

Financial Results

First Quarter 2016

21 April 2016

1Q16 – Stable financial performance

- YoY service revenue stable; QoQ in-line with 1Q seasonality
- Postpaid growth driven by MaxisONE Plan, Prepaid impacted by promotional competition
- Underlying EBITDA stable; adjusted for forex and service tax impact
- Continued to lead in high performing 4G LTE network; 74% population coverage and expanding
- Declared first interim dividend of 5 sen net per share; payable on 29 June 2016



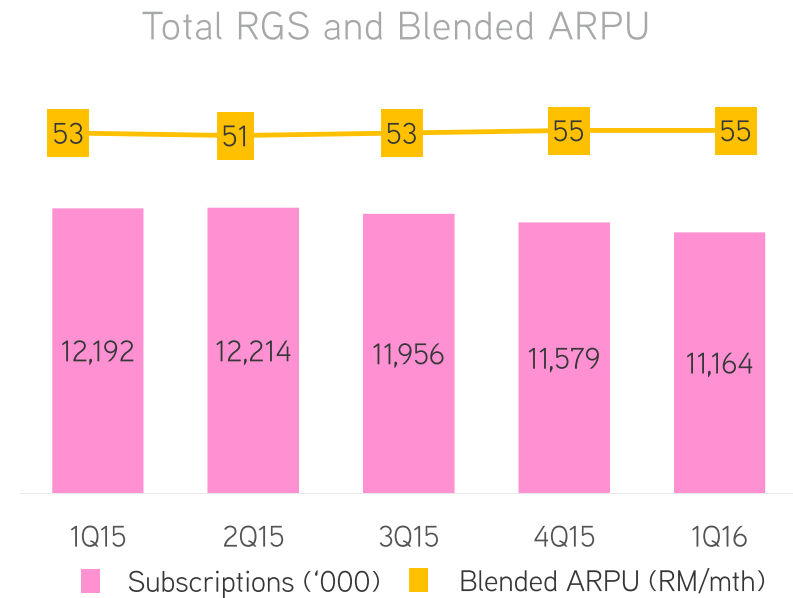
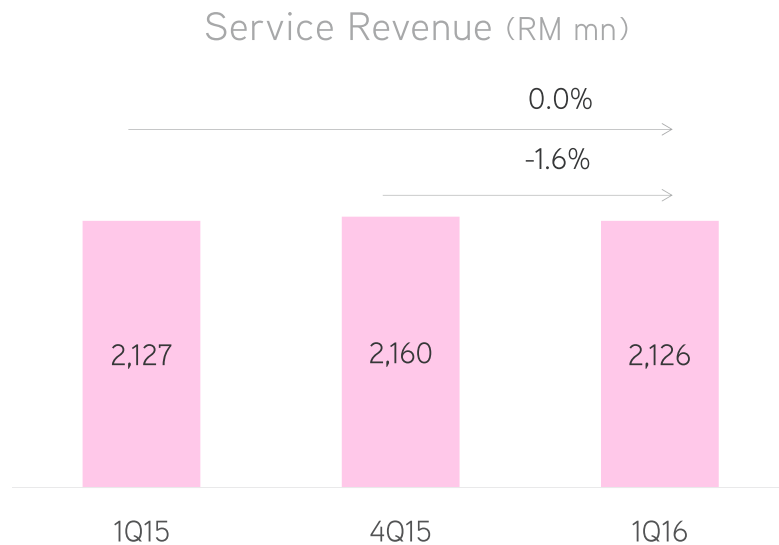
Key numbers

(RM mn)	1Q15	4Q15	1Q16	QoQ	YoY
Service Revenue	2,127	2,160	2,126	-1.6%	0.0%
EBITDA	1,083	1,121	1,156	+3.1%	+6.7%
EBITDA margin on service revenue	50.9%	51.9%	54.4%	+2.5pp	+3.5pp
Profit After Tax	482	477	484	+1.5%	+0.4%
Prepaid Revenue	1,052	1,041	1,015	-2.5%	-3.5%
Postpaid Revenue	972	1,011	994	-1.7%	+2.3%

EBITDA, EBITDA margin and Profit After Tax on normalised basis



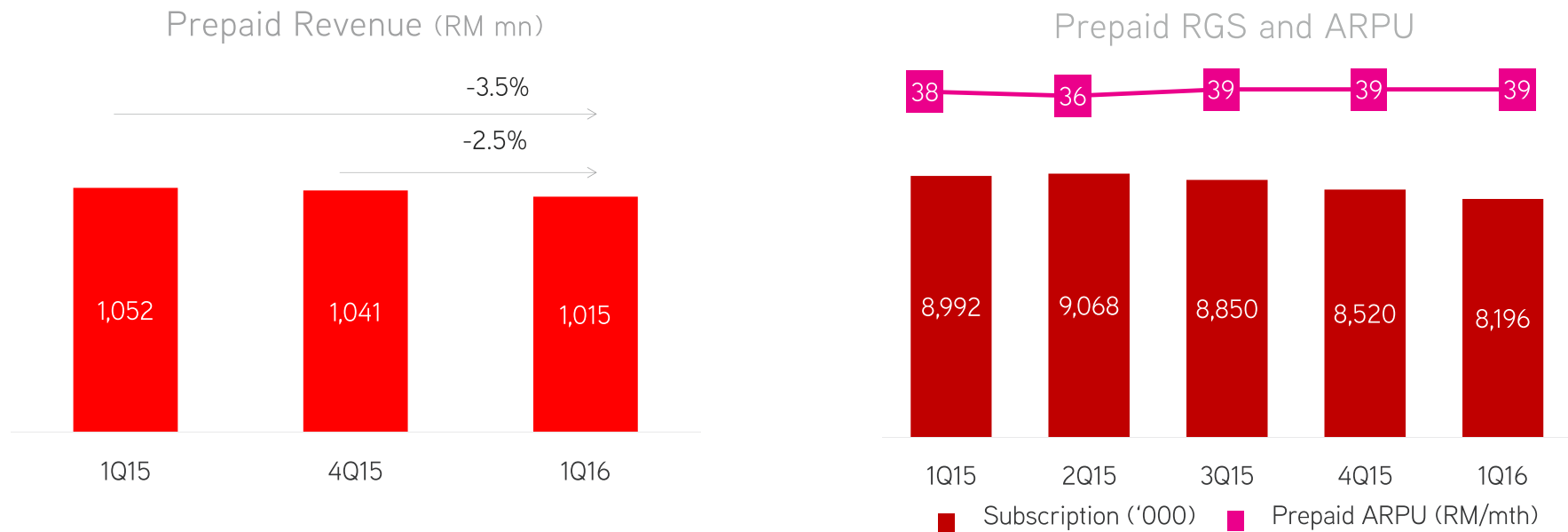
Service revenue YoY stable; QoQ impacted by price-focused competition and seasonality



- Lower subscription base reflecting soft acquisition momentum on the back of price-focused competition
- ARPU supported by bundling and all-in-one pricing which continued to attract high ARPU customers



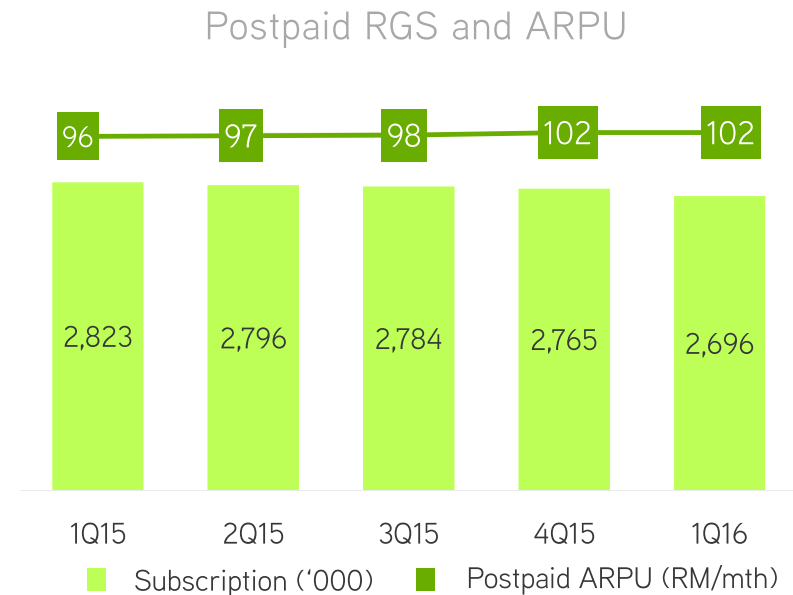
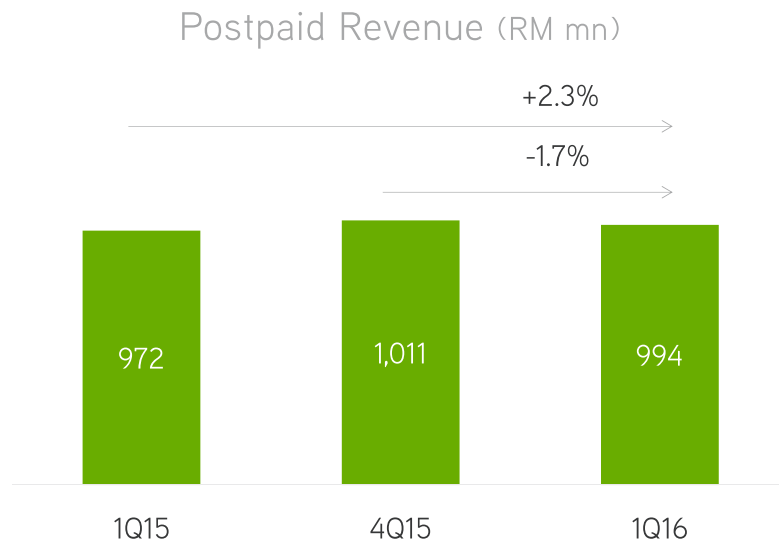
Prepaid – Soft acquisition momentum on the back of price-focused competition



- Focus on growing MI penetration of prepaid RGS base; >50% in 1Q
- Continued good traction on MI ARPU; mitigating voice and SMS decline
- Share of foreign worker segment stable; next growth spurt to come from MI ARPU growth



Postpaid revenue and ARPU growth driven by MaxisONE Plan



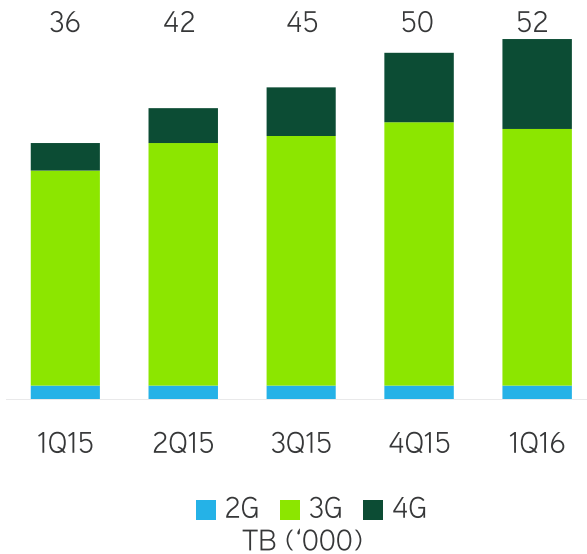
- 1Q revenue decline driven mainly by lower seasonal roaming revenue
- Bundled revenue now at >50% of total postpaid revenue
- 962k MaxisONE Plan subscriptions and ARPU remained stable RM150/month



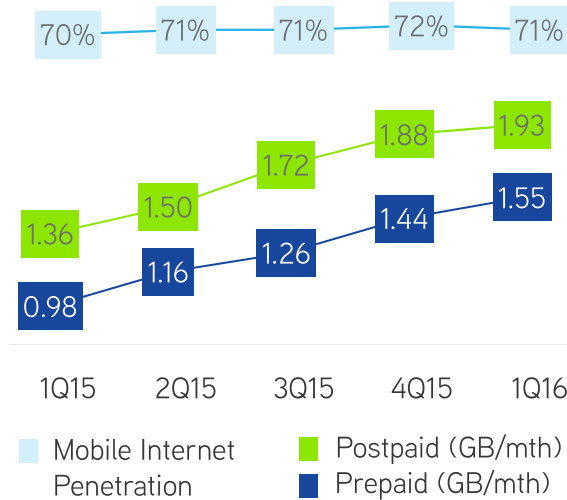
Solid momentum in 4G adoption

LTE device doubled in last 12 months

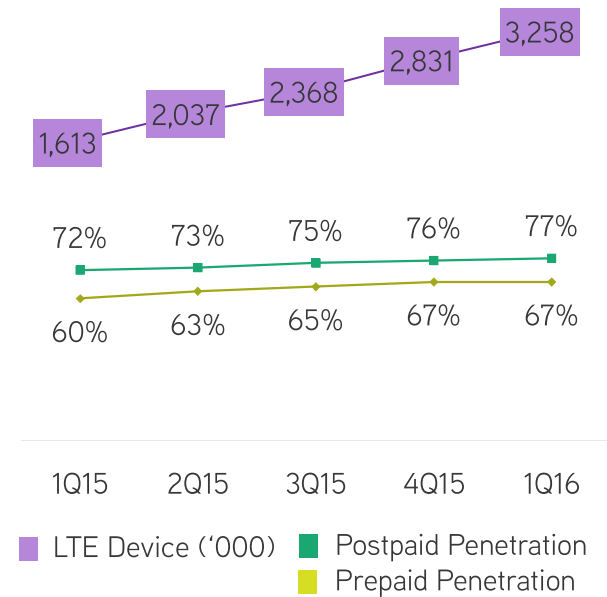
Data Volume



Mobile Internet Penetration
Data Usage



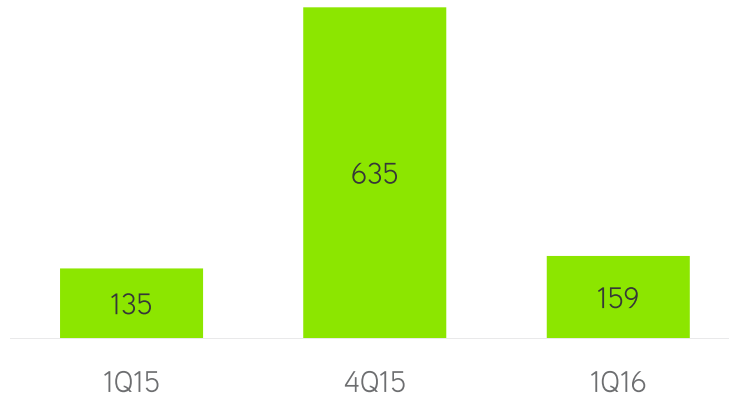
LTE Device
Smart-phone Penetration



Annual capex as guided; investment to accelerate

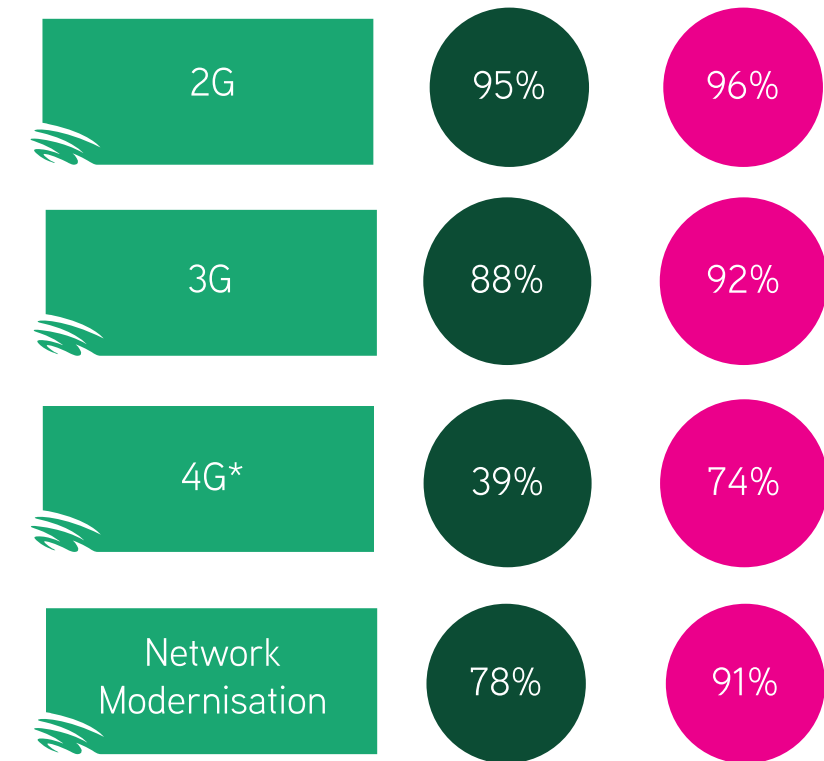
Focus on expanding 4G coverage and enhance “Always On” data experience

Capex (RM mn)



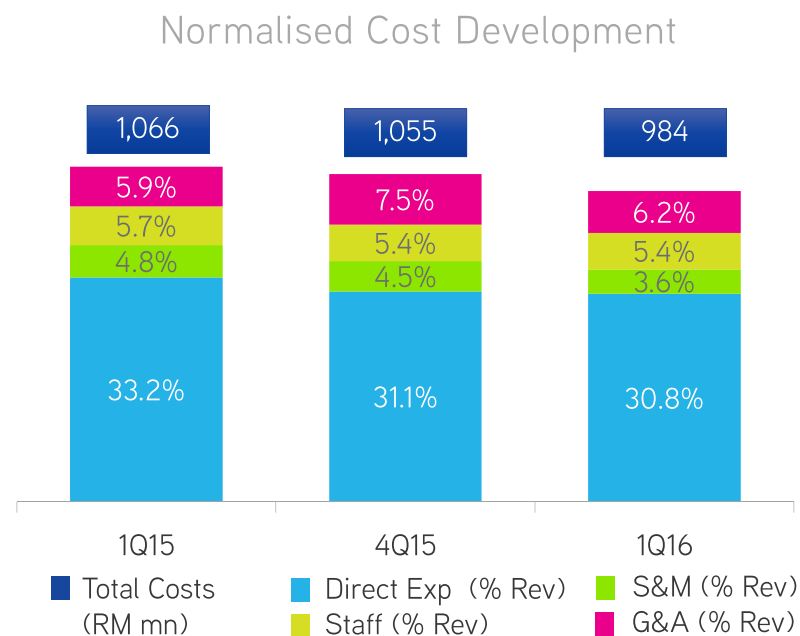
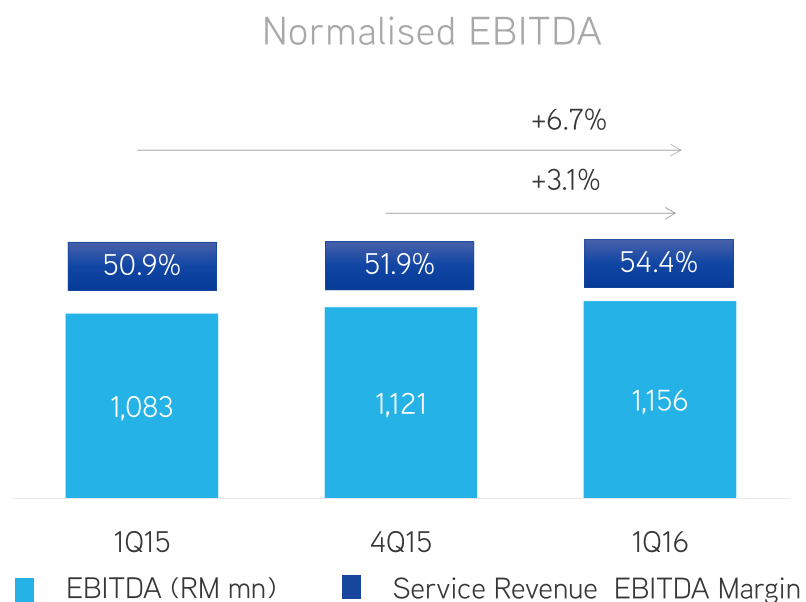
- 4G LTE pop coverage at 81% on comparable basis to peers
- 4G LTE now available in 36 key towns/cities in East Malaysia
 - 90% or more population coverage in Kota Kinabalu & Kuching
 - Exceeding three quarter population coverage for other key towns (including Sandakan, Lahad Datu, Tawau, Sibul, Bintulu & Miri)

Network Population Coverage



*Based on stringent -98dBm quality criteria

Underlying EBITDA stable excluding forex and service tax impact

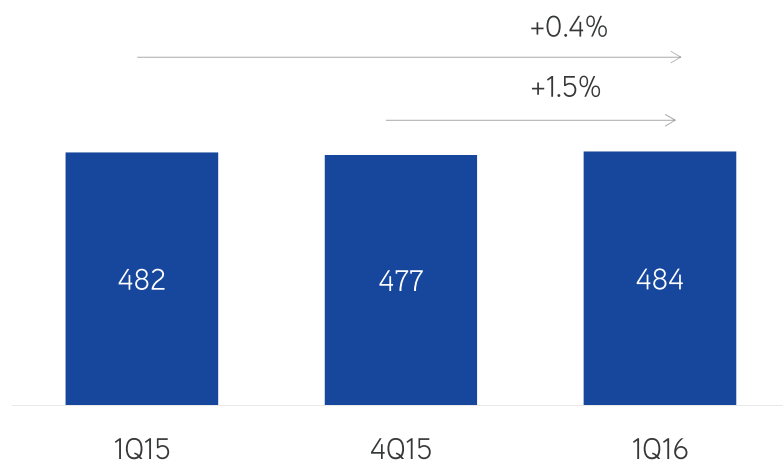


- YoY cost reduction driven mainly by the removal of service tax and lower S&M spend
- QoQ due to lower traffic-related costs and S&M spend

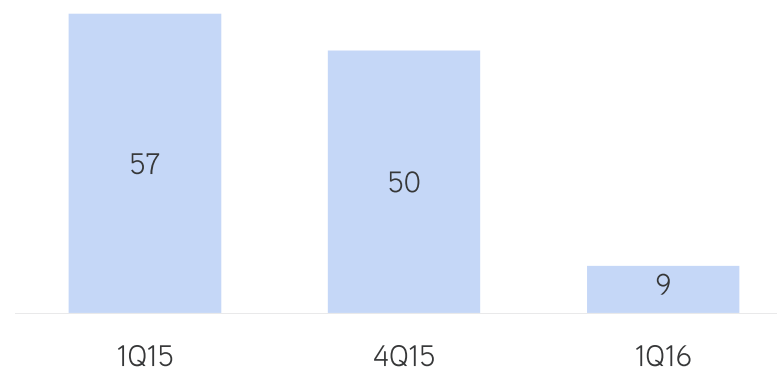


Stable Profit after Tax

Normalised Profit after Tax (RM mn)



Accelerated Depreciation (RM mn)



- 1Q PAT excludes RM43 million unrealised forex gains (4Q15: RM31 million) and RM7 million accelerated depreciation net of tax (4Q15: RM38 million)
- 1Q lower accelerated depreciation reflecting near completion of network modernisation programmes



Summary

- 1Q stable financial performance in a challenging market
- Continue investment in best network for superior “Always On” data experience
- Digital transformation on track
- Competitive offerings launching and more to come
- 2016 outlook: Service revenue, absolute EBITDA and base capex at similar levels to FY2015





Q & A



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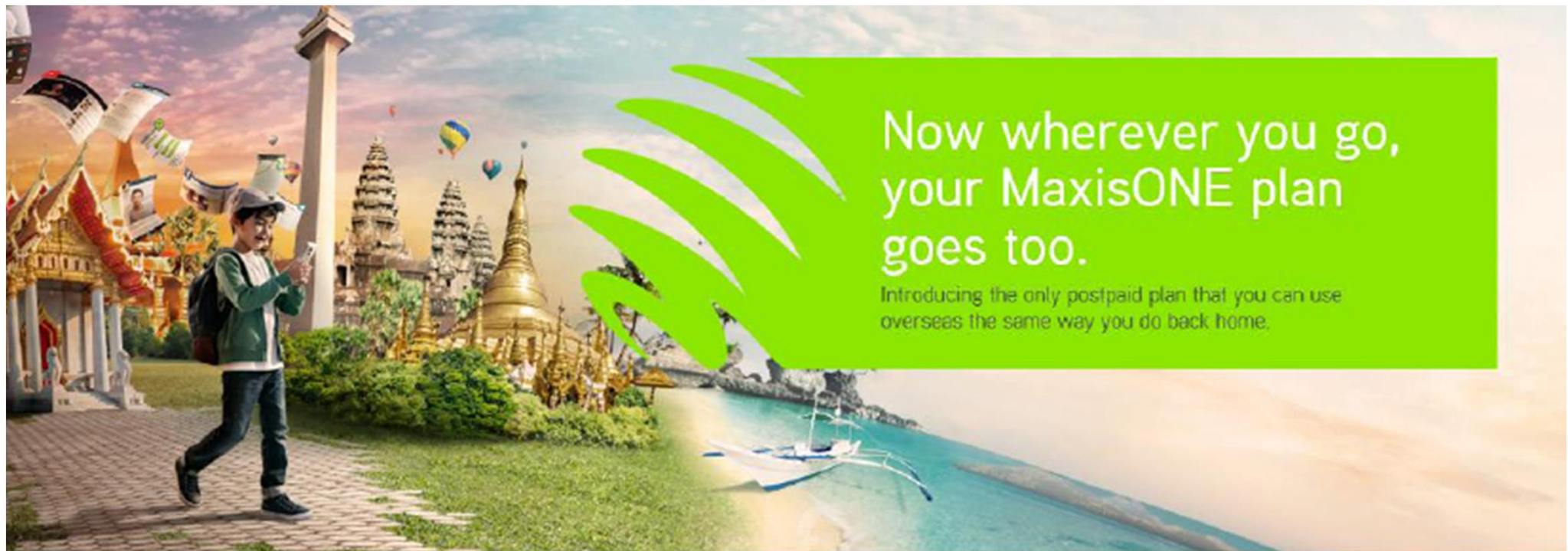


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Appendices



Important definitions/notations

- Service Revenue: Group revenue excluding device & hubbing revenue
- EBITDA margin on Service Revenue: EBITDA as percentage of service revenue
- Normalised PAT: Adjusting for net of tax effect: (i) accelerated depreciation of RM43 million in 1Q15, RM38 million in 4Q15 and RM7 million in 1Q16; (ii) unrealised forex losses of RM27 million in 1Q15; and (iii) unrealised forex gains of RM31 million in 4Q15 and RM43 million in 1Q16
- Free Cash Flow: Cash Flow from Operations – Cash Flow from Investing Activities – Interest paid – Finance lease repayment
- Revenue generating subscriber/subscription (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



Reported Consolidated Income Statement

Reported (RM mn)	1Q15	2Q15	3Q15	4Q15	1Q16	QoQ chg	YoY chg
REVENUE	2,149	2,110	2,166	2,176	2,140	-1.7%	-0.4%
Direct Exp	(713)	(650)	(689)	(676)	(656)	-3.0%	-8.0%
Indirect Exp	(389)	(359)	(456)	(338)	(271)	-19.8%	-30.3%
Total Exp	(1,102)	(1,009)	(1,145)	(1,014)	(927)	-8.6%	-15.9%
EBITDA	1,047	1,101	1,021	1,162	1,213	+4.4%	+15.9%
Margin	48.7%	52.2%	47.1%	53.4%	56.7%	+3.3pp	+8.0pp
Depreciation	(294)	(296)	(265)	(299)	(269)		
Amortisation	(61)	(67)	(71)	(79)	(86)		
Others	(6)	(2)	(9)	(10)	(18)		
EBIT	686	736	676	774	840	+8.5%	+22.4%
Interest Exp	(110)	(117)	(125)	(116)	(120)		
Interest Inc	14	12	15	15	14		
PBT	590	631	566	673	734	+9.1%	+24.4%
Tax	(178)	(188)	(144)	(203)	(214)		
PAT	412	443	422	470	520	+10.6%	+26.2%



Normalised Consolidated Income Statement

Normalised (RM mn)	1Q15	2Q15	3Q15	4Q15	1Q16	QoQ chg	YoY chg
REVENUE	2,149	2,110	2,166	2,176	2,140	-1.7%	-0.4%
Direct Exp	(713)	(650)	(687)	(678)	(660)	-2.7%	-7.4%
Indirect Exp	(353)	(350)	(368)	(377)	(324)	-14.1%	-8.2%
Total Exp	(1,066)	(1,000)	(1,055)	(1,055)	(984)	-6.7%	-7.7%
EBITDA	1,083	1,110	1,111	1,121	1,156	+3.1%	+6.7%
Margin	50.4%	52.6%	51.3%	51.5%	54.0%	+2.5pp	+3.6pp
Depreciation	(237)	(240)	(238)	(249)	(260)		
Amortisation	(61)	(67)	(71)	(79)	(86)		
Others	(6)	(2)	(9)	(10)	(18)		
EBIT	779	801	793	783	792	+1.1%	+1.7%
Interest Exp	(110)	(117)	(125)	(116)	(120)		
Interest Inc	14	12	15	15	14		
PBT	683	696	683	682	686	+0.6%	+0.4%
Tax	(201)	(205)	(173)	(205)	(202)		
PAT	482	491	510	477	484	+1.5%	+0.4%



Cash Flow Statement

RM mn	1Q15	2Q15	3Q15	4Q15	1Q16
Cash flow from operating activities	856	841	1,109	1,267	705
Cash flow used in investing activities	(256)	(398)	(429)	(796)	(259)
Purchase of property, plant & equipment	(146)	(317)	(357)	(692)	(183)
Proceeds from disposal of PPE	-	1	-	1	2
Purchase of intangible assets	(110)	(82)	(72)	(105)	(78)
Cash flow before financing activities	600	443	680	471	446
Cash flow used in financing activities	(796)	(221)	(934)	(478)	(956)
Dividends paid	(600)	(976)	(375)	(376)	(376)
Debt drawdown	350	840	-	-	-
Debt repayment	(421)	-	(421)	-	(421)
Payment of finance costs	(129)	(92)	(139)	(101)	(156)
Others	4	7	1	(1)	(3)
Net change in cash	(196)	222	(254)	(7)	(510)
Opening Cash Balance	1,531	1,335	1,557	1,303	1,296
Closing Cash Balance	1,335	1,557	1,303	1,296	786

RM mn	4Q15	1Q16
Debt#	9,130	8,695
Cash	1,296	786
Net Debt	7,834	7,909
Total Equity	4,220	4,340

Ratios	4Q15	1Q16
Net debt to EBITDA*	1.81x	1.63x
Net debt to Equity	1.86x	1.82x

Includes derivative financial instruments designated for hedging relationship on borrowings; excludes vendor financing

* EBITDA calculated as annualised YTD EBITDA



Revenue Composition

(RM mn)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Total Revenue	2,119	2,082	2,065	2,123	2,149	2,110	2,166	2,176	2,140
- Service	2,037	2,049	2,049	2,094	2,127	2,094	2,158	2,160	2,126
- Mobile	1,953	1,958	1,954	1,992	2,024	1,989	2,050	2,052	2,009
- EntFixed	59	62	64	68	65	64	63	61	67
- Integrated Ser	25	29	31	34	38	41	45	47	50
- Non-Service	82	33	16	29	22	16	8	16	14
- Device	40	5	2	7	9	6	4	12	12
- Hubbing	42	28	14	22	13	10	4	4	2
Normalised EBITDA Margin on Service Revenue	52.8%	51.9%	52.7%	49.4%	50.9%	53.0%	51.5%	51.9%	54.4%
(RM mn)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Mobile Revenue*	1,953	1,958	1,954	1,992	2,024	1,989	2,050	2,052	2,009
- Prepaid	969	972	992	1,007	1,052	1,015	1,076	1,041	1,015
- Postpaid	984	986	962	985	972	974	974	1,011	994

Note:

Commencing 1Q15, further breakdowns of mobile revenue are not disclosed as we are not applying fair value to new bundled plans including the MaxisONE Plan



Reported Financials and Costs

(RM mn)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Total Revenue	2,119	2,082	2,065	2,123	2,149	2,110	2,166	2,176	2,140
Total Expenses	1,046	996	995	1,123	1,102	1,009	1,145	1,014	927
- Direct	707	652	652	696	713	650	689	676	656
- Indirect	339	344	343	427	389	359	456	338	271
EBITDA	1,073	1,086	1,070	1,000	1,047	1,101	1,021	1,162	1,213
PBT	657	634	643	502	590	631	566	673	734
PAT	488	451	451	335	412	443	422	470	520
EBITDA Margin	50.6%	52.2%	51.8%	47.1%	48.7%	52.2%	47.1%	53.4%	56.7%
PAT Margin	23.0%	21.7%	21.8%	15.8%	19.2%	21.0%	19.5%	21.6%	24.3%

(RM mn)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Total Expenses	1,046	996	995	1,123	1,102	1,009	1,145	1,014	927
Direct Expenses	707	652	652	696	713	650	689	676	656
Indirect Expenses	339	344	343	427	389	359	456	338	271
- S&M	71	100	107	122	103	110	94	98	76
- Staff Costs	117	115	66	116	124	115	124	117	116
- Bad Debts	12	9	15	18	4	10	9	6	19
- G&A	139	120	155	171	158	124	229	117	60



Normalised Financials and Costs

(RM mn)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Total Revenue	2,119	2,082	2,065	2,123	2,149	2,110	2,166	2,176	2,140
Total Expenses	1,044	1,019	986	1,089	1,066	1,000	1,055	1,055	984
- Direct	707	652	652	696	713	650	687	678	660
- Indirect	337	367	334	393	353	350	368	377	324
EBITDA	1,075	1,063	1,079	1,034	1,083	1,110	1,111	1,121	1,156
PBT	698	671	709	649	683	696	683	682	686
PAT	519	479	500	445	482	491	510	477	484
EBITDA Margin	50.7%	51.1%	52.3%	48.7%	50.4%	52.6%	51.3%	51.5%	54.0%
PAT Margin	24.5%	23.0%	24.2%	21.0%	22.4%	23.3%	23.5%	21.9%	22.6%

(RM mn)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Total Expenses	1,044	1,019	986	1,089	1,066	1,000	1,055	1,055	984
Direct Expenses	707	652	652	696	713	650	687	678	660
Indirect Expenses	337	367	334	393	353	350	368	377	324
- S&M	71	100	107	122	103	110	94	98	76
- Staff Costs	117	115	66	116	124	115	124	117	116
- Bad Debts	12	9	15	18	4	10	9	6	19
- G&A	137	143	146	137	122	115	141	156	113



RGS30, ARPU and Smart-phone penetration

('000)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Mobile Subs	11,076	11,146	11,338	11,864	12,192	12,214	11,956	11,579	11,164
- Prepaid	7,822	7,903	8,120	8,656	8,992	9,068	8,850	8,520	8,196
- Postpaid	2,749	2,781	2,786	2,809	2,823	2,796	2,784	2,765	2,696
- WBB	505	462	432	398	377	351	322	294	272

ARPU (RM/mth)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Postpaid	97	98	95	98	96	97	98	102	102
Prepaid	40	40	40	39	38	36	39	39	39
Blended	55	56	55	54	53	51	53	54	55

Smart-phone Penetration (%)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Blended	43	48	54	57	62	65	67	69	70
- Prepaid	38	43	50	54	60	63	65	67	67
- Postpaid	61	64	67	67	72	73	75	76	77

Notes:

WBB subscriptions defined as subscriptions on data plans using USB modems and tablets

Commencing 1Q15, postpaid MOU is no longer disclosed as we are not applying fair value to new bundled plans including the MaxisONE Plan

Smart-phone defined as any devices with growing apps store and active developers



Market Definition Subscriptions, ARPU and MOU

('000)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Mobile Subs	12,602	12,401	12,415	12,913	13,260	13,269	13,110	12,694	12,310
- Prepaid	9,238	9,042	9,081	9,624	9,979	10,051	9,927	9,567	9,279
- Postpaid	3,364	3,359	3,334	3,289	3,280	3,218	3,174	3,127	3,031
WBB	569	532	495	440	412	385	357	325	302
Mobile Internet Users	7,100	7,500	7,600	8,800	9,000	9,100	9,000	8,800	8,500
Home Connections	59	66	72	80	89	99	107	118	126

ARPU (RM/mth)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16
Postpaid	96	97	94	97	95	96	97	102	101
Prepaid									
- ARPU	33	34	35	35	35	33	35	35	35
- MOU (min/mth)	118	124	131	133	126	131	134	129	141
Blended	48	50	50	50	48	47	49	50	50

Notes:

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 new bundled plans including the MaxisONE Plan

