

MAXIS TRANSCRIPT: 3Q 2024 RESULTS BRIEFING

This is the official Maxis transcript of the teleconference presentation that was given on the results presentation briefing call on Friday 8 November 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 Q3 results briefing.

Joining me here are Jennifer, our Chief Financial Officer; Loh, Chief Consumer Business Officer; Prateek, Chief Enterprise Business Officer; and our Investor Relations team.

Let us get started with a short presentation, followed by a Q&A at the end of this session.

Let us turn to slide 3.

The third quarter has once again demonstrated our ability to produce consistently solid results. Our strategy remains the same, that is:

- Firstly, sustainable and predictable growth, especially in our 3 core businesses of mobile, home and enterprise;
- Secondly, consistent and good customer experience, which is key to sustaining continuous revenue growth;
- Thirdly, operating excellence in all that we do, to deliver high profitability, and;
- Finally, to be a high performing organisation.

MAXIS TRANSCRIPT: 3Q 2024 RESULTS BRIEFING

I am pleased to report that that we have stayed on course to deliver steady and consistent growth. Service revenue grew 3.2% year-on-year, coming from both Consumer and Enterprise businesses. We recorded improvement in margins, as evident from both EBITDA and Profit After Tax. Our operating free cash flow was also strong at RM753 million for the quarter. Recognizing this solid performance, the Maxis Board approved a dividend of 4 sen per share.

Let us turn to slide 6, on Consumer Mobile.

We recognise that every market segment has differing needs, and we make sure our products and services are tailored to meet those needs. This includes prepaid to postpaid migration offers and bespoke offerings relevant to customers' life cycles. Further, we have recently upgraded internet quotas and data speed for both Hotlink and Maxis customers.

We believe it is more meaningful to view Postpaid and Prepaid services as a combined mobile business.

The consumer mobile revenue grew 2.1% year-on-year. This was driven by a 4.9% growth in consumer postpaid, offset by 1.7% decline in consumer prepaid. This puts us in a solid position moving into the fourth quarter, as we expect higher mobile revenue from seasonally higher device purchasing and increased roaming usage.

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

We recorded a commendable 8,000 increase in new home fibre connections for the quarter, amidst intense competition. We believe in providing value to customers, not merely through competitive pricing but compelling service. This is what we call "positive discounting".

MAXIS TRANSCRIPT: 3Q 2024 RESULTS BRIEFING

Since October last year, we have upgraded over 100,000 customers to higher speed plans. We see an increasing demand for high-speed bandwidth, hence the reduction in wireless broadband. Maxis has also consciously been making investments in last mile fibre, stretching to now over 400,000 premises passed.

Let us now turn to slide 8, on Enterprise.

Enterprise revenue remained resilient at RM396mil for the third quarter. Revenue in the previous quarter was higher due to project milestone completion, while there were lesser non-recurring revenue in the third quarter.

Underlying Enterprise mobile revenue continues to increase at about 3% year-on-year from higher mobile subscriptions. We expect the growth to be offset by declining demands for application-to-messaging from enterprise customers.

As Malaysia continues to see a data centre boom, we believe Maxis is well-placed to capitalise on the demand for reliable connectivity.

Let me now pass on to Jennifer, to go through the financials in more detail.

Thank you, Eng. Let us turn to slide 9, on earnings.

Evidently from our solid performance in both consumer and enterprise businesses, our focus on profitable growth has delivered results. We have also shared with you our plans to optimise costs, starting with a one-time manpower rationalization in the third quarter of last year. Excluding the one-time costs, our EBITDA has improved 4.2% for the quarter, while year-to-date EBITDA improved 5.3%.

MAXIS TRANSCRIPT: 3Q 2024 RESULTS BRIEFING

Depreciation and amortisation costs were higher in 2024, due to changes in estimated useful life of assets effected since the fourth quarter. We continue to record healthy EBIT, with a year-on-year improvement of 4.9% for the third quarter, and 6.5% for the year.

Profit after tax is in line with the healthy EBITDA performance . At RM366 million for the quarter; this is our highest record in the last 13 quarters.

Moving to OFCF & Capex.

This quarter recorded a stable operating free cash flow of RM753 million in spite of higher tax payments, per the usual tax cycle. Hence, I would suggest to refer to the year-to-date operating free cash flow instead.

Our Capex spending remains consistent, focusing on targeted investments that will fortify our integrated network. This includes expanding our fibre footprint, fortifying the backbone network with fibre and digital initiatives to enhance operational efficiency.

Overall, our approach to capital allocation involves balancing Capex investments and maintaining an optimum debt level, so we can continue to return value to shareholders.

Lastly, moving on to the slide on Guidance. Following our strong performance in profitability, we are upgrading our guidance slightly to a low single digit growth in EBITDA.

Before we get into our Q&A session, I am certain that most of you will have questions on the recent second 5G network announcement by MCMC.

Maxis has always been a strong advocate for the dual 5G network model. We submitted a comprehensive technical and commercial proposal, encapsulating our strong know-how in financing, building and operating a fast, secure and reliable network.

MAXIS TRANSCRIPT: 3Q 2024 RESULTS BRIEFING

We are currently engaging with all stakeholders, including MCMC and other telcos, and we are considering several options at hand. I appreciate your understanding that these discussions are highly confidential. Hence, we may not be able to make further comments at this stage.

As of now, our consumer and enterprise customers will continue to enjoy the 5G services through our existing access agreement with DNB.

With that, thank you for your attention, and we are ready to answer your questions.

<Q&A session>

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