

MAXIS TRANSCRIPT: 4Q2022 RESULTS BRIEFING

This is the official Maxis transcript of the teleconference presentation that was given on the results presentation briefing call on Thursday 23 February 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. I'm Goh Seow Eng, you can call me Eng. Welcome and thank you for participating in our results briefing today.

Joining me around the table today are Jennifer Wong, our Chief Financial Officer; Loh Keh Jiat, our Chief Marketing and Consumer Business Officer; Paul Zaman and our Investor Relations team.

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

Let me refer you to slide 3.

I'd like to start by reflecting on our performance for 2022. We continue to forge ahead as Malaysia's leading converged solutions provider.

For our mobile business, we have over 9.1 million Postpaid and Prepaid customers. We increased our mobile revenue by 3.3% year-on-year in a mature mobile market.

For fibre, we achieved double digit growth in revenue and homes connected for 14 consecutive quarters, making us the second largest fibre retailer and strong challenger in the market.

Our core enterprise revenue grew 8.8% in 2022. This comes on the back of growth through further investments in our in-house capabilities and strategic acquisitions.

MAXIS TRANSCRIPT: 4Q2022 RESULTS BRIEFING

We believe that Maxis is well positioned to remain as the leading converged solutions provider in Malaysia. I will be sharing more about our 2023 focus areas later.

Let me refer you to Slide 4 now, on our performance highlights.

We see encouraging growth across Postpaid and Home Connectivity; while Prepaid and Enterprise remains relatively stable.

At Maxis, we prioritise our customers' experience and feedback. We provide a wide array of communication platform choices for our customers, through voice calls, Whatsapp, social media, mobile app, or on the web. I am pleased to announce that we maintained a high Touch Point Net Promoter Score (TP-NPS) of +68.

Now I will hand you over to Jennifer to go through the financial highlights.

Thank you, Eng.

At a glance, in fourth quarter 2022, we have increased our revenue and earnings year-on-year. Profit After Tax was dampened slightly due to the Cukai Makmur, or Prosperity Tax.

I will be going through the details of our financials in the subsequent slides.

Having reviewed our free cash flow levels and steady earnings with the Maxis Board of Directors, we are pleased to announce a fourth quarter interim dividend of 5 sen, making it a full year dividend of 20 sen.

Let's move to Slide 6.

For the full financial year 2022, service revenue grew by 4.0%, and EBITDA grew by 1.6%. This is in line with the guidance we have given for 2022.

MAXIS TRANSCRIPT: 4Q2022 RESULTS BRIEFING

Service revenue increased 4.0% in 2022, backed by an all-round growth in Maxis' converged solutions offerings. We will go through the Consumer and Enterprise businesses in a bit more detail later.

Going now to earnings.

We recorded solid earnings in 2022, with EBITDA of RM3.9 billion and EBIT of RM2.2 billion.

In line with new devices launches and our year end device sale promotions, we sold more device-bundled Postpaid in Q4. This led to higher device costs, but it will also translate to a higher proportion of contracted revenue moving forward.

We tightly manage our customer credits and collections. In 2022, PFDD is returning to more normal levels, which is in-line with pre-Covid 19 times.

Amortisation costs in 2022 were higher due to the prudent adoption of reduced spectrum life in 2021, as well as the additional amortisation of 2600MHz spectrum band this year.

In line with the resilient earnings, Profit Before Tax was up 2.8% at RM1.8 billion. As mentioned earlier, Profit After Tax was lower mainly due to Cukai Makmur, which is a one-off charge in 2022.

Let's move onto Capex slides.

Back in 2021, we ramped up investments in 4G capacity in anticipation of the 3G sunset. With that completed, our commercial capex spend is relatively lower in 2022.

This year, we have also started to focus on fibre rollout. Leveraging our existing extensive portfolio of fibre to the sites, we increased our fibre footprint to targeted areas, to reach more homes and businesses.

MAXIS TRANSCRIPT: 4Q2022 RESULTS BRIEFING

In addition to this commercial capex, we invested RM466 million in USP Capex. This is to support the Government's goal to provide digital connectivity for the *rakyat*. Upon completion, this USP Capex is claimed back from MCMC, while Maxis retains and maintains the Plant, Property and Equipment assets and depreciated over time.

Moving on to Operating Free Cash Flow.

The decline in OFCF was mainly due to variations in our cash profile for capex spend and government grants received, as well as some increased tax payments relating to Cukai Makmur.

Cash flow is an integral financial metric that we will continue to prioritise, to support sustainable dividend payouts to our shareholders.

Now, I will hand over to Loh, to provide a deep dive into the performance of our Consumer Business.

Thank you, Jennifer.

For our Consumer Business, we continue to leverage on the strong branding of both Maxis and Hotlink. This two brand strategy enables us to continue to offer converged services targeting different customer segments.

If you go to the Consumer Postpaid slide, Postpaid revenue grew 6.9% year-on-year.

This was driven by the strong subscriber take-up from Maxis Postpaid and Hotlink Postpaid. ARPU has also increased slightly from the recovery of international outbound roaming.

Moving onto Prepaid.

Prepaid revenue remained resilient at RM2.7 billion.

MAXIS TRANSCRIPT: 4Q2022 RESULTS BRIEFING

Though subscribers dropped slightly due to normalisation post Jaringan Prihatin Program and our continued effort to drive pre-to-post, the ARPU growth compensated for the decrease in subscribers. This was driven by HotlinkMU personalised offer and promotions, using our big data analytics tool, what we call Segment-of-One, and the introduction of various new packages in prepaid segment.

On Home Connectivity, we continue to see double digit year-on-year growth in revenue. This is a result of the personalised experience we provide our fibre customers by maximizing their Wi-Fi experience through Maxperts as well as self-serve apps.

Tactically, we actively convert our wireless broadband customers to fibre. As a result, home connectivity net adds for the year grew 78 thousand year-on-year.

Now let me hand you back to Eng, to go through the performance of Enterprise Business.

Thank you, Loh.

Please refer to Slide 16 now.

Enterprise revenue was relatively flat with 0.5% growth year-on-year. If we excluded the wholesale voice revenue, which we also call hubbing, core Enterprise business grew an encouraging 8.8%.

In particular, I am pleased to share that our underlying ICT solutions revenue grew 1.3x in the last year, and this is even before including revenue from our acquisition of MyKris ASIA Sdn Bhd, which we completed in January 2022.

We will continuously review our product and service offerings, which may shift the mix of Enterprise business revenue moving forward.

Let's go on to Slide 17.

MAXIS TRANSCRIPT: 4Q2022 RESULTS BRIEFING

Looking ahead to 2023, our key focus areas remain on convergence, fibre, enterprise business, digitalisation and ESG.

We are fine tuning our execution plan in an ever changing industry landscape, to ensure we deliver on our strategy. 2023 will be the year of execution, execution, and execution!

Our guidance for the year 2023 is a flat to low single digit increase on service revenue.

Before we move onto Q&A, I would like to address the topic on 5G. In January, the Government announced that it will be reviewing the rollout of the national 5G network. It expects the 5G network implementation policy to be tabled before the cabinet by the end of first quarter 2023.

Accordingly, Maxis believes it is prudent to postpone the seeking of shareholders' approval for entry into the 5G AA with DNB, until the 5G network implementation policy is finalised.

I wish to reiterate that Maxis is focused and confident in our convergence strategy. We are committed to bringing 5G to the nation, in line with the Government's digital ambitions.

Thank you for your attention and we are ready to take 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 early next week. Thank you, and see you next quarter.