were also made available. Meanwhile, we co-created hundreds of business and entertainment content in collaboration with key influencers and business owners. Webinars were organised where we shared tips and strategies to help SMEs pull through this time of economic difficulty.

Working with the Ministry of Health, we equipped two hospitals with devices and connectivity, while we provided the Selangor State Government with communications support for its e-Bazaar initiatives for small businesses during Ramadan.

During the MCO, Maxis Stores nationwide continued to operate, adhering to the Government's Standard Operating Procedures (SOPs) and guidelines from our own BCP. However, we encouraged our customers to continue to access our digital services via the Maxis, Hotlink and Hotlink Postpaid apps for transactions and access to content, while our customer service call centres remained active with SOPs in place.

As people stayed, learnt and worked from home, we experienced a huge surge in data traffic driven mainly by increased activities around browsing, video streaming, instant messaging and collaboration tools. This sudden shift put the entire national telecommunications infrastructure under enormous strain. The Government, together with all industry players, had to come together to address the new normal by rolling out a national plan to provide improved quality of broadband and digital services.

As a result, the National Digital Infrastructure Lab (NDIL) was formed, which then led to the creation of Jalanan Digital Negara Plan (JENDELA) with aspirations to deliver seamless digital connectivity for all Malaysians. Together with the industry, we participated alongside MCMC in the NDIL to develop a comprehensive digital infrastructure plan to pave the way for high quality broadband service coverage, as well as prepare the country for a steady transition into 5G technology deployment.

We will continue to work with the Government in its ambition towards becoming a globally competitive, robust, resilient and an enriched digital society, demonstrated by the launch of the MyDIGITAL initiative and Malaysia Digital Economy Blueprint.

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Also, continued engagement with the Malaysian Communications and Multimedia Commission (MCMC) to get more details on the Government-owned 5G Special Purpose Vehicle and how we can contribute to move forward in the right direction on our shared ambition for a 5G-connected Malaysia.

Financial Performance

Despite COVID-19, Maxis performed relatively well due to our agile and prudent response. We focused on cash management and a credit collections programme in place using data analytics.

Despite market challenges, we recorded an underlying service revenue of RM7,725 million. We delivered a normalised EBITDA of RM3,814 million, with a solid normalised EBITDA margin on service revenue of 49.4%.

No doubt, the COVID-19 pandemic saw Maxis experiencing higher pressure on prepaid and roaming revenues as well as lower traffic to its retail points, but also stronger demand for connectivity as a result of work from home arrangements and accelerated digitalisation by enterprises. Mobile data traffic surged with a blended average of 20.75GB a month, an increase of 38.42% year-on-year.

Please refer to our Management Discussion and Analysis on pages 40 to 46 of this IAR for a more detailed analysis of our financial performance.

Strategy Update

In 2019, we introduced our long-term strategy called MAX Plan, which clearly charts focus areas within three strategic pillars to guide us towards our vision of being Malaysia's Leading Converged Solutions Company.

Our MAX Strategy

Be the Leading Converged Solutions Company in Malaysia



[Our MAX Strategy](#)

Note:

⁽¹⁾ UPE - Unmatched Personalised Experience

Given the extraordinary year we had in 2020, we doubled down our initiatives and efforts in key areas under the MAX Plan. We accelerated home broadband connectivity and target the enterprise market specifically to spur revenue growth. To do this effectively, we positioned Maxis Business as the preferred technology partner for Malaysian businesses.

We also expanded and prioritised our digital channels such as sales, services and distribution, while maintaining our network and technology leadership. For our employees, we continued to nurture and cultivate a strong MaxisWay 2.0 culture through our change roadmap.

Our strategy in 2020 also included our efforts to manage and minimise the impact of COVID-19 through a two-part BCP framework: Managing the Crisis and Business Reconfiguration. We learnt very quickly this year that we needed to be agile in a rapidly changing environment and reacted quickly to ensure everyone had the support they needed. We prioritised the safety of our people, our customers, and their communities, and kept laser-focused on providing reliable connectivity and an unmatched personalised experience. We kept our commitment to being key partners to enterprises to help them recover from the effects of the COVID-19 pandemic. Most importantly, we doubled down on our convergence, fibre and Enterprise strategy so we can continue to create value for our stakeholders and stay on track towards our ambitions.

[Please refer to pages 28 to 29 for further details on our COVID-19 Strategy and Response Plan.](#)



Business Review

In conjunction with our 25th anniversary, we launched our new brand purpose - bringing together the best of technologies to enable people, businesses and the nation to **Always Be Ahead** in a changing world. With this brand purpose came a new corporate identity

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and values that Maxis as a company and its people embodied, steering us towards our ambition to be the Leading Converged Solutions Provider in the country. We made a commitment to all Malaysians, from individuals and families, to businesses and entire communities, that Maxis will be their digital enabler and coach to help them leverage the best technologies on our network so that they can always be ahead. Our brand refresh is reflected in our entire range of products, namely our prepaid, postpaid, fibre and enterprise propositions, including digital lifestyle offerings such as our apps and Maxis TV.

Becoming the No. 1 Technology Partners for Businesses

On the enterprise front, we have gained strong momentum through solid partnerships with leaders in their respective fields including Ambank, Petronas Dagangan, AWS, Cisco, Google and Microsoft. These partnerships will enable us to provide comprehensive and relevant best-in-class solutions to our Enterprise customers, such as cloud, Internet of Things (IoT) and modern workspace solutions.

During the year, we were proud to be identified as a Technology Solutions Provider by the Malaysia Digital Economy Corporation (MDEC) for the SME Digitalisation Grant under Budget 2020. This allowed us to facilitate and quicken the application process for SMEs through digital onboarding, single touchpoint and access to the widest range of cost-effective digital solutions. We were also the first telco to deliver Digital Marketing and Cloud Point-of-Sale (POS) solutions to SMEs and became a committed partner in enabling SMEs to digitalise and leverage technology to meet current challenges.

In our bid to continuously build our talent capacity and capabilities, we undertook two major acquisitions in 2020. The first was with Malaysian-based Microsoft Gold Partner and cloud solutions company, Infrastructure Consulting and Managed Services (ICMS) to augment our talent pool of cloud specialist professionals. We followed up with a second acquisition of Audeonet, a Malaysian-based unified communication and voice cloud solutions company. Our newly enhanced capabilities will further accelerate our momentum in becoming a trusted converged ICT solutions provider for businesses of all sizes.

Commitment to the Best Network Experience

We are continuing to strengthen our 4G network coverage and deliver the best network experience. We built more than 150 new sites and completed upgrades at more than 5,500 sites in key market



centres across the country, as well as continue to expand our fibre footprint with more than 6,500 premises passed in 2020. This means that we completed 100% of our own 2020 targets for JENDELA for which we have commitments in both mobile and fixed rollouts.

In providing quality digital experiences, we activated our Voice over Long-Term Evolution (VoLTE) in October. VoLTE is an advanced technology that delivers lifelike sound over voice calls, across the Maxis network, with ultra-clear voice quality, reduced background noise, and the ability to surf at 4G speeds even while on a call with VoLTE on our 5G-ready network. This is an important development as we, together with the industry prepare for the eventual retirement of the 3G network.

Our continuous investments in our network have enabled us to stay ahead and maintain our leadership position in the Network Performance Report 2019 by MCMC for four consecutive years, as well as other independent reports.

Being 5G Ready

We have long prepared our next-generation IP network to be 5G-ready, conducting successful trials, including conducting the first 5G live trials in the country in 2019. We have been bringing new and innovative 5G use cases to educate the public on the technology's potential and capabilities, via the 5G Demonstration Projects (5GDP) and industry showcases. These include 5G in education via our eKelas VR use case, Smart Security, Smart Agriculture and Fixed Wireless Access applications. Meanwhile, have also been progressing well on our TechCity initiative together with Huawei, with a focus on increasing 4G capacity and user experience, enable fast 5G deployment, and achieve optimisation of existing network resources.

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Retail Transformation

To help us better understand the needs of our customers and to provide them with more value, we continued to push digitalisation, big data and personalised offers by using advanced analytics. We continued to enhance our sales and distribution by widening the use of digital channels, which has been particularly critical in serving and engaging our customers amidst movement restrictions.

Supporting Our People

As always, our people are our greatest asset and they have been integral in overcoming the many challenges we faced in 2020. Despite every twist and turn that came our way, everyone at Maxis adapted, persevered, and delivered. Their dedication and tireless efforts have enabled families to stay in touch, students to continue learning and businesses to keep serving their customers.

Our vision to deliver not only the best network performance but the best customer experience at every touch point has been embedded in our culture and approach. In 2020, we embarked on a culture refresh known as MaxisWay 2.0, to further accelerate our transformation and long-term ambitions while building talent and capabilities to deliver growth.

Our Year Ahead

We remain focused on our ambition and continue to be guided by our solid growth strategy and our brand purpose. We will accelerate our efforts to meet the needs of the growing digital lifestyles of everyone, and reshape Maxis with an enhanced operating model, complemented with new ways of working to stay ahead of the industry. We will continue to innovate in new areas of opportunities beyond our core business.

I would like to extend my sincere gratitude to the Board of Directors for their guidance; our partners and shareholders for their continued confidence and support in our strategy; our customers, for their trust in us to serve them; and our employees, thank you all for your agility, dedication, commitment and tenacity during this extraordinary year. A special tribute to all frontliners across the nation who have shown great dedication and commitment to keeping our nation safe and connected.

I could not be prouder of how our employees have all lived up and embodied our Maxis Values, especially this year. We look forward to a rapid recovery in 2021, as we continue to serve the people, businesses and the nation.

Gokhan Ogut