

MAXIS TRANSCRIPT: 2Q 2024 RESULTS BRIEFING

This is the official Maxis transcript of the teleconference presentation that was given on the results presentation briefing call on Wednesday 21 August 2024. This script should be used in conjunction with the presentation document and the Bursa Malaysia results announcement, which are both 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 here are Jennifer, our Chief Financial Officer; Loh, Chief Consumer Business Officer; Patrick, Chief People and Transformation Officer; and our Investor Relations team.

We will bring you through a short presentation, followed by a Q&A at the end of the session.

Let us begin our presentation with Slide 3.

We are pleased to report another healthy quarter and maintain our growth momentum. Maxis delivered quarter-on-quarter and year-on-year growth in both revenue and profits. We also recorded strong operating free cash flow at levels above RM1 billion. Acknowledging the solid performance this quarter, the Maxis Board approved a dividend of 4 sen per share.

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

Total service revenue for the quarter stood at RM2.2 billion, and RM4.4 billion for the first half of 2024. This is a 4.3% jump from last year. We are firing on all cylinders, seeing growth in both the consumer and enterprise businesses.

For all customers, fast and reliable connectivity is key. In addition to that, we understand the varying needs of a student, young professional, or a family. We have a wide range of products and services at different price points to

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appeal to all customer segments. With over 10,000 sales touchpoints nationwide and on the web, we are making it easy for customers to access Maxis.

We are not just about getting new customers. We are also focused on keeping our existing customer base happy. That is why we offer great convergence and bundled deals like home fibre paired with Postpaid, to keep our customers coming back.

Our strong commitment to focus on customer needs is yielding results, with a 3.5% increase in Consumer revenue year-on-year.

For enterprises, the expectation for fast and reliable connectivity is even more crucial. Maxis understands the needs of businesses vary, whether they are a small mom and pop shop, a medium-sized enterprise, or a large corporate. Furthermore, businesses today are all about going digital. Our segment-focused strategy enables Maxis to tailor our solutions to what the customers really need.

With a much more focused approach, we see an 8.4% year-on-year increase in Enterprise revenue.

Let us turn to slide 5.

Postpaid is key to our strategy for sustainable and predictable growth. That is why we actively encourage our prepaid customers to move onto Postpaid.

We introduced affordable Postpaid plans, starting from as low as RM30 a month. This has helped us grow our subscriber base, though ARPU diluted to RM74.40 for the quarter.

This translates to a year-to-date increase of 5.3% in revenue. While we are seeing some adjustments, we are confident this strategy will pay off in the long run.

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Moving to the next slide, on Consumer Prepaid.

While Postpaid drives long-term growth, Prepaid continues to be a significant revenue contributor. Maxis understands the Prepaid customers' needs for flexibility and affordability. Hence, we introduced innovative packages such as personalised daily deals, lifestyle and gaming vouchers to enhance the Prepaid experience. This particularly appeals to the youth segment.

To drive customer acquisition and retention, we expanded our distribution channels, making it easier for customers to access us. We see that our Prepaid subscriber base remained strong, recording 2.3% year-on-year growth. Revenue remained resilient at RM1.3 billion for the first half of 2024.

Let us now move to Slide 7, on Home Connectivity.

We continue to see a steady growth in our home connectivity segment. We added a solid 12,000 connection in the quarter despite intense competition. We have also increased the rate of our own fibre build, with more than 400 thousand premises passed to date.

Let us now turn to slide 8, on Enterprise.

Revenue from Enterprise grew 3.6% quarter-on-quarter and 10.8% year-on-year, reflecting a year-to-date growth of 8.4%. Mobile revenue held steady. The revenue growth in fixed and solutions came mostly from the wholesale arrangement with Telekom Malaysia, as well as fixed and managed services.

Maxis currently provides links to multiple data centres nationwide, which forms part of our Enterprise revenue. We see further opportunities in this space as more data centres are built in Malaysia.

Let me now pass the time to Jennifer, to go through the financials.

Thank you, Eng.

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Let us turn to slide 9, on earnings.

We maintained a strong EBITDA and EBIT in the second quarter. Year-on-year, EBITDA improved 4.4% from our strong top-line growth of 4.7%. We were also very diligent in our spending, and optimising processes without compromising our service quality. As a result, EBITDA and EBIT margins on service revenue for the quarter were a solid 47.2% and 26.9% respectively.

Profit after tax stood at RM356 million this quarter; the highest in the last 12 quarters. This is in line with our strong EBIT performance.

Moving on to slide 10, cash flow and Capex.

As Eng mentioned, we recorded a strong operating free cash flow of RM1 billion in Quarter 2. We improved our working capital through accelerating cash collections and managing our payables efficiently.

Notwithstanding that, we maintained dividends at 4 sen per share as we anticipate higher cash outflows in the second half of 2024.

We have been prudent with our Capex spending, prioritising investments to fortify the Maxis network for emerging technologies and increase in data traffic. We invested in expanding our fibre footprint, which as Eng mentioned earlier has now passed the 400 thousand premises passed. We will also continuously invest in digitising our internal processes to optimise operational efficiency.

Moving to the last slide, on guidance.

Following our strong performance in profitability, we are upgrading our guidance for EBITDA. We are now expecting a marginal to low single digit growth in EBITDA.

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Before we get into our Q&A session, I am sure most of you will have questions in terms of 5G.

Quarter 2 has been an exciting period. We completed the Share Subscription Agreement with DNB on 28 June, and some of you have reached out to me on the AIP. Yes, we submitted our bid for the spectrum of the second 5G network on 31 July.

This is a very significant step towards our commitment to a swift implementation of the Government's dual 5G network model. Maxis looks forward to playing a major role in advancing Malaysia's digital agenda as an active and key participant in the upcoming phase of the nation's 5G rollout.

Last week, we have also announced several collaborations, including:

- Firstly, we have a partnership with Huawei on a 5G-Advanced Joint Innovation Centre to explore innovations for industry use cases and develop talents in technology; and
- Secondly, we have also introduced Malaysia's first all-in-one platform for 5G network, edge computing, cloud and services orchestration. The platform will make 5G-Advanced technology more accessible to Malaysian businesses and accelerate their digital transformation journey.

As the evaluation process continues for the bid for the second network spectrum is ongoing, we are unable to comment on what we have submitted for the bid.

With that, 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 tomorrow. Thank you and see you next quarter.