

MAXIS TRANSCRIPT: 1Q2023 RESULTS BRIEFING

This is the official Maxis transcript of the teleconference presentation that was given on the results presentation briefing call on Friday 19 May 2023. This script should be used in conjunction with the presentation document and the Bursa Malaysia results announcement both are available on the Maxis IR website.

Good afternoon, Ladies and Gentlemen. This is Eng speaking. Welcome and thank you for participating in our results briefing today.

Joining me today are Jennifer, our Chief Financial Officer; and Wei Ning from our Investor Relations team.

This briefing will follow our usual format of a short presentation, followed by a Q&A session.

Let us begin our presentation with Slide 3, focusing on our financial highlights for the quarter.

As I have mentioned in our analyst call last quarter, 2023 will be a year of execution. I am pleased that Maxis has started the year well, recording a steady year-on-year 4% growth in service revenue to RM2.1 billion, and 7% improvement in EBIT profitability to RM541 million.

Jennifer will provide more details of the financials in her presentation later.

Maxis is committed to creating a long-term value creation for our shareholders. In consideration of Maxis' longer-term strategies, and having reviewed our cash flow and earnings, we are pleased that the Board of Directors has approved the declaration of a first interim dividend of 4 sen.

Let us now move to slide 4, on Service Revenue.

Service Revenue growth was sustained from both Consumer and Enterprise businesses. Consumer grew an encouraging 6.4%, driven by growth in

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Postpaid and Home Connectivity. Underlying Enterprise revenue grew by 5.5%, mainly from mobile and ICT Solutions revenue.

Let us now move to Slide 5 on Postpaid.

Postpaid revenue was 10% higher year-on-year, driven by an encouraging growth in subscribers and a sustainable ARPU of RM78.

Our Maxis and Hotlink brands have both introduced refreshed Postpaid service offerings. This has proven successful in delivering higher subscriber growth. Our wide range of devices, complemented by an easy instalment device ownership plan, has attracted many new and recurring customers.

Moving to the next slide, on Prepaid.

Prepaid revenue remained resilient in a contracting market, at RM661 million, with a stable ARPU of about RM38.

We continue to make conscious effort to migrate our Prepaid customers to Postpaid, and enhancing current Prepaid offerings to suit the needs of our customers.

Let us now move to Slide 7.

We are encouraged to see 89 thousand new fibre connections in the past 12 months, including the conversion of our wireless broadband customers to fibre.

Our goal is to continue growing this segment fast. Maxis differentiates itself by maximising the customer's home Wi-Fi experience. This is done through our digital self-serve app, providing our customers better control of their home fibre. We also have our in-house fibre experts, Maxperts, providing attentive customer assistance.

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Moving now to slide 8.

Last quarter, we spoke about re-shaping the Enterprise business. We discontinued the wholesale voice service in Q4 2022, which we have excluded from this chart for comparability.

Moving forward, we will continue to streamline our products and services further, focusing on sustainable, recurring, and higher demand revenue.

Whilst quarter-on-quarter Enterprise revenue is relatively flat, we are pleased to see growth in our ICT solutions revenue. We intend to expand and maximise the full potential of this service offering, to complement our connectivity services.

Maxis recently partnered with Ideal Property Group to connect 12 commercial and residential projects, comprising 12 thousand premises. We have also partnered with MARDI to promote innovation in agricultural practices.

I will now hand over to Jennifer, to elaborate on the overall company financials.

Thanks Eng.

Let us now move to Slide 9 on earnings.

We recorded healthy earnings in the first quarter of 2023, with EBIT of RM541 million. Quarter-on-quarter, the 4% growth was due to lower marketing costs, rolling off the year end device promotions in Q4 2022. Year-on-year, the increase in EBIT was in line with our growth in Service Revenue.

At RM320 million, Profit After Tax was higher quarter-on-quarter and year-on-year. This is in line with the higher EBIT in Q1 2023, and also due to the discontinuation of the Prosperity Tax.

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Let us move to the next page.

Operating free cash flow and Capex are both in line with quarterly trends. Our cash balance as of 31 March 2023 is stable at RM340 million. We have been prudent with our Capex investment this quarter, focusing our spend on maintaining network quality.

Moving now to slide 11, on something that is non-financial.

At Maxis, we want to create sustainable value for our business, and the communities we serve.

We are very proud of our eKelas program. It first started as an enabler for students to get access to digital learning, and has grown its reach to include empowering micro-SMEs with digital marketing skills.

In conjunction with Chinese New Year this year, Maxis brought festive cheer to the local community at Kampung Kulim, Kelantan, which was one of the areas heavily affected by floods. We also partnered with KKD to deliver flood relief aid to affected families in Johor. Our engineers also monitored network performance at affected areas, deployed portable generator sets and installed free Wi-Fi until our mobile service was restored.

Lastly, Maxis is very excited about 5G and the possibilities it could bring to the Malaysian economy. We are glad to be a part of the stakeholders gathered by MRANTI to discuss technical collaborations and the potential for 5G enterprise implementations.

Moving onto the next page.

Our guidance for the year 2023 is a flat to low single digit increase on service revenue. Underlying EBITDA and Capex is expected to be at similar levels as in 2022.

Thank you for your attention and we are ready to answer your questions.

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<Q&A session>

We will provide a transcript of our presentation speech excluding the Q&A session on the Maxis IR website by early next week. Thank you, and see you next quarter.