

# Results 1Q 2015

27 April 2015

**maxis**

Unmatched Customer Experience.

ONE PLAN ZERO WORRIES

BINGO

BINGO

BINGO

MAXIS ONE PLAN

>> inspiring **worry-free communications**

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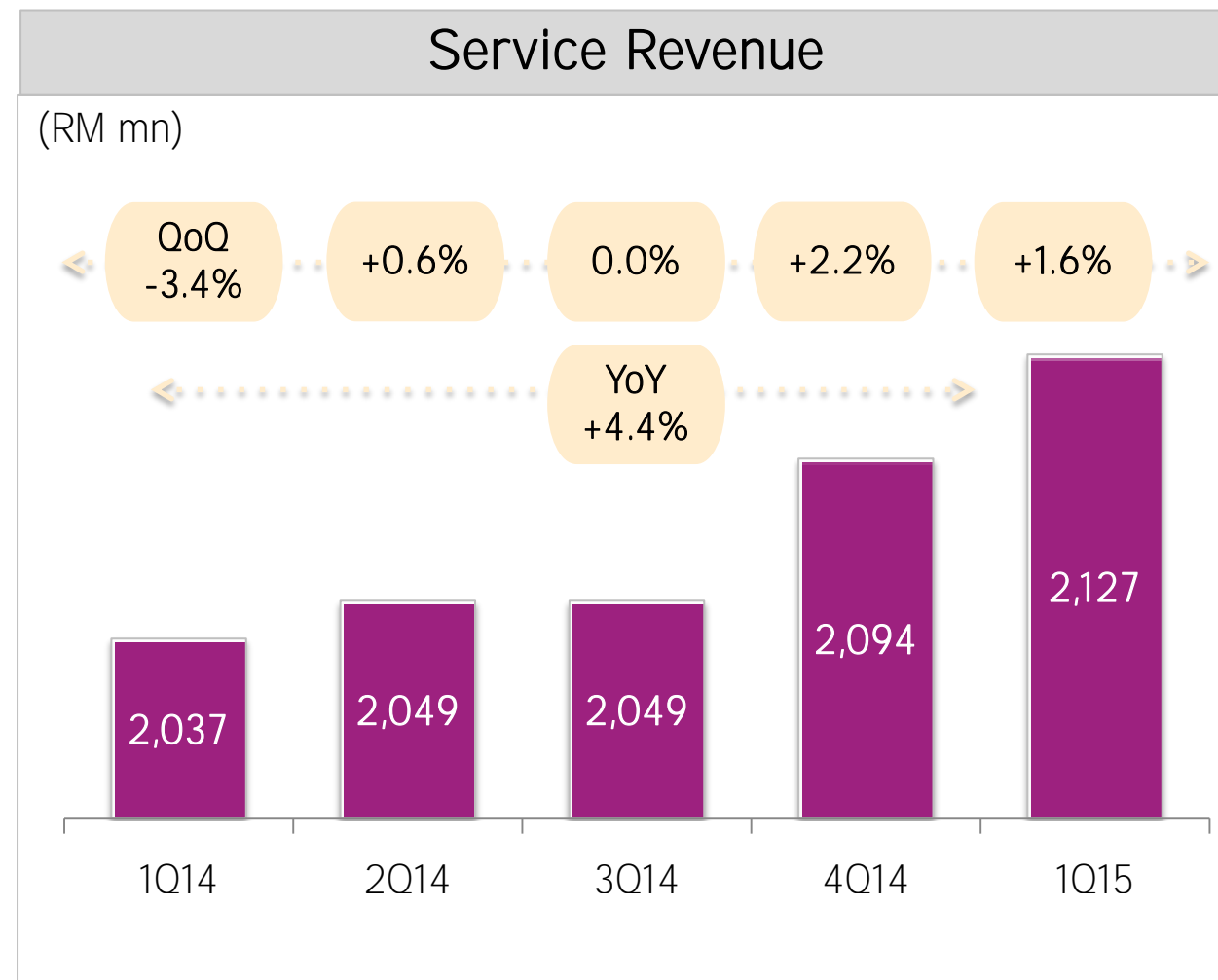
# Strong operating performance; positive financial development

- Solid subscriber growth driven by winning value propositions and high performing network
- Network modernisation and LTE expansion delivering tangible improvements in customer experience and driving up data usage
- Service revenue strengthening; +4.4% year-on-year and +1.6% quarter-on-quarter
- Quarter-on-quarter underlying EBITDA improved
- Dividend pay-out aligned to cash generation and dividend policy; declared 5 sen per share first interim

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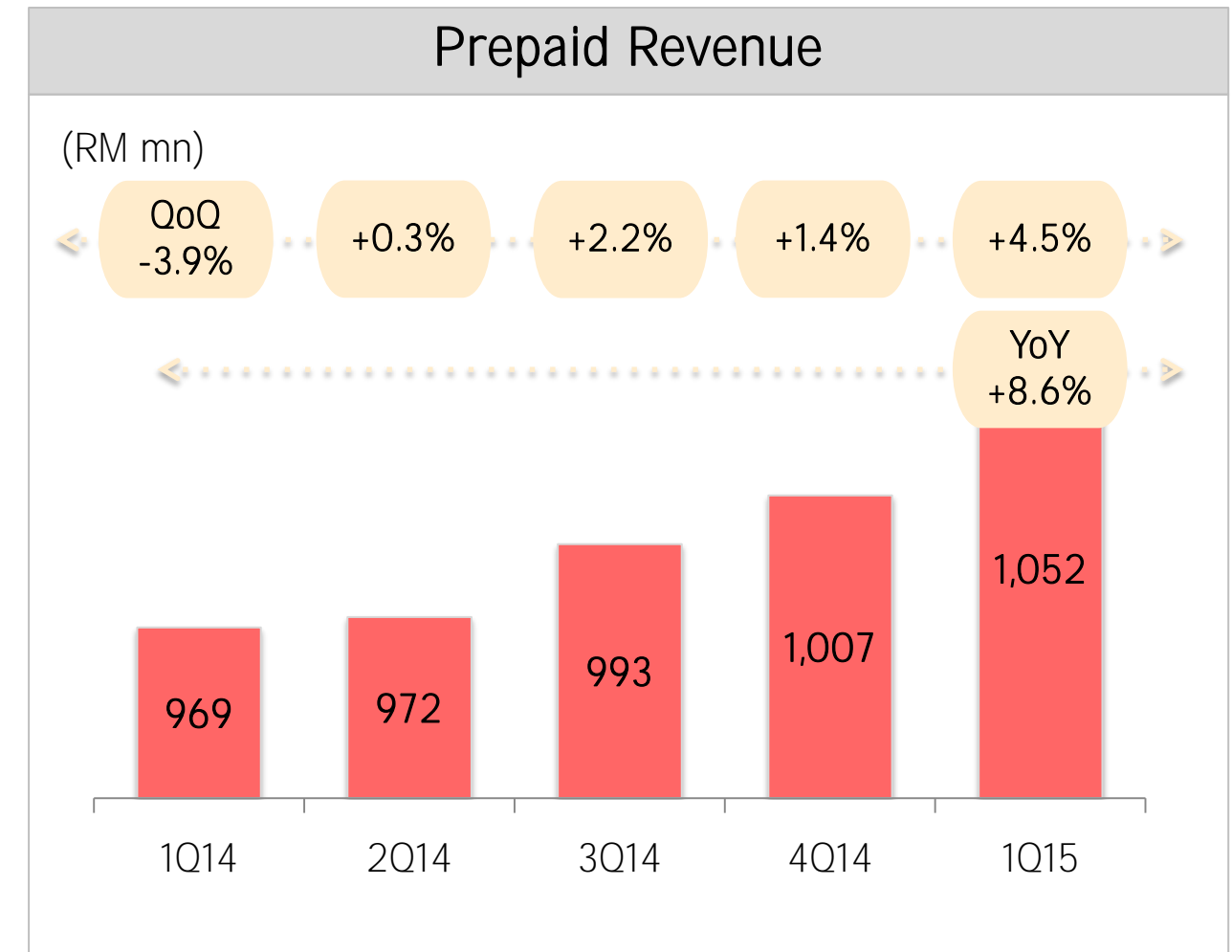
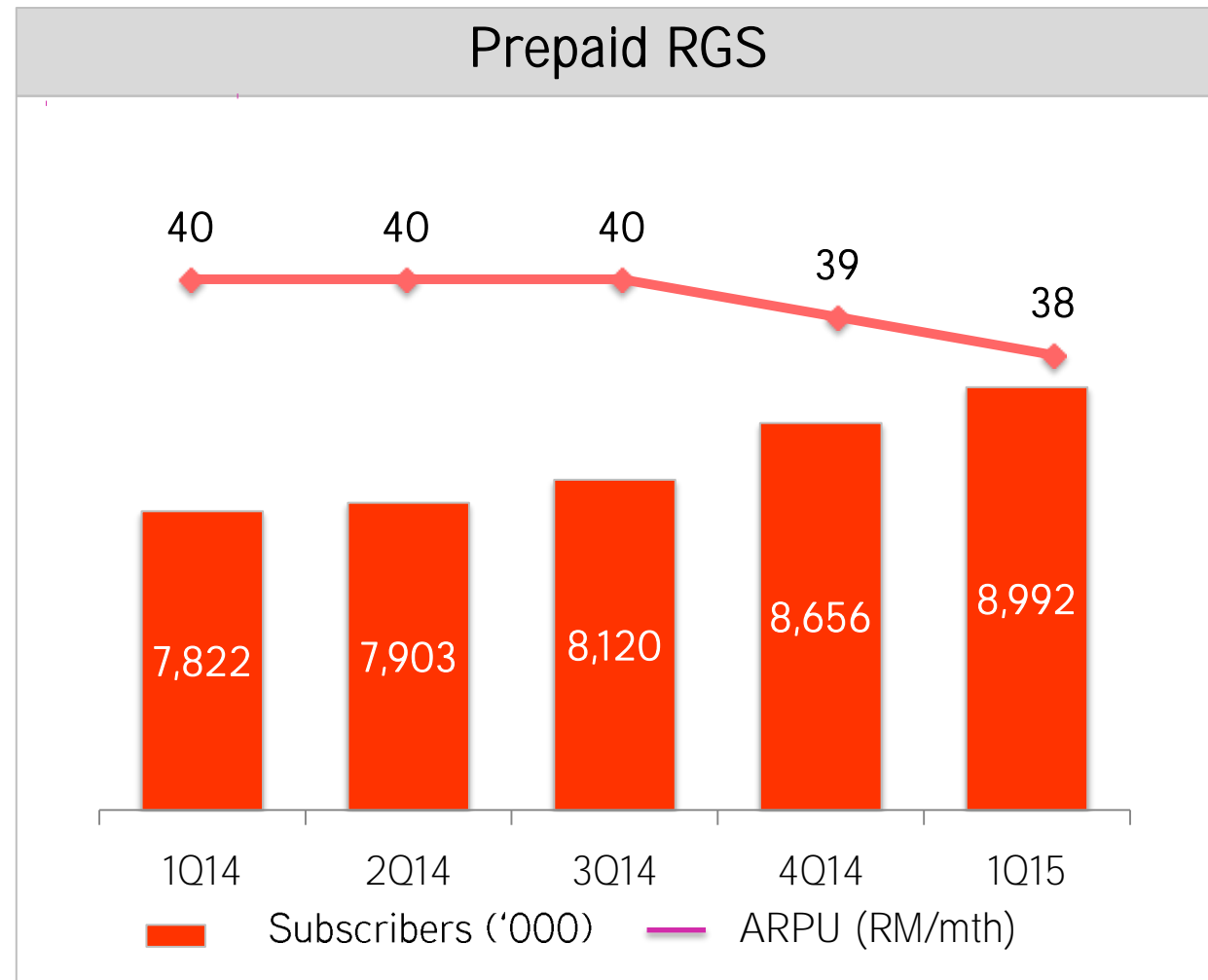
# Sequential quarterly service revenue growth in a traditionally slow 1Q



- Winning revenue generating subscribers
  - +1.1 million RGS in last 12 months
  - +328k RGS QoQ
- Continued prepaid uptrend; core postpaid stable taking into account impact of data re-pricing and seasonal roaming revenue in 4Q14



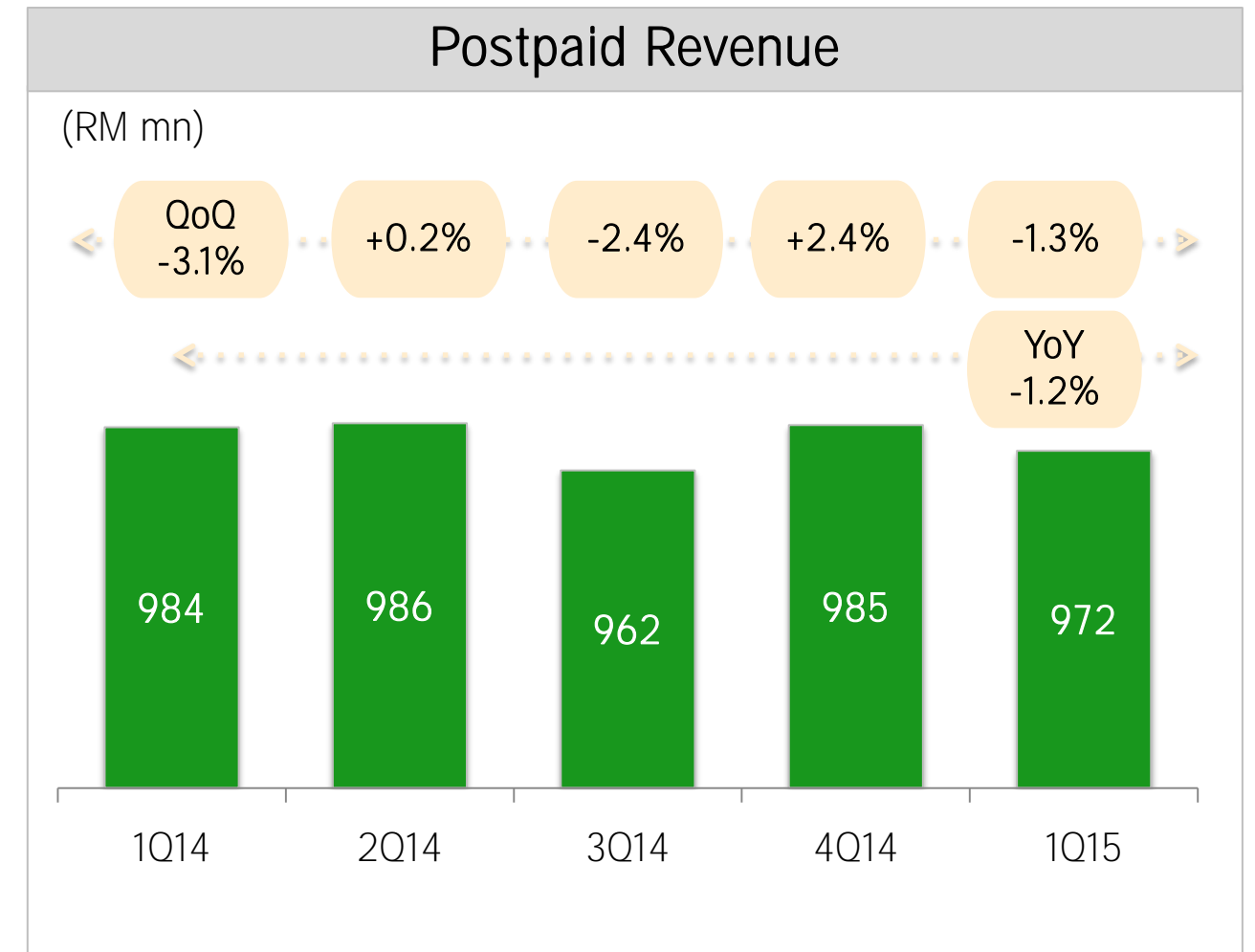
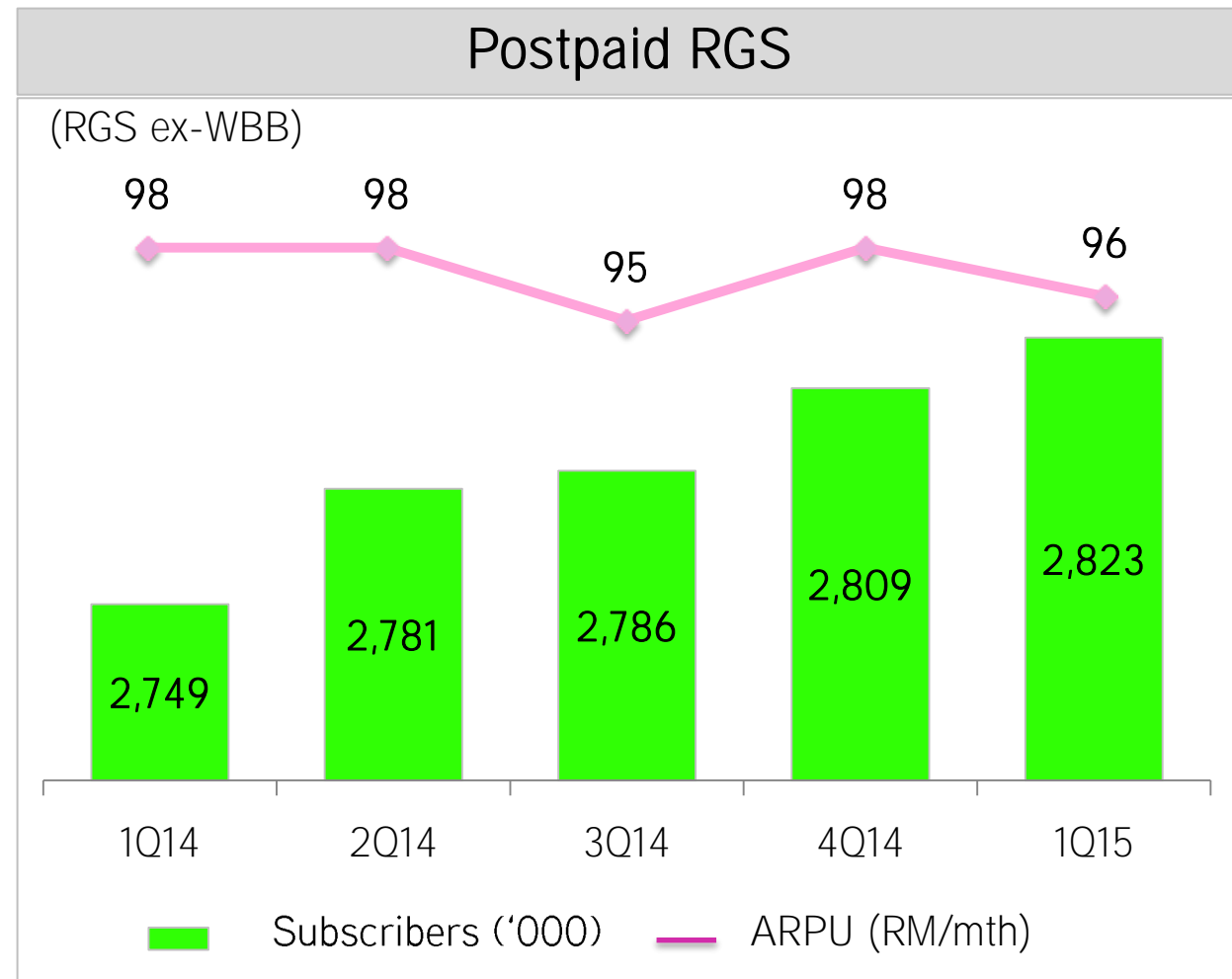
# Prepaid uptrend driven by RGS growth and rising data usage



- Net RGS intake @ 336k; also gaining more non-Malaysian customers
- ARPU impacted by lower domestic voice, SMS usage and pay per use
- Revenue uplift driven by mobile internet, competitive IDD and higher subscriber base



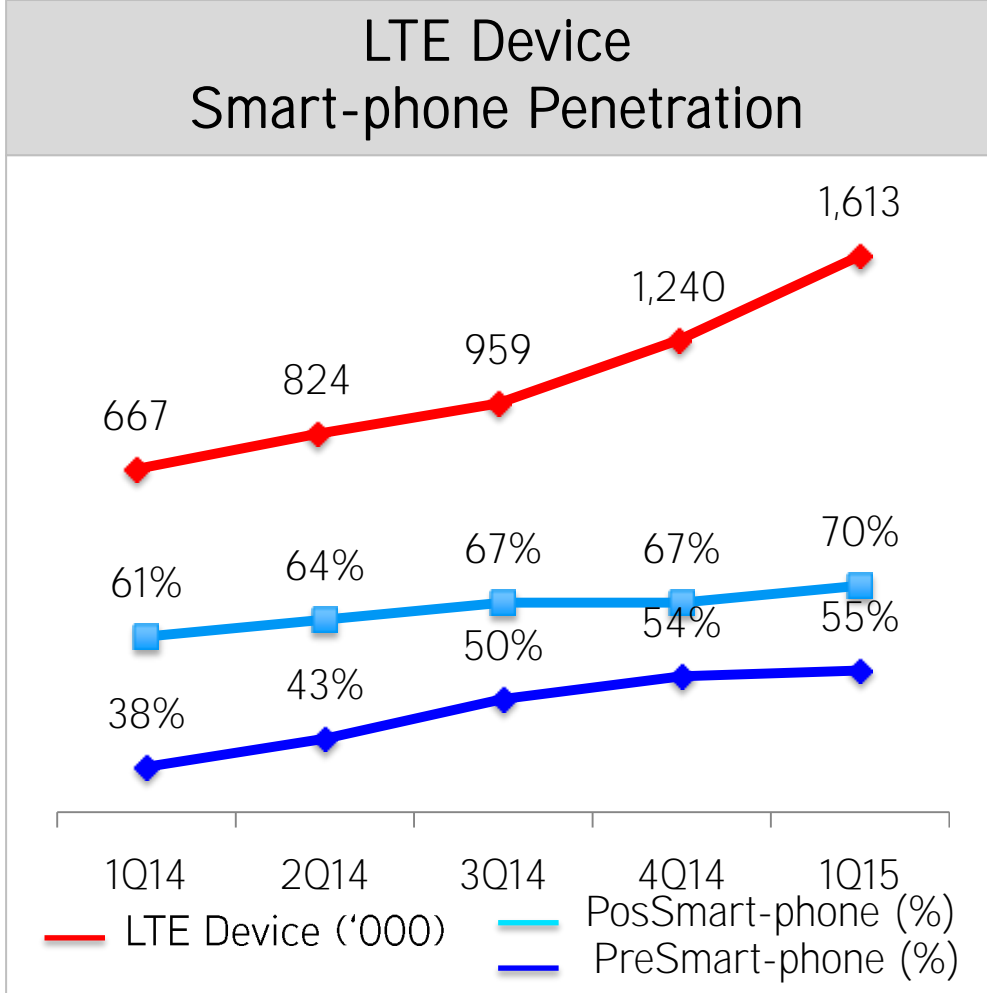
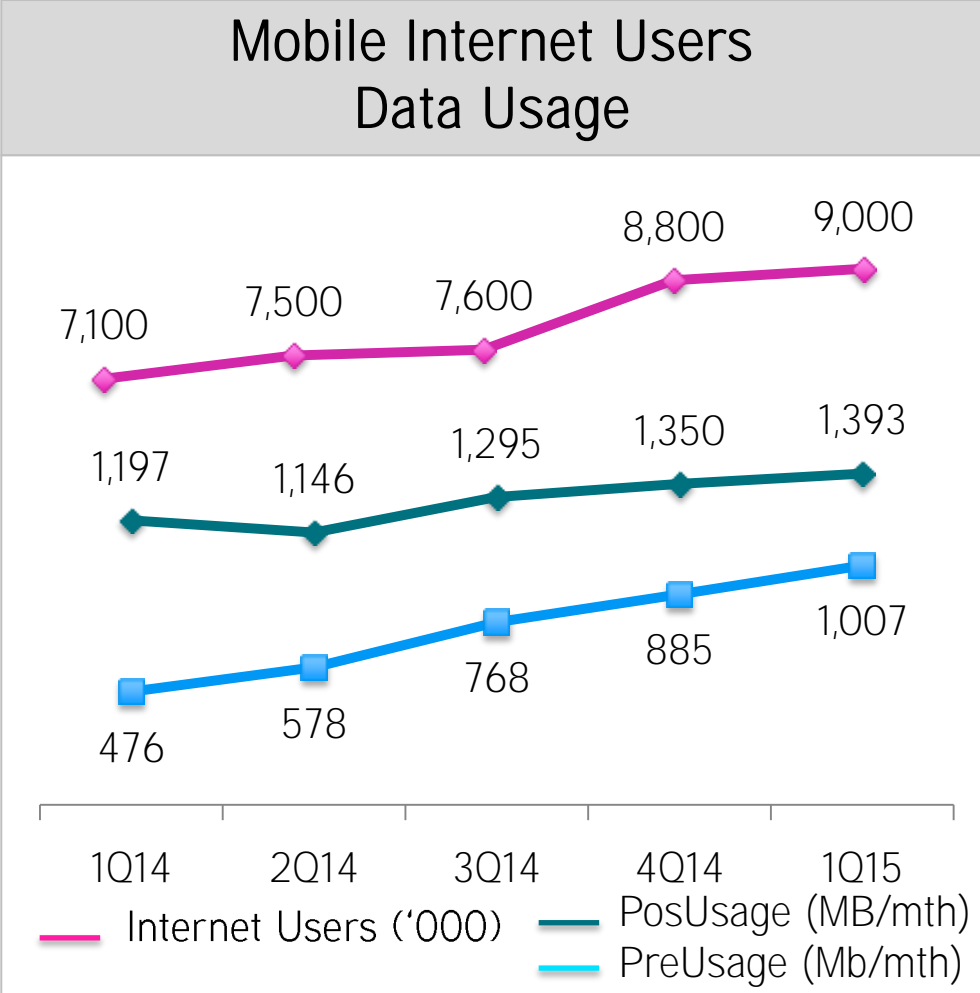
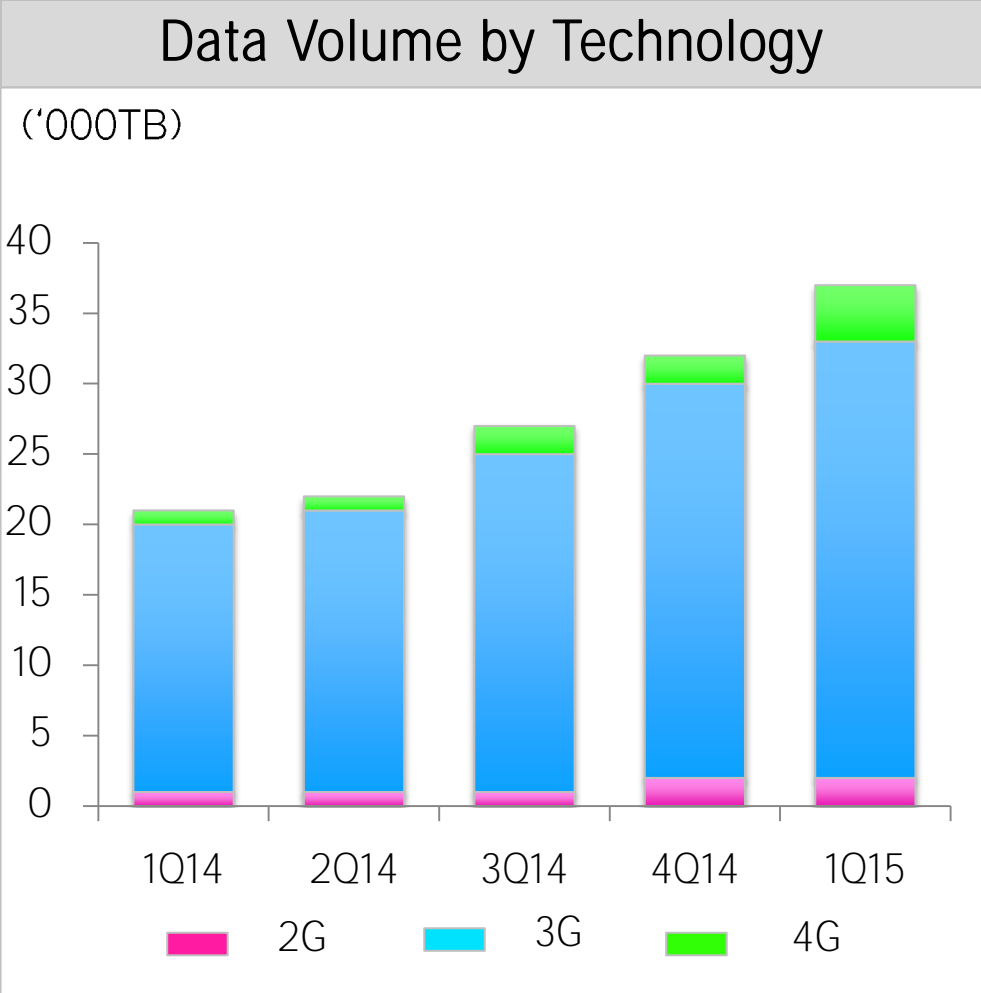
# Postpaid in transition; voice/SMS and pay per use data down, MaxisONE Plan has good traction



- Core revenue stable after adjusting for data re-pricing impact and favorable but seasonal roaming revenue in 4Q14
- Steady subscriber growth
- MaxisONE Plan subscriber base >350k, ARPU ~RM150



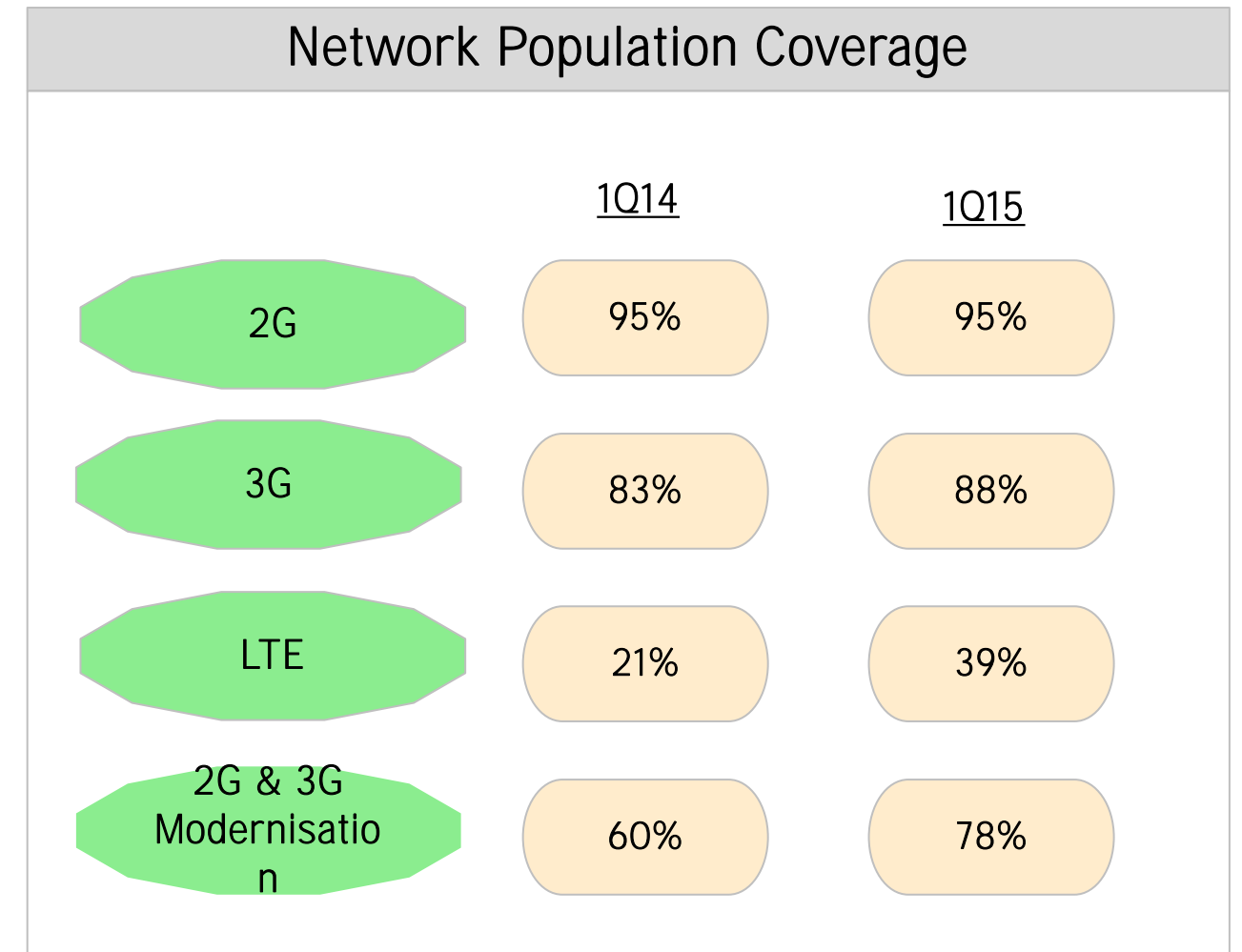
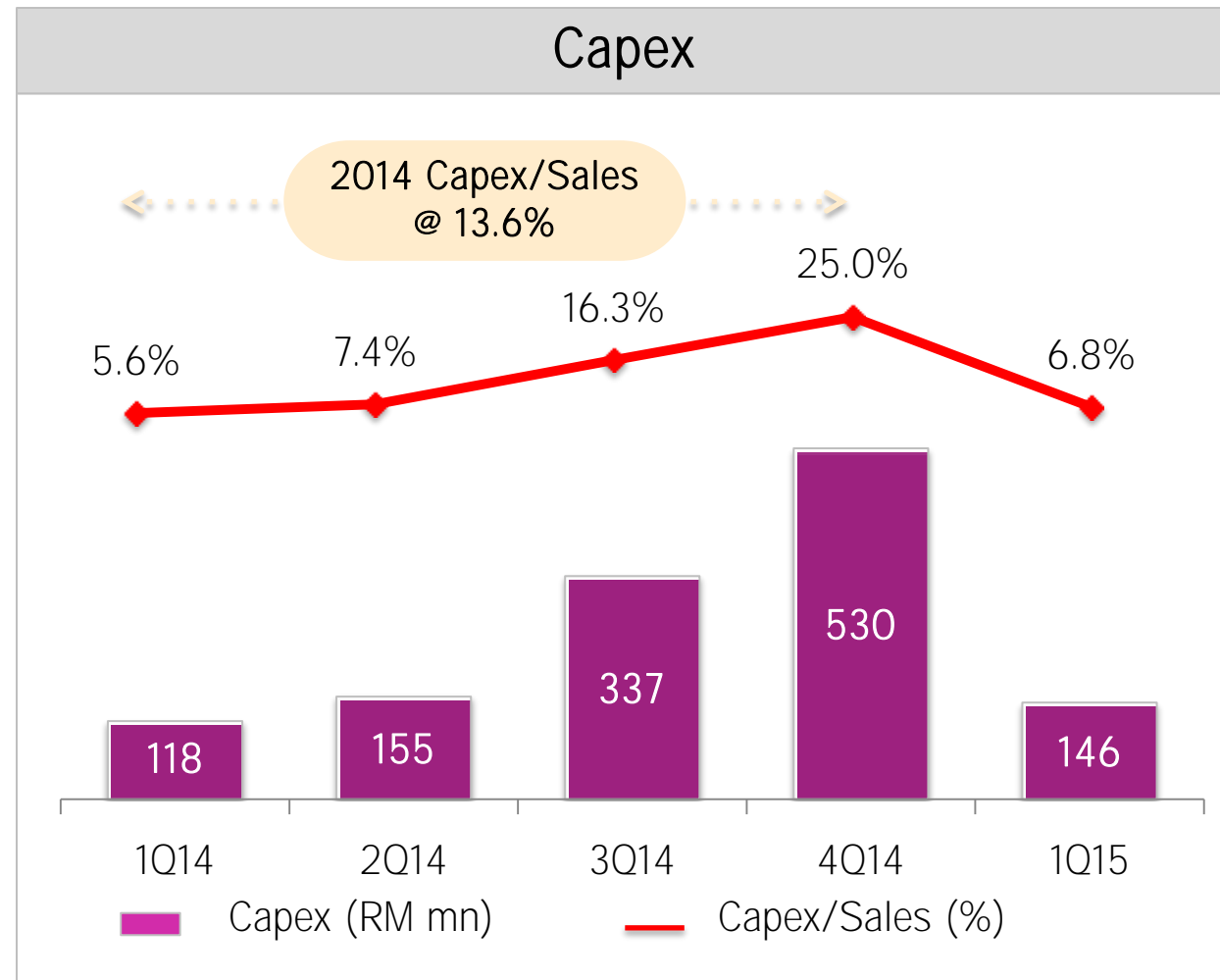
# Bundled propositions and rising 4G adoption stimulating data usage



- 1.5 million LTE users
- Postpaid average data consumption @1.4GB/month; prepaid @1G/month
- Video and web streaming accounting for ~80% of network traffic



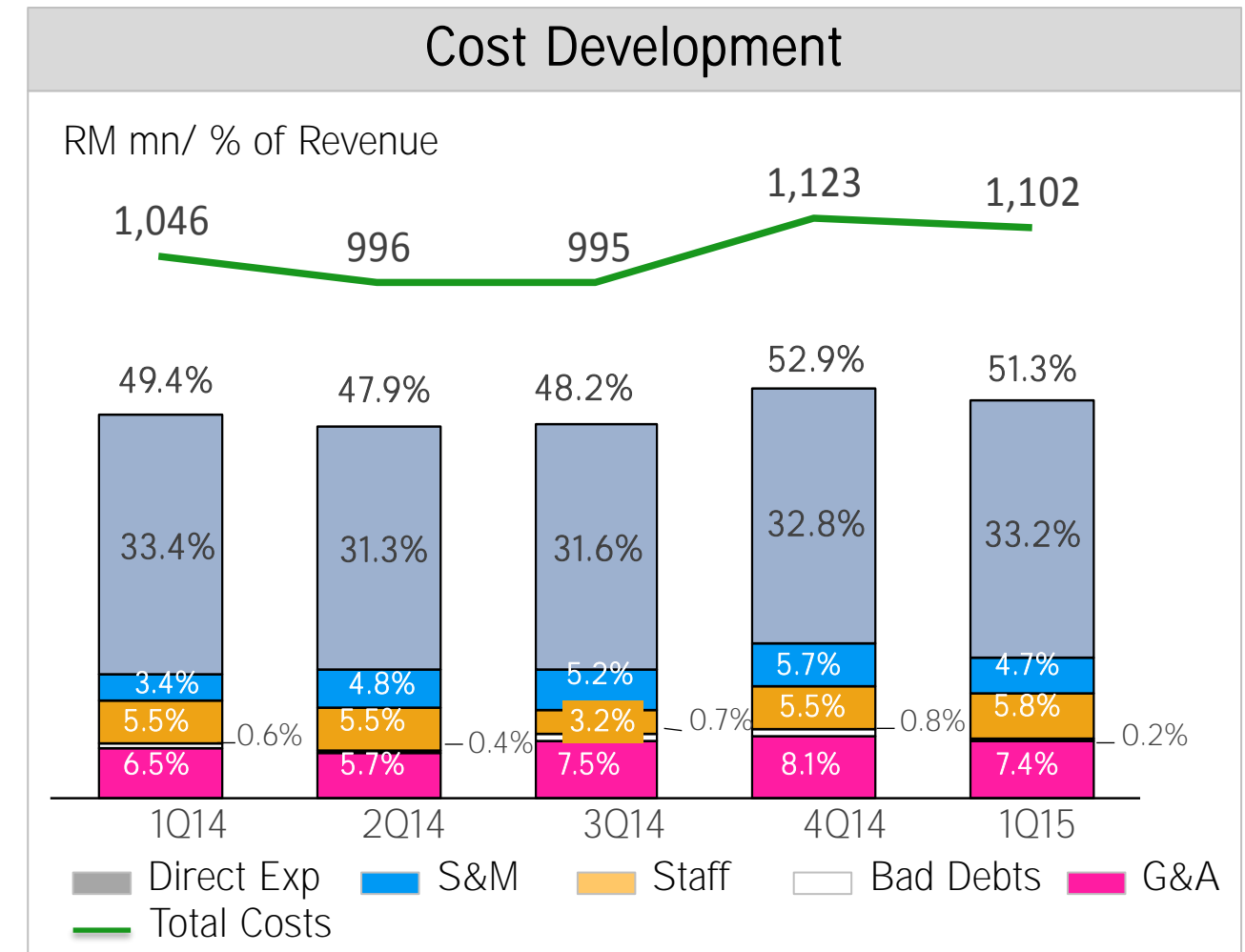
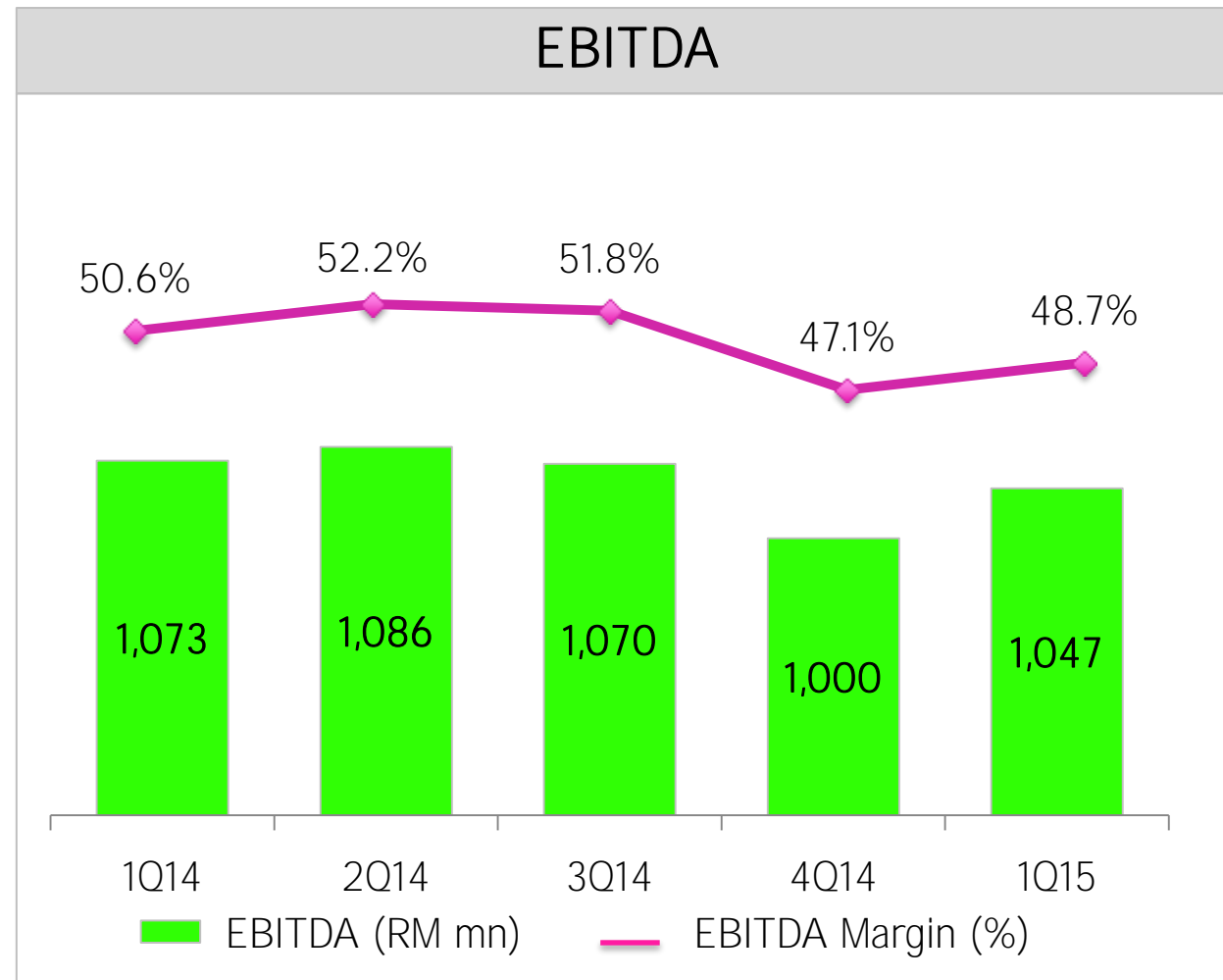
# Network investment to support future growth



- LTE expansion and completion of network modernisation to provide coverage completeness/contiguity and superior network experience



# Underlying EBITDA strengthening

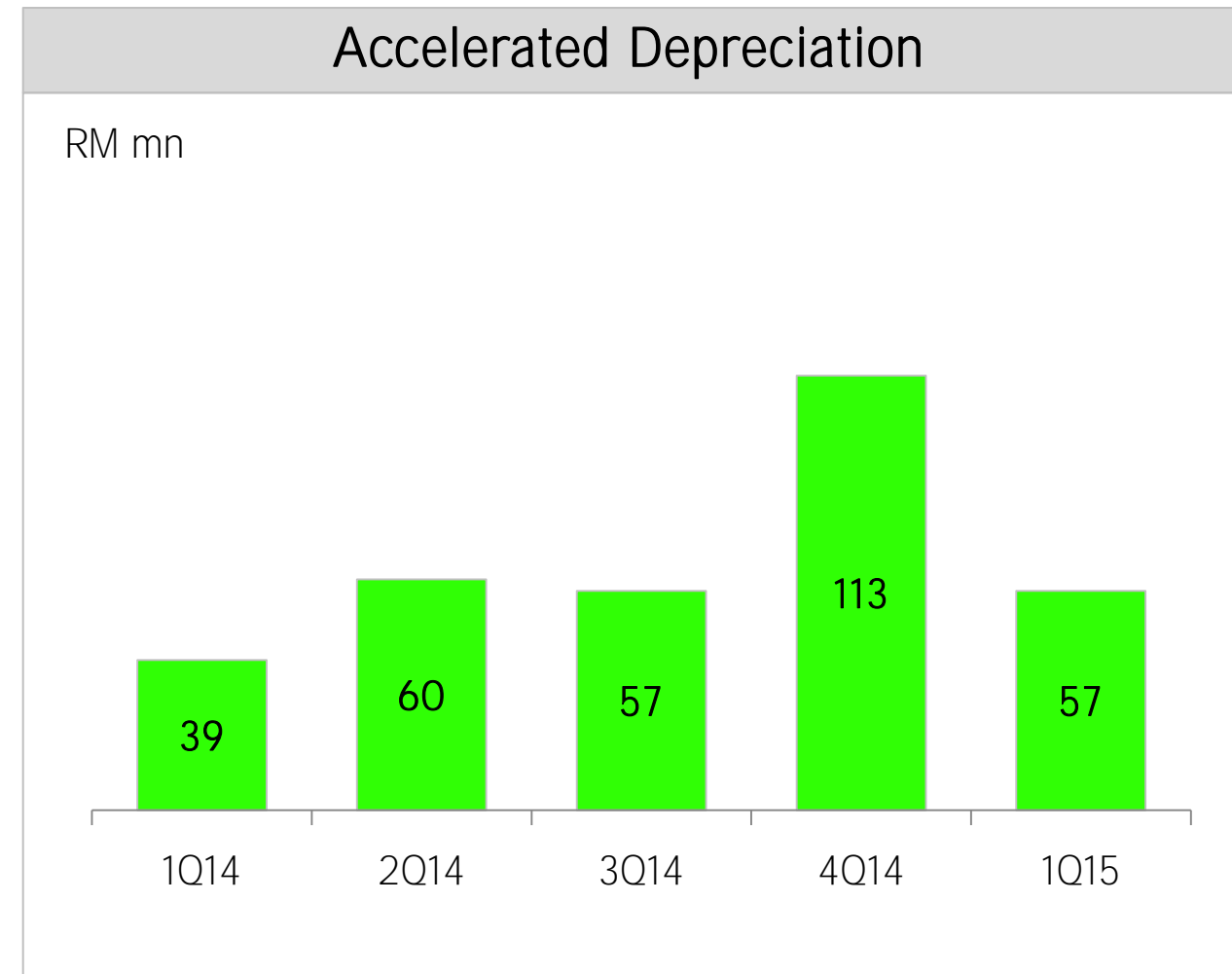
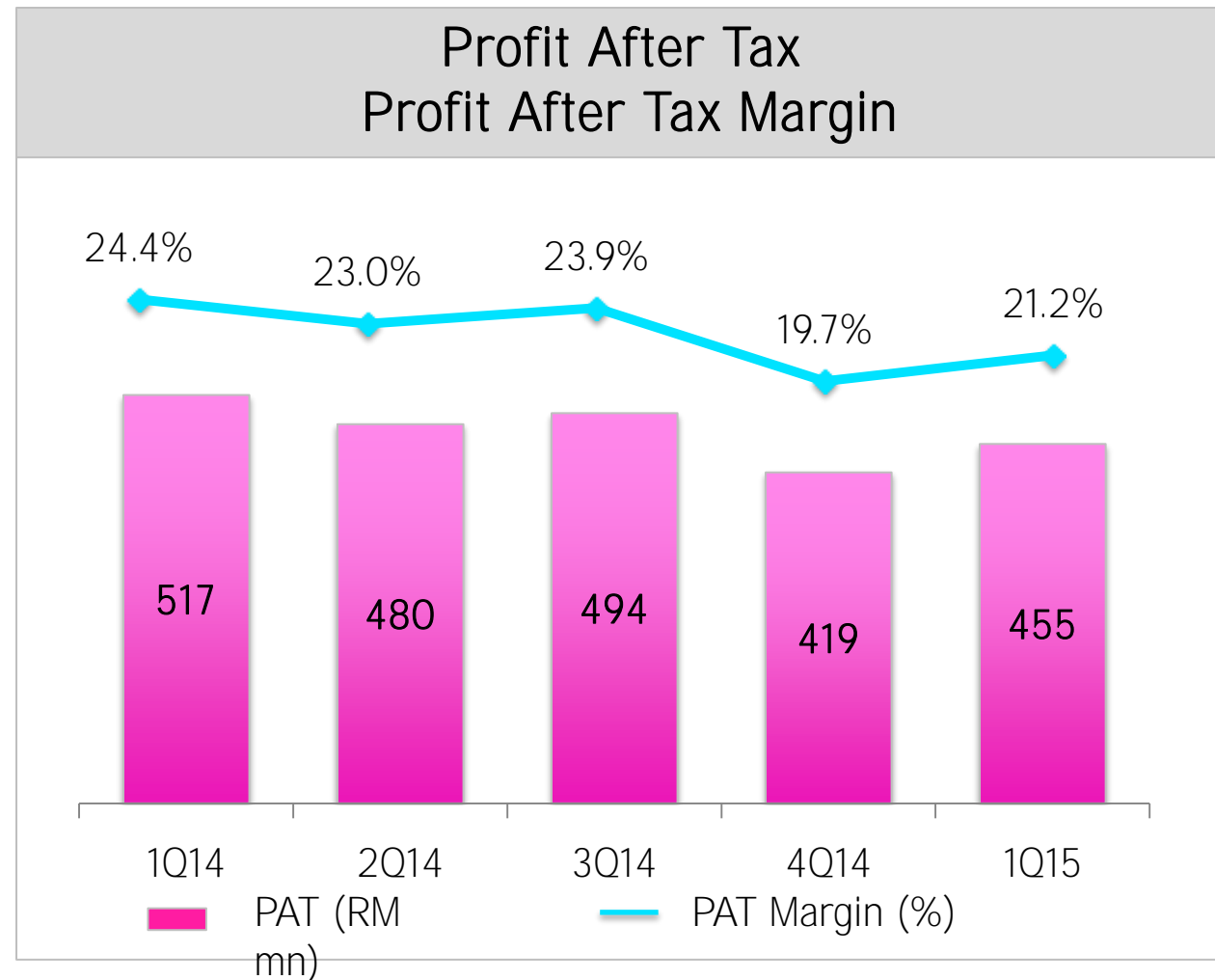


- YoY, EBITDA impacted by foreign exchange losses on the back of a weaker Ringgit
- QoQ, EBITDA strengthened on the back of higher revenue and effective cost management
- Service revenue EBITDA margin at 49.8% in 1Q against 48.6% in 4Q14





# Profit After Tax lifted by higher EBITDA



- 1Q PAT in-line with higher EBITDA and lower accelerated depreciation this quarter
- PAT includes RM43 million in accelerated depreciation net of tax (4Q14: RM84 million)
- YoY PAT impacted by lower EBITDA and PPE depreciation and write-off



# FY2015 – Priorities (maintained)

- 1 Accelerate data adoption and monetisation; it's all about the Internet
- 2 Commitment to superior network and service experience
- 3 Re-shape distribution/retail network
- 4 Continuous focus on operational efficiency and excellence

**RELOAD PLUS WITH FREE 4G LTE INTERNET**

**NEW 4G LTE**

Spotify, YouTube, Skype, TALK, TALK, TALK, TALK, TALK

**RELOADPLUS RM 15** **RM 15 TALKTIME TO ALL NETWORKS** + **FREE 4G LTE INTERNET FOR A WEEK**

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# FY2015 – Outlook

- Service revenue growth at low single digits
- EBITDA at similar level to FY2014
- Base capex spend ~RM1.1 billion
- Declared 5 sen per share first interim dividend

**KIDS + SMARTPHONES = ZERO BILL SHOCK**

Kids can't help but be tempted to play with these bright, fun, game-filled gadgets. But it shouldn't mean parents should be shocked when the bill comes. So here's our Zero Bill Shock Promise: never pay more than what you expect. And if you didn't intend to use it, we won't charge you for it. Because kids are full of surprises. But your bill shouldn't be.

**EXPERIENCE ZERO BILL SHOCK. EXPERIENCE THE DIFFERENCE.**

**ZERO BILL SHOCK PROMISE**

- Never worry about unintentional data usage
- Never worry about charges without warning
- Never worry about charges to any local number on MaxisONE Plan\*
- Never worry about data roaming charges in 106 countries

**Money-Back Guarantee:** Get a full bill waiver if you experience bill shock based on the above 4 promises.

For more information, please visit [maxis.com.my/zerobillshock](http://maxis.com.my/zerobillshock)

\*Not including 100/100 numbers.

**maxis**

thank you

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# APPENDICES



# Important definitions/notations

- **Service Revenue:** Group revenue excluding device & hubbing revenues
- **EBITDA margin on Service Revenue:** EBITDA that has been adjusted for costs solely related to the provision of service revenue defined above
- **Normalised EBITDA margin:** Normalised for one-off items in 3Q13, 4Q13 and 2Q14 amounting to RM102 mil, RM110 mil and RM22 mil respectively
- **Normalised PAT:** Normalised for one-off items after accounting for tax effects of RM76 mil in 3Q13, RM174 mil in 4Q13, RM29 mil in 1Q14, RM29 mil in 2Q14, RM43 mil in 3Q14 and RM84 million in 4Q14
- **Revenue generating subscribers (RGS30):** Defined as active line subscriptions and exclude those that does not have any revenue generating activities for more than 30 days
- **WBB subscription:** Subscriptions on data plans using USB modems and tablets
- **FBI:** Free basic internet
- **Smart-phone:** Any devices with growing apps stores and active developers
- **DCR:** Drop call rate
- **CSSR:** Call set up success rate



# Consolidated Income Statement

RM mn	Reported 4Q14	Reported 1Q15	QoQ chg	Normalised 4Q14	Normalised 1Q15	QoQ chg
<b>REVENUE</b>	2,123	2,149	+1.2%	2,123	2,149	+1.2%
Direct Exp	(696)	(713)		(696)	(713)	
Indirect Exp	(427)	(389)		(427)	(389)	
<b>Total Opex</b>	<b>(1,123)</b>	<b>(1,102)</b>	<b>-1.9%</b>	<b>(1,123)</b>	<b>(1,102)</b>	<b>-1.9%</b>
<b>EBITDA</b>	<b>1,000</b>	<b>1,047</b>	<b>+4.7%</b>	<b>1,000</b>	<b>1,047</b>	<b>+4.7%</b>
Margin	47.1%	48.7%		47.1%	48.7%	
Depreciation	(334)	(294)		(221)	(237)	
Amortisation	(61)	(61)		(61)	(61)	
Others	(5)	(6)		(5)	(6)	
<b>EBIT</b>	<b>600</b>	<b>686</b>	<b>+14.3%</b>	<b>713</b>	<b>743</b>	<b>+4.2%</b>
Interest Exp	(113)	(110)		(113)	(110)	
Interest Inc	15	14		15	14	
<b>PBT</b>	<b>502</b>	<b>590</b>	<b>+17.5%</b>	<b>615</b>	<b>647</b>	<b>+5.2%</b>
Tax	(167)	(178)		(196)	(192)	
<b>PAT</b>	<b>335</b>	<b>412</b>	<b>+23.0%</b>	<b>419</b>	<b>455</b>	<b>+8.6%</b>





# Cash Flow Statement

RM mn	1Q14	2Q14	3Q14	4Q14	1Q15
Cash flow from operating activities	447	1,178	1,146	1,336	856
Cash flow used in investing activities	(155)	(91)	(389)	(597)	(256)
Purchase of property, plant & equipment	(100)	(21)	(338)	(519)	(146)
Proceeds from disposal of PPE	-	-	2	2	-
Purchase of intangible assets	(55)	(70)	(53)	(80)	(110)
Cash flow before financing activities	292	1,087	757	739	600
Cash flow used in financing activities	(109)	(725)	(634)	(684)	(796)
Dividends paid	-	(1,801)	(600)	(601)	(600)
Debt drawdown	-	1,150	1,000	-	350
Debt repayment	-	-	(921)	-	(421)
Payment of finance costs	(117)	(74)	(114)	(86)	(129)
Others	8	-	1	3	4
<b>Net change in cash</b>	<b>183</b>	<b>362</b>	<b>123</b>	<b>55</b>	<b>(196)</b>
Opening Cash Balance	808	991	1,353	1,476	1,531
<b>Closing Cash Balance</b>	<b>991</b>	<b>1,353</b>	<b>1,476</b>	<b>1,531</b>	<b>1,335</b>

RM mn	4Q14	1Q15
Debt#	8,798	8,723
Cash	1,531	1,335
<b>Net Debt</b>	<b>7,267</b>	<b>7,388</b>
<b>Total Equity</b>	<b>4,738</b>	<b>4,540</b>

Ratios	4Q14	1Q15
Net debt to EBITDA*	1.72x	1.78x
Net debt to Equity	1.53x	1.63x

# Includes derivative financial instruments for hedging; excludes vendor financing

\* Annualised



# Key Financial Data

## FINANCIALS

(RM mn)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Total Revenue	2,327	2,294	2,239	2,224	2,119	2,082	2,065	2,123	2,149
- <i>Service</i>	2,143	2,136	2,127	2,108	2,037	2,049	2,049	2,094	2,127
- <i>Mobile</i>	2,066	2,062	2,051	2,024	1,953	1,958	1,954	1,992	2,024
- <i>EntFixed</i>	63	58	58	61	59	62	64	68	65
- <i>IntSer(Home)</i>	14	16	18	23	25	29	31	34	38
- <i>Non-Service</i>	184	158	112	116	82	33	16	29	22
- <i>Device</i>	125	95	43	56	40	5	2	7	9
- <i>Hubbing</i>	59	63	69	60	42	28	14	22	13
EBITDA Margin on Service Revenue	53.0%	54.4%	49.6%	46.4%	53.0%	53.5%	52.7%	48.6%	49.8%
Mobile Revenue*	2,066	2,062	2,051	2,024	1,953	1,958	1,954	1,992	2,024
- <i>Prepaid</i>	1,069	1,047	1,055	1,008	969	972	992	1,007	1,052
- <i>Postpaid</i>	997	1,015	996	1,016	984	986	962	985	972



# Key Financial Data

## REPORTED - FINANCIALS

(RM mn)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Total Revenue	2,327	2,294	2,239	2,224	2,119	2,082	2,065	2,123	2,149
Total Expenses	1,205	1,129	1,187	1,253	1,046	996	995	1,123	1,102
- <i>Direct</i>	801	787	738	763	707	652	652	696	713
- <i>Indirect</i>	404	342	449	490	339	344	343	427	389
EBITDA	1,122	1,165	1,052	971	1,073	1,086	1,070	1,000	1,047
PBT	666	735	667	428	657	634	643	502	590
PAT	476	530	474	292	488	451	451	335	412
EBITDA Margin	48.2%	50.8%	47.0%	43.7%	50.6%	52.2%	51.8%	47.1%	48.7%
PAT Margin	20.5%	23.1%	21.2%	13.1%	23.0%	21.7%	21.8%	15.8%	19.2%

## REPORTED - COSTS

(RM mn)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Total Expenses	1,205	1,129	1,187	1,253	1,046	996	995	1,123	1,102
Direct Expenses	801	787	738	763	707	652	652	696	713
Indirect Expenses	404	342	449	490	339	344	343	427	389
- <i>S&amp;M</i>	90	78	87	108	71	100	107	122	103
- <i>Staff Costs</i>	135	111	218	154	117	115	66	116	124
- <i>Bad Debts</i>	20	16	8	21	12	9	15	18	4
- <i>G&amp;A</i>	158	138	136	207	139	120	154	171	158



# Key Financial Data

## NORMALISED - FINANCIALS

(RM mn)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Total Revenue	2,327	2,294	2,239	2,224	2,119	2,082	2,065	2,123	2,149
Total Expenses	1,205	1,129	1,085	1,143	1,046	1,018	995	1,123	1,102
- <i>Direct</i>	801	787	738	759	707	652	652	696	713
- <i>Indirect</i>	404	342	347	384	339	366	343	427	389
EBITDA	1,122	1,165	1,154	1,081	1,073	1,064	1,070	1,000	1,047
PBT	726	775	769	660	696	672	700	615	647
PAT	521	560	550	466	517	480	494	419	455
EBITDA Margin	48.2%	50.8%	51.5%	48.6%	50.6%	51.1%	51.8%	47.1%	48.7%
PAT Margin	22.4%	24.4%	24.6%	21.0%	24.4%	23.1%	23.9%	19.7%	21.2%

## NORMALISED - COSTS

(RM mn)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Total Expenses	1,205	1,129	1,085	1,143	1,046	1,018	995	1,123	1,102
Direct Expenses	801	787	738	759	707	652	652	696	713
Indirect Expenses	404	342	347	384	339	366	343	427	389
- <i>S&amp;M</i>	91	77	87	108	71	100	107	122	103
- <i>Staff Costs</i>	135	111	116	113	117	115	66	116	124
- <i>Bad Debts</i>	20	16	9	21	12	9	15	18	4
- <i>G&amp;A</i>	158	138	135	142	139	142	155	171	158



# Key Operational Data

## CUSTOMERS (Market Definition)

('000)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Mobile Subs	14,136	13,873	13,213	12,893	12,602	12,401	12,415	12,913	13,260
- Prepaid	10,780	10,497	9,845	9,528	9,238	9,042	9,081	9,624	9,979
- Postpaid	3,356	3,376	3,368	3,365	3,364	3,359	3,334	3,289	3,280
WBB*	673	663	636	596	569	532	495	440	412
Mobile Internet Users	7,900	8,000	6,900	7,300	7,100	7,500	7,600	8,800	9,000
Home Connections	31	36	43	52	59	66	72	80	89

## ARPUs and MOUs (Market Definition)

(RM/mth)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Postpaid#									
- ARPU	102	103	100	101	96	97	94	97	95
Prepaid									
- ARPU	32	31	33	33	33	34	35	35	35
- MOU (min/mth)	125	119	116	117	118	124	131	133	126
Blended									
- ARPU	46	46	48	49	48	50	50	50	48

\* WBB subscriptions defined as subscriptions on data plans using USB modems and tablets – included in postpaid subscriptions

# Commencing 1Q15, postpaid MOU is no longer disclosed as we are not applying fair value to our bundled plans such as MaxisONE Plan



# Key Operational Data

## CUSTOMERS (RGS30)

('000)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Mobile Subs	11,532	11,310	11,003	11,048	11,076	11,146	11,338	11,864	12,192
- Prepaid	8,289	8,054	7,759	7,797	7,822	7,903	8,120	8,656	8,992
- Postpaid	2,634	2,664	2,683	2,721	2,749	2,781	2,786	2,809	2,823
WBB*	608	592	561	530	505	462	432	398	377

## ARPUs (RGS30)

(RM/mth)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Postpaid#									
- ARPU	103	104	101	101	97	98	95	98	96
Prepaid									
- ARPU	41	40	42	42	40	40	40	39	38
Blended									
- ARPU	57	57	58	58	55	56	55	54	53

\* WBB subscriptions defined as subscriptions on data plans using USB modems and tablets – included in postpaid subscriptions

# Commencing 1Q15, postpaid MOU is no longer disclosed as we are not applying fair value to our bundled plans such as MaxisONE Plan



# Key Operational Data

## SMART PHONE PENETRATION

(%)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15
Blended	25	29	33	38	43	48	54	57	57
- Prepaid	20	23	27	32	38	43	50	54	55
- Postpaid	49	53	56	59	61	64	67	67	70

