

1Q 2018 Financial Results

19 April 2018



The logo for Maxis, featuring the word "maxis" in a bold, blue, sans-serif font. Above the letter "i" is a small green graphic consisting of several curved lines, resembling a signal or a stylized "i".

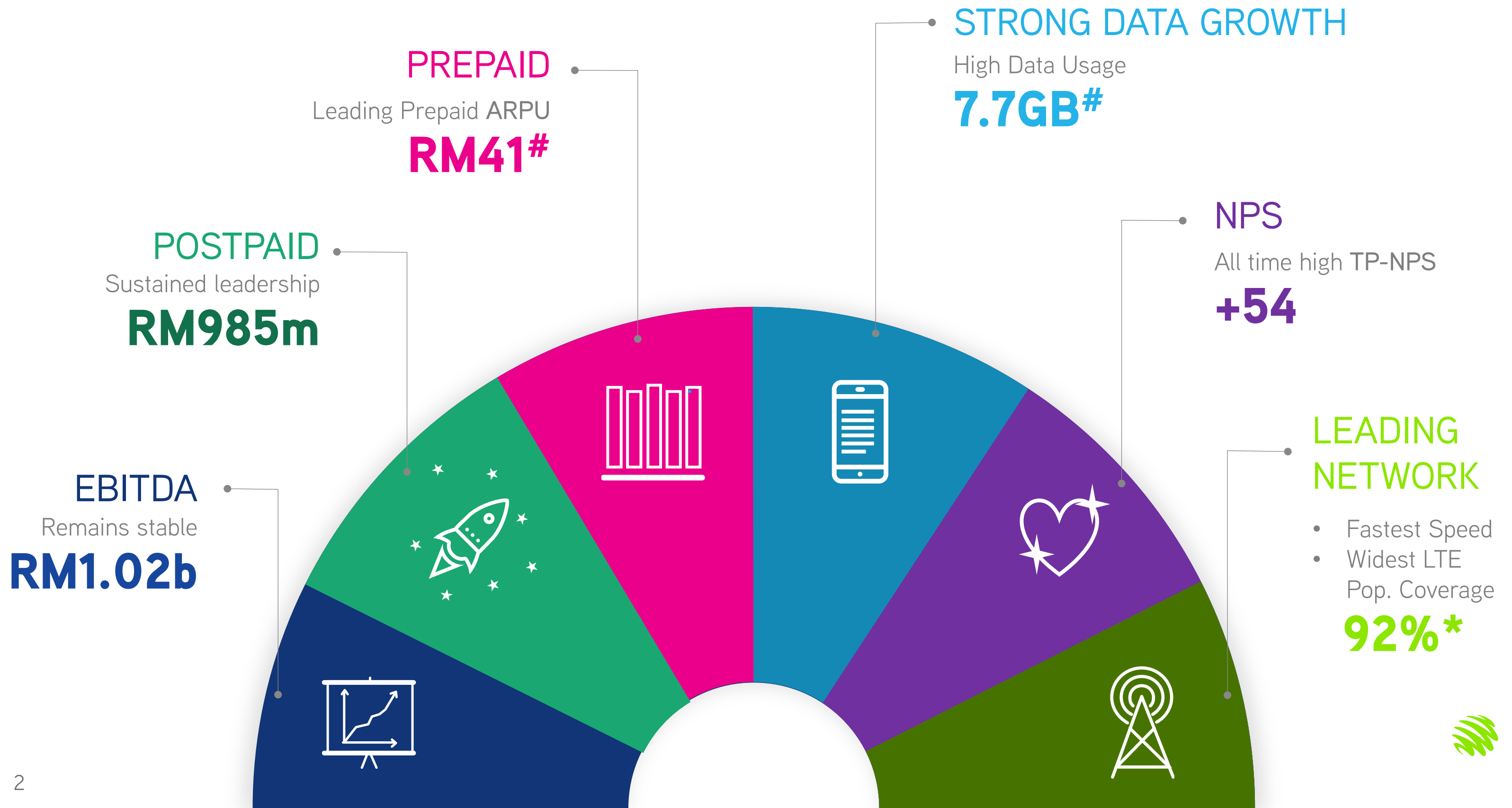
The logo for HotLink, featuring the word "HOTLINK" in a bold, red, sans-serif font. The letters are outlined in black, and there is a small red graphic above the letter "i" that looks like a stylized "i" or a signal.

1Q18 HIGHLIGHTS

* On comparable peer basis

Blended Average for 1Q18

- TP-NPS: Touch point net promoter score



FINANCIAL HIGHLIGHTS

<div><div>SERVICE REVENUE</div><div>RM1.98b</div><div>(-4.6%)</div></div> <div><ul style="list-style-type: none">Revenue decline driven by soft prepaid marketEncouraging response from new launches – revenue recovery expected in medium term</div> <div>Revenue Analysis</div>	<div><div>EBITDA</div><div>RM1.02b</div><div>(-0.4%)</div></div> <div><ul style="list-style-type: none">Continuous cost optimisation initiatives drive solid EBITDA</div> <div>Cost Optimisation</div>	<div><div>PAT</div><div>RM510m</div><div>(+0.0%)</div></div> <div><ul style="list-style-type: none">Declared dividend of 5 sen net per share</div> <div>Dividends</div>	<div><div>EBITDA MARGIN</div><div>51.5%</div></div> <div><ul style="list-style-type: none">Maintained high EBITDA margin on Service Revenue</div> <div>High Margins</div>
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Note: Year-on-year basis



POSTPAID

Sustained market leadership through differentiated innovative proposition

Highest shared line acquisition and penetration recorded

Increased household account value through Mobile & Fibre Family Offerings

Innovative all-in-one postpaid starter plan

Postpaid Revenue

RM985m
(+5.2%)

Net **MOP** Additions

+283k

MOP Subscriptions

2,021k

High **ARPU**

RM92



Note: Year-on-year basis

PREPAID

Attractive new product offerings shows promising trajectory

Price-focused competition, SIM consolidation and migration to Postpaid impacted revenue

Encouraging traction to Hotlink's new flagship product – Hotlink RED

Mobile internet ("MI") penetration and revenue remain high

Note: Year-on-year basis

Prepaid Revenue

RM849m

(-15.5%)

MI Penetration

73%

Leading **ARPU**

RM41

Hotlink **Subscribers**

6,786k



HOTLINK

POSTPAID

— FLEX —



UNLIMITED CALLS AND SMS

To all networks.



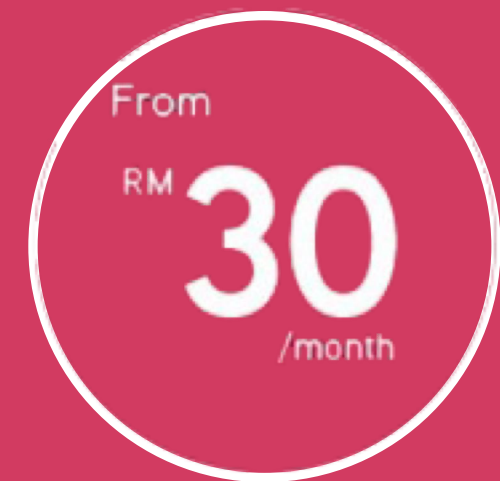
BUILD YOUR OWN INTERNET PLAN

Choose from an array of
Internet passes & unlimited
apps bundle from as low as
RM5.



NO CONTRACT & HIDDEN CHARGES

Pay for only what you want.
Change your Internet plan
anytime at no extra fees.



STARTS FROM RM30 PER MONTH

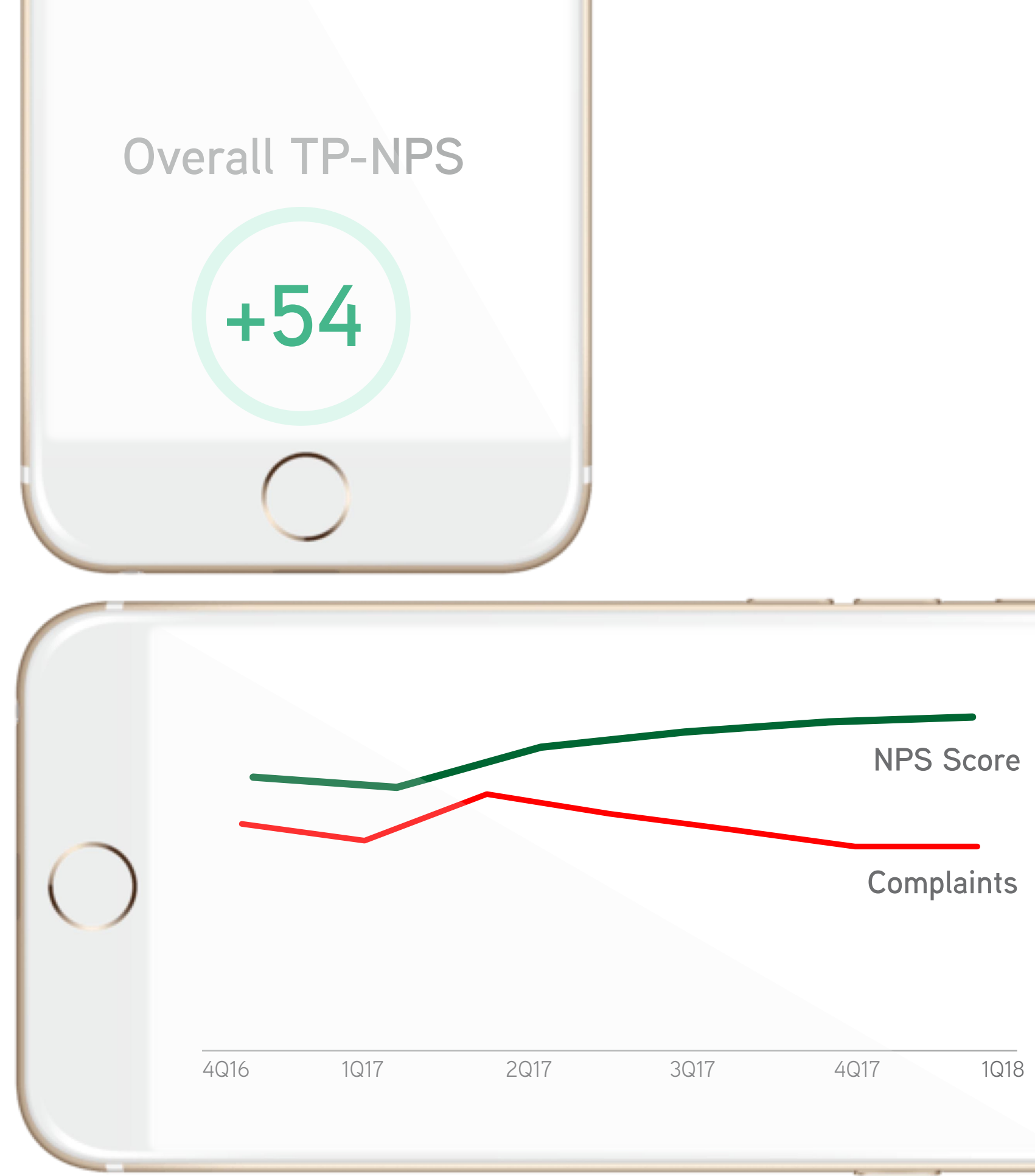
The most affordable Postpaid
plan in town.

TP-NPS

Committed towards creating unmatched digital experience, resulting in an all-time high TP-NPS

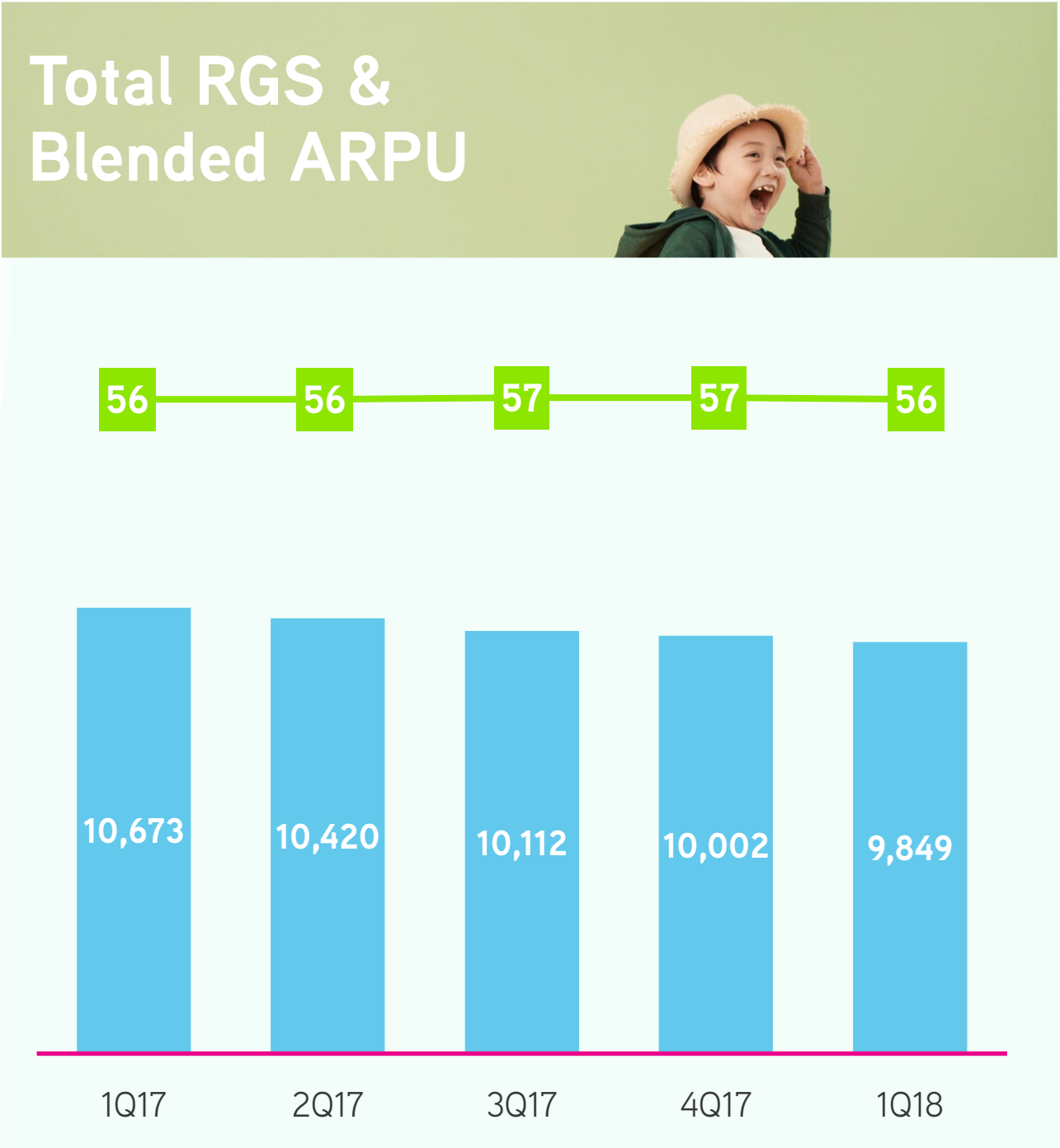
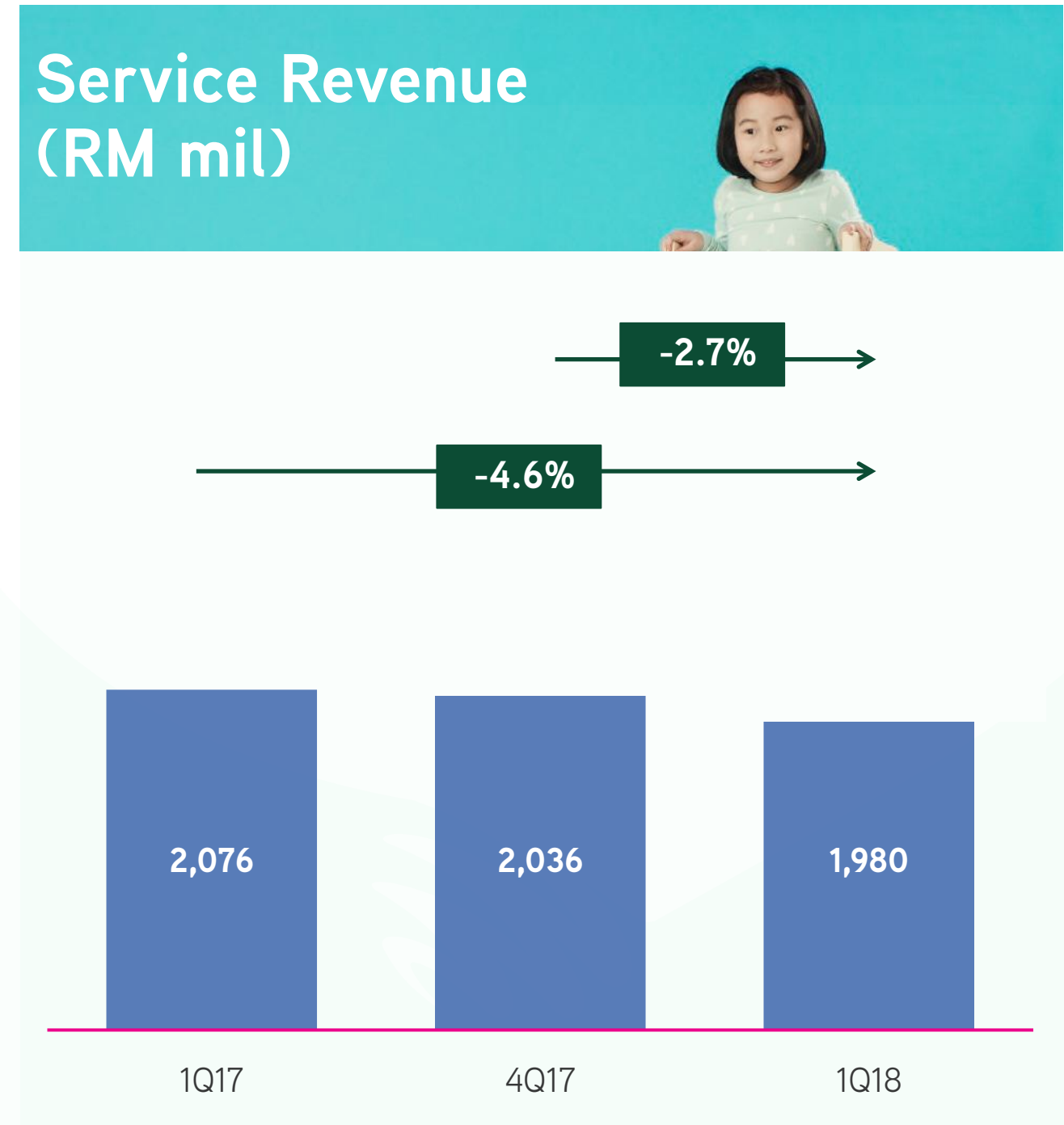
Gradual reduction in complaints with our focus on customer journey improvement

Accelerating self-serve adoption and online efforts to empower customers to engage with us digitally



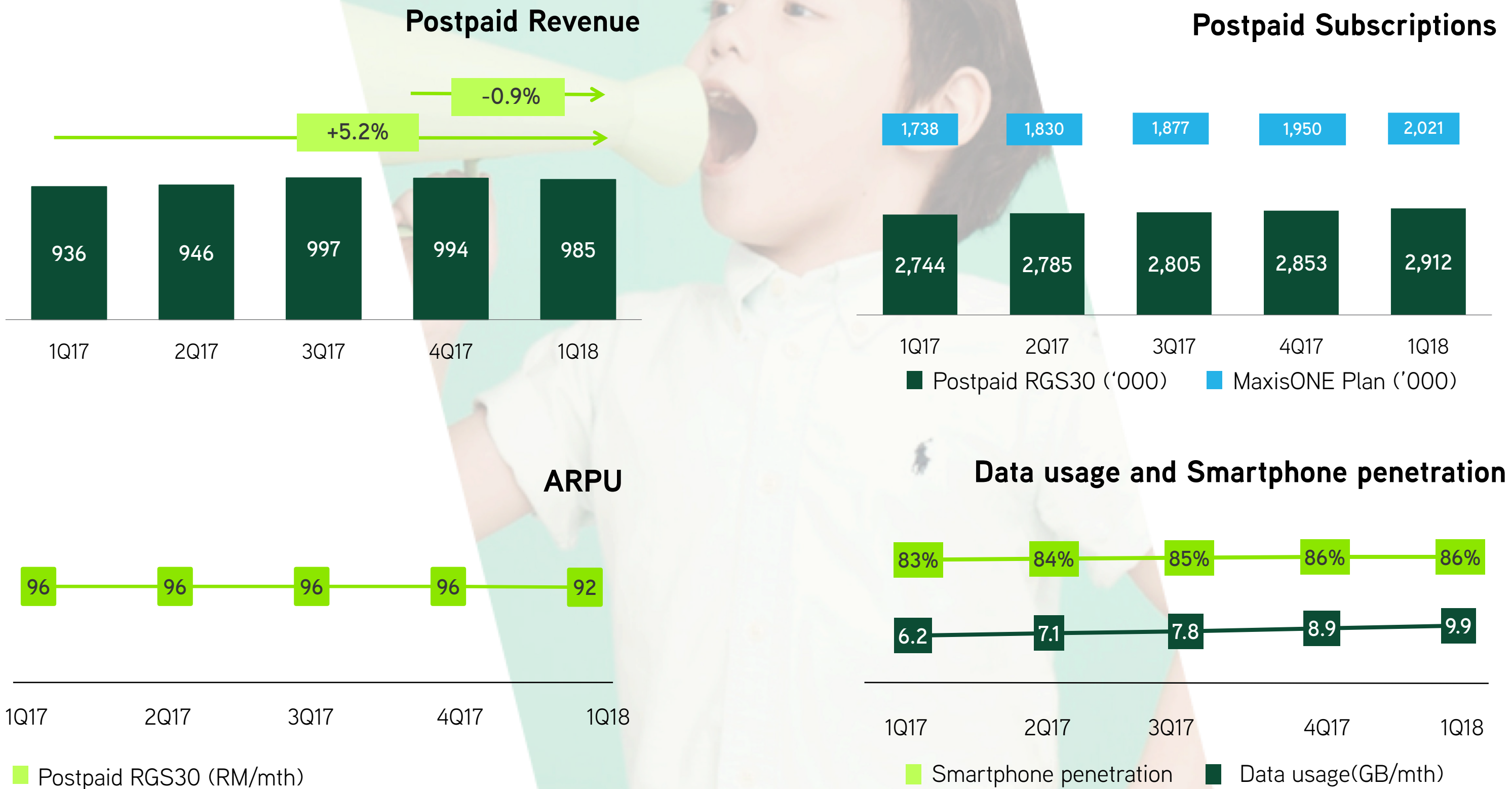
Service revenue impacted by price competition

Continued focus on profitable segments

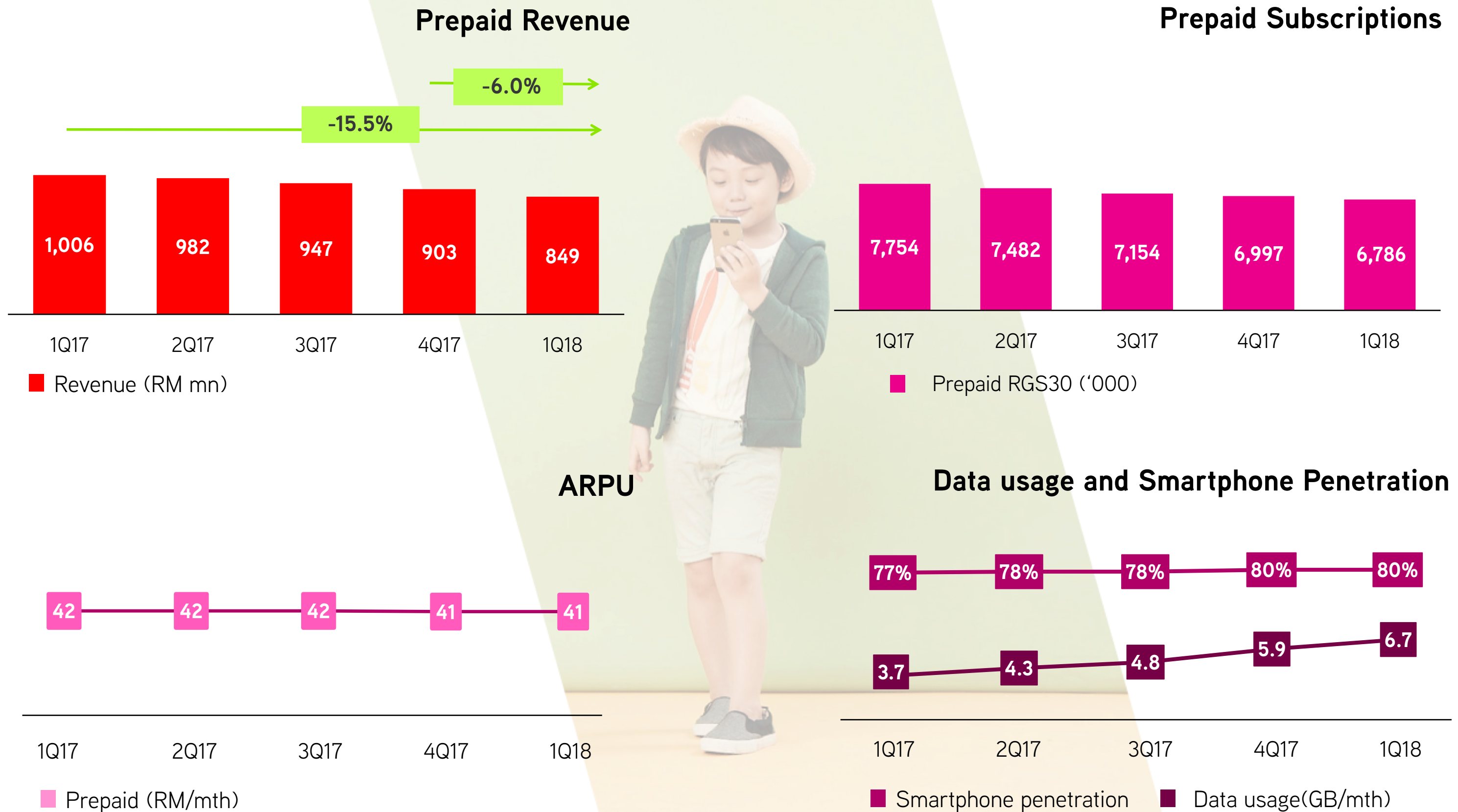


■ Subscriptions ('000)
■ Blended ARPU (RM/month)

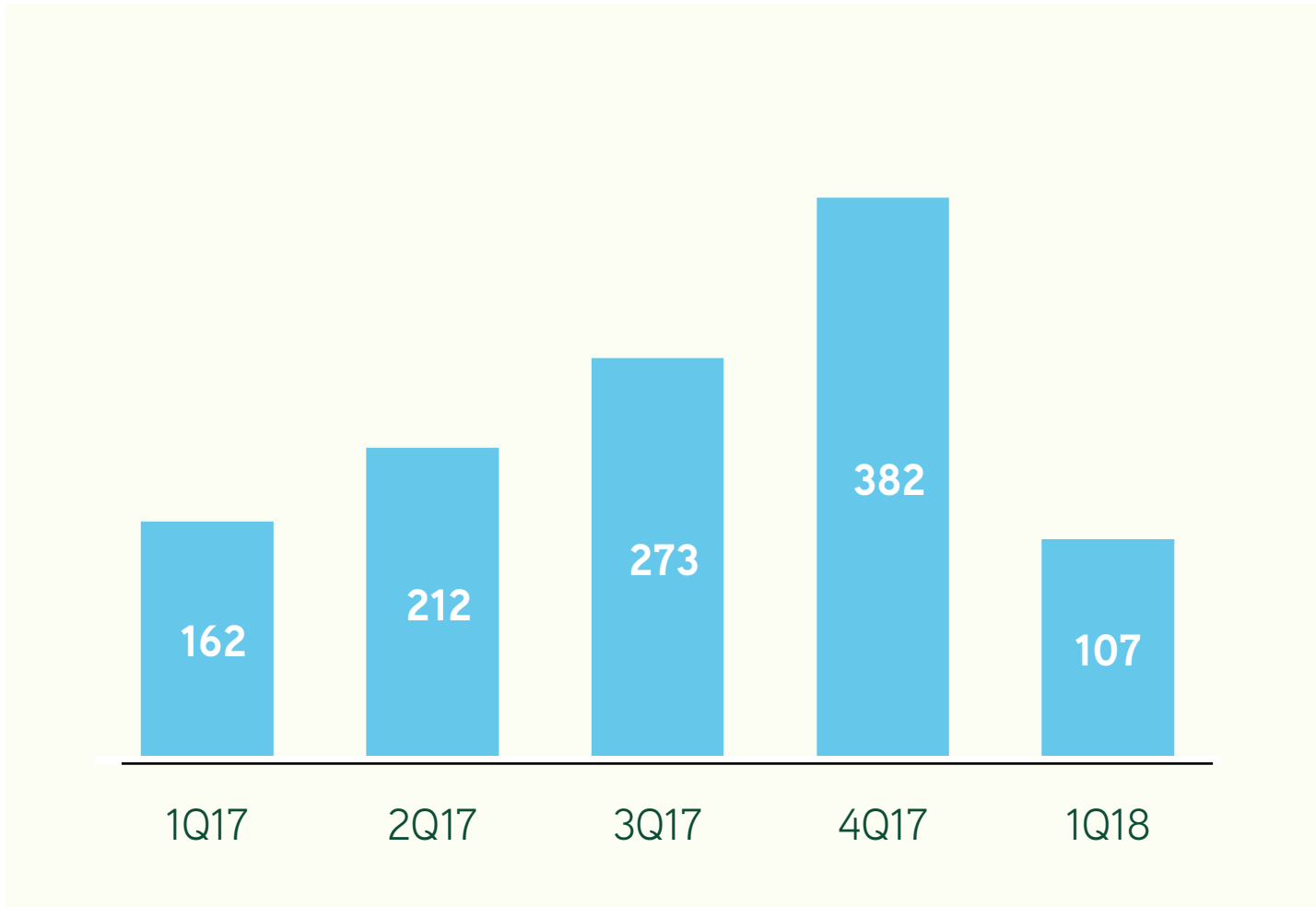
MOP remains the preferred choice among high-value subscribers; Strong YoY revenue growth



Strong price competition; Targeting high mobile internet users



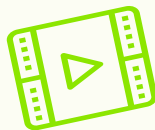
Best coverage and highest-speed connectivity; Continuous investment in superior network



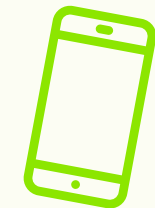
Highlights



Largest 4G LTE population **coverage** nationwide; @ 92% on comparable peer basis



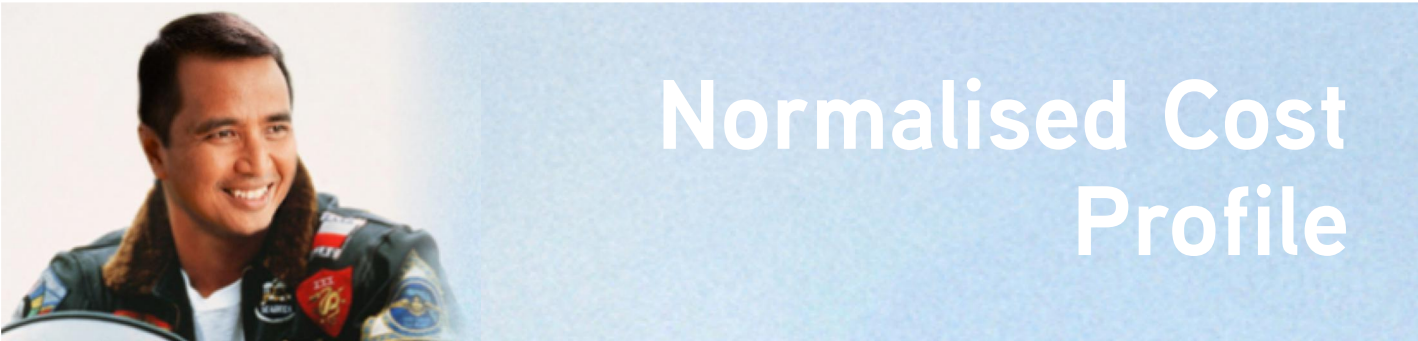
Fastest network with **Best YouTube HD** streaming



Maxis is the only Malaysian operator to **exceed 20Mbps** in OpenSignal 4G Speed Award



Solid EBITDA, driven by continued cost optimisation



PAT remained stable on the back of solid EBITDA



QoQ PAT lower on account of lower EBITDA

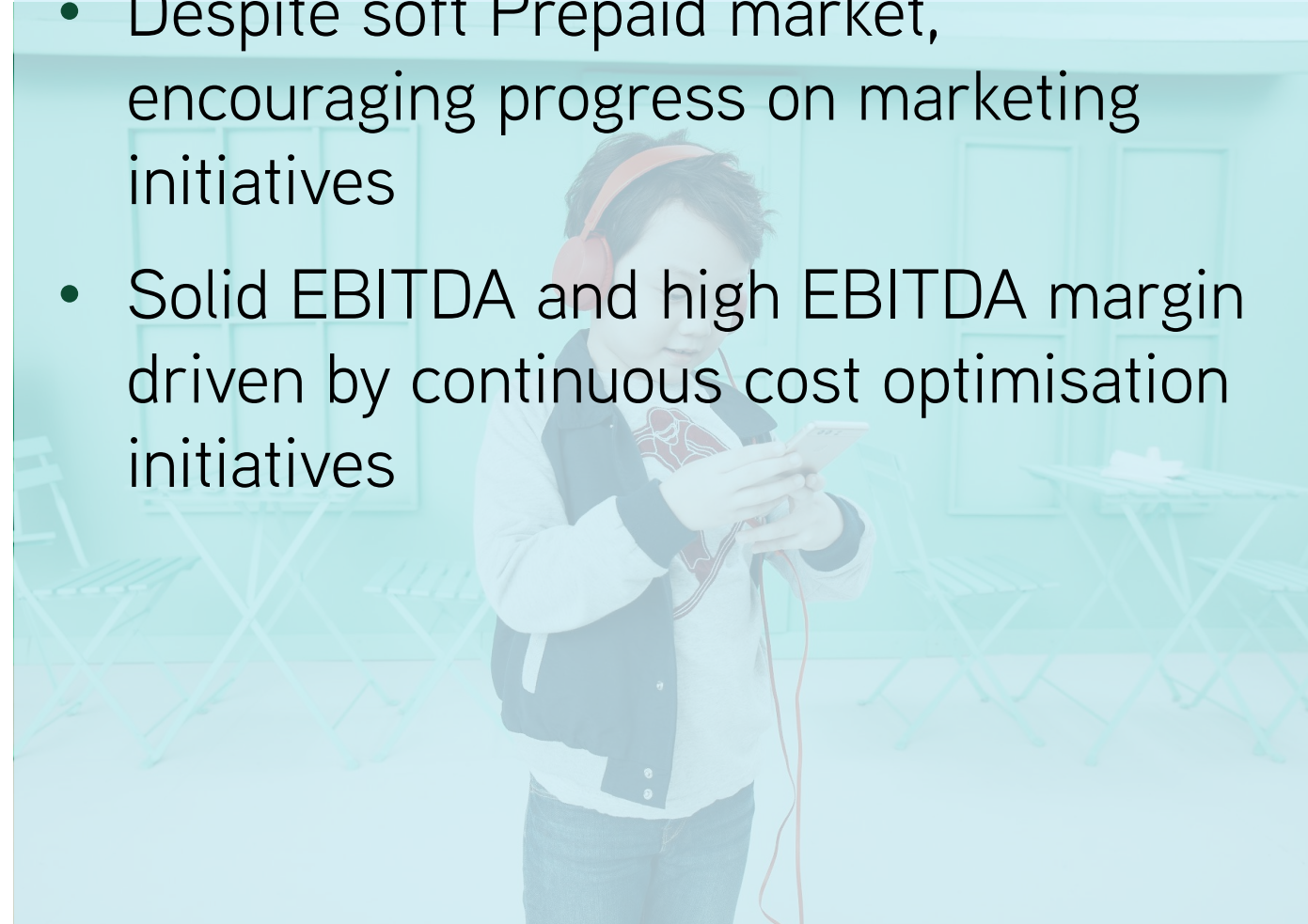


Excludes RM13 million unrealised forex gains (1Q17: RM5 million unrealised forex losses) and nil reduction of service fees (1Q17: RM3 million charge in service fee)

Summary and Priorities

Summary

- Maintained strong market leadership in Postpaid, supported by expanding subscriber base, with highest shared line acquisition
- Despite soft Prepaid market, encouraging progress on marketing initiatives
- Solid EBITDA and high EBITDA margin driven by continuous cost optimisation initiatives




Priorities

- Achieving Prepaid recovery in the medium term, whilst maintaining high ARPU
- Focus on continuous operational efficiency and excellence
- Committed investment to maintain network leadership, sustaining customers' superior internet experience
- Actively progressing digital transformation, enhancing digital capabilities



Guidance for FY2018

Guidance (MFRS 15)

		As provided on 8 Feb 2018	Post-MFRS 15 adoption
	Service revenue	Low single digit decline	Mid single digit decline
	EBITDA	Mid single digit decline	High single digit decline
	Base capital expenditure	Around RM1.0 billion	No change
	Free cash flow*	Similar level to FY2017	No change

* Excludes Spectrum Payments



Key Financials

(RM mn)	1Q17	4Q17	1Q18	QoQ	YoY
Service Revenue	2,076	2,036	1,980	-2.7%	-4.6%
EBITDA*	1,024	1,046	1,020	-2.5%	-0.4%
EBITDA margin on service revenue*	49.3%	51.4%	51.5%	-0.1pp	+2.2pp
Profit after tax*	510	520	510	-2.0%	+0.0%
Free cash flow**	274	476	283	-40.5%#	+3.3%
Prepaid Revenue	1,006	903	849	-6.0%	-15.5%
Postpaid Revenue	936	994	985	-0.9%	+5.2%
Capex	162	382	107		
Dividend per share (sen)	5	5	5		

*
**
#

EBITDA, EBITDA margin and Profit After Tax on normalised basis
Normalised for upfront spectrum assignment fee paid in 1Q18
Lower due to timing differences in payments



Important definitions/notations

- **Service Revenue:** Group revenue excluding device, hubbing revenues and network income
- **EBITDA margin on Service Revenue:** EBITDA as percentage of service revenue
- **Normalised PAT:** Adjusting for net of tax effects: (i) unrealised forex losses/(gains) of RM5 million in 1Q17 and (RM22 million) in 4Q17; and (ii) service fee charged of RM3 million in 1Q17 and nil in 4Q17
- **Free Cash Flow:** Cash Flow from Operating Activities – Cash Flow from Investing Activities – Interest paid – Finance lease repayment
- **Revenue generating subscriber/subscription (RGS30):** Defined as active line subscriptions and exclude those that do not have any revenue generating activities for more than 30 days
- **Smart-phone:** Any device with growing apps stores and active developers



MFRS 15 adoption - Illustration

New revenue accounting standard - Impact from device sold as part of a bundled mobile plan

(RM)	2-year MOP	Device	Total
Price as stated in MOP contract	3,500	1,500	5,000
Standalone selling price	3,500	2,000*	5,500
Allocated transaction price	3,182^	1,818#	5,000

Notes:

* Recommended retail price
^ $3,500 / 5,500 \times 5,000 = 3,182$
$2,000 / 5,500 \times 5,000 = 1,818$

MFRS 15 requires the contract price to be allocated to each distinct good or service provided (“Performance Obligation”) on a relative standalone selling price basis

Revenue is recognised when each performance obligation is satisfied



MFRS 15 adoption – Illustration (Cont'd)

What are the impacts?

Revenue Impact	Pre-MFRS 15		Post-MFRS 15	
(RM)	Year 1	Year 2	Year 1	Year 2
Service revenue	1,750	1,750	1,591	1,591
Device revenue	-	-	1,818	-
Total revenue	1,750	1,750	3,409	1,591

EBITDA Impact	Pre-MFRS 15	Post-MFRS 15
Device subsidies	Capitalised as intangible asset and amortised over the contract period	Recognised as loss on device sale in the month of acquisition and subsequently, a reduction in service revenue throughout the contract period

No impact to customer billing or free cash flows



Q&A



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Appendices

Normalised Consolidated Income Statement

(RM mn)	1Q17	2Q17	3Q17	4Q17	1Q18	QoQ	YoY
Revenue	2,375	2,335	2,333	2,376	2,237	-5.9%	-5.8%
Expenses	(1,351)	(1,329)	(1,214)	(1,330)	(1,217)	-8.5%	-9.9%
EBITDA	1,024	1,006	1,119	1,046	1,020	-2.5%	-0.4%
EBITDA Margin	49.3%	48.6%	53.5%	51.4%	51.5%	+0.1pp	+2.2pp
Depreciation	(240)	(238)	(264)	(279)	(235)		
Amortisation	(3)	(3)	(3)	(3)	(0)		
Others	(2)	-	(2)	(9)	(7)		
EBIT	779	765	850	755	778	+3.0%	-0.1%
Interest Expenses	(109)	(122)	(120)	(94)	(97)		
Interest Revenue	14	15	20	12	9		
Upfront Spectrum Assignment	-	-	(14)	(14)	(14)		
PBT	684	658	736	659	676	+2.6%	-1.2%
Tax	(174)	(176)	(175)	(139)	(166)		
PAT	510	482	561	520	510	-2.0%	+0.0%



Reported Consolidated Income Statement

(RM mn)	1Q17	2Q17	3Q17	4Q17	1Q18	QoQ	YoY
Revenue	2,375	2,335	2,333	2,376	2,237	-5.9%	-5.8%
Expenses	(1,362)	(1,210)	(1,224)	(1,315)	(1,214)	-7.7%	-10.9%
EBITDA	1,013	1,125	1,109	1,061	1,023	-3.6%	+1.0%
EBITDA Margin	48.8%	54.4%	53.1%	52.1%	51.7%	-0.4pp	+2.9pp
Depreciation	(240)	(238)	(264)	(279)	(235)		
Amortisation	(3)	(3)	(3)	(3)	(0)		
Others	(2)	-	(2)	(9)	(7)		
EBIT	768	884	840	770	781	+1.4%	+1.7%
Interest Expenses	(109)	(122)	(120)	(94)	(97)		
Interest Revenue	14	15	20	12	9		
PBT	673	777	740	688	693	+0.7%	+3.0%
Tax	(171)	(205)	(176)	(146)	(170)		
PAT	502	572	564	542	523	-3.5%	+4.2%



Cash Flow Statement

(RM mn)	1Q17	2Q17	3Q17	4Q17	1Q18
Cash flow from operating activities	599	742	893	1,133	441
Cash flow used in investing activities	(242)	(351)	(341)	(556)	(166)
▪ Purchase of property, plant & equipment	(243)	(351)	(341)	(557)	(166)
▪ Proceeds from disposal of PPE	1	1	2	1	-
▪ Maturities of deposits	-	(1)	(2)	-	-
Cash flow before financing activities	357	391	552	577	275
Cash flow used in financing activities	(480)	(476)	(298)	(706)	(501)
• Dividends paid	(376)	(376)	(390)	(391)	(391)
• Debt drawdown	744	-	-	-	-
• Debt repayment	(766)	-	(1,439)	(210)	-
• Payment of finance costs	(82)	(99)	(122)	(99)	(109)
• Acquisition of additional interest in subsidiary	-	-	-	-	-
• Proceeds from issuance of shares	-	-	1,655	-	-
• Others	-	(1)	(2)	(6)	(1)
Net change in cash & cash equivalents	(123)	(85)	254	(129)	(226)
Opening cash & cash equivalents	662	539	454	708	579
Closing cash & cash equivalents	539	454	708	579	353



Financial Ratios

(RM mn)	4Q17	1Q18
Debt#	7,643	7,622
Deposits, cash & bank balances^	602	376
Net Debt	7,041	7,246
Total Equity	6,945	7,059

(RM mn)	4Q17	1Q18
Net debt-to-EBITDA*	1.63x	1.77x
Net debt-to-Equity	1.01x	1.03x

Notes:

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

* EBITDA calculated as annualised YTD EBITDA

^ The difference between cash & cash equivalents and deposits, cash and bank balances represent deposits with banks that have maturity periods of more than 3 months



Revenue Composition

(RM mn)	1Q17	2Q17	3Q17	4Q17	1Q18
Revenue	2,375	2,335	2,333	2,376	2,237
Service Revenue	2,076	2,069	2,090	2,036	1,980
▪ Mobile	1,942	1,928	1,944	1,897	1,834
▪ Enterprise Fixed	72	76	75	69	71
▪ Integrated Services	62	65	71	70	75
Non-Service Revenue	299	266	243	340	257
▪ Device	278	241	216	319	236
▪ Hubbing	1	5	7	0	0
▪ Network Income	20	20	20	21	21
(RM mn)	1Q17	2Q17	3Q17	4Q17	1Q18
Mobile Revenue	1,942	1,928	1,944	1,897	1,834
▪ Prepaid	1,006	982	947	903	849
▪ Postpaid	936	946	997	994	985

Notes:

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

Commencing 2Q16, retrospectively, network income has been re-classified as non-service revenue

Commencing 1Q17, retrospectively, all inbound roaming revenue are parked under Postpaid revenue



Normalised Financials and Costs

(RM mn)	1Q17	2Q17	3Q17	4Q17	1Q18
Total revenue	2,375	2,335	2,333	2,376	2,237
Cash expenses	1,351	1,329	1,214	1,330	1,217
▪ Traffic, commissions & other direct costs	838	811	728	802	720
▪ Spectrum license fees	41	42	44	43	42
▪ Network	203	195	199	190	200
▪ Staff & resource	143	137	150	146	140
▪ Marketing	39	43	43	35	39
▪ Operation & maintenance	97	119	68	136	81
▪ Others	(10)	(18)	(18)	(22)	(5)
▪ Allowance for doubtful debts, net	16	18	31	29	27
▪ Government grants & other income, net	(26)	(36)	(49)	(51)	(32)
EBITDA	1,024	1,006	1,119	1,046	1,020
PBT	684	658	736	659	676
PAT	510	482	561	520	510
EBITDA Margin	49.3%	48.6%	53.5%	51.4%	51.5%
PAT Margin	21.4%	20.6%	24.0%	21.9%	22.8%



Reported Financials and Costs

(RM mn)	1Q17	2Q17	3Q17	4Q17	1Q18
Total revenue	2,375	2,335	2,333	2,376	2,237
Cash expenses	1,362	1,210	1,224	1,315	1,214
▪ Traffic, commissions & other direct costs	842	744	728	802	720
▪ Spectrum license fees	41	42	58	57	56
▪ Network	203	195	199	190	200
▪ Staff & resource	143	137	150	146	140
▪ Marketing	39	43	43	35	39
▪ Operation & maintenance	104	67	64	107	64
▪ Others	(10)	(18)	(18)	(22)	(5)
▪ Allowance for doubtful debts, net	16	18	31	29	27
▪ Government grants & other income, net	(26)	(36)	(49)	(51)	(32)
EBITDA	1,013	1,125	1,109	1,061	1,023
PBT	673	777	740	688	693
PAT	502	571	564	542	523
EBITDA Margin	48.8%	54.4%	53.1%	52.1%	51.7%
PAT Margin	21.1%	24.5%	24.2%	22.8%	23.4%



RGS30 and ARPU

	1Q17	2Q17	3Q17	4Q17	1Q18
Mobile Subscription ('000) Total <ul style="list-style-type: none"> Prepaid Postpaid WBB 	10,673	10,420	10,112	10,002	9,849
	7,754	7,482	7,154	6,997	6,786
	2,744	2,785	2,805	2,853	2,912
	175	153	153	152	151
ARPU (RM/Month) Blended <ul style="list-style-type: none"> Prepaid Postpaid 	56	56	57	57	56
	42	42	42	41	41
	96	96	96	96	92

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



Data usage and smart phone penetration

	1Q17	2Q17	3Q17	4Q17	1Q18
Data usage (GB/Month)					
Blended	4.29	5.02	5.59	6.72	7.65
▪ Prepaid	3.67	4.29	4.78	5.87	6.73
▪ Postpaid	6.17	7.13	7.75	8.88	9.88
(%) Smart-phone penetration					
Blended	78	79	80	81	82
▪ Prepaid	77	78	78	80	80
▪ Postpaid	83	84	85	86	86

*Note:
Smart-phone defined as any device with growing apps store and active developers*



Market Definition Subscription, ARPU and MOU

	1Q17	2Q17	3Q17	4Q17	1Q18
Mobile Subscription ('000)					
Total	11,808	11,661	11,269	11,091	10,875
▪ Prepaid	8,820	8,653	8,255	8,034	7,756
▪ Postpaid	2,800	2,842	2,849	2,894	2,958
▪ WBB	188	166	165	163	161
('000)					
Mobile Internet Users	8,600	8,500	8,300	8,200	8,000
('000)					
Home Connections	153	159	163	172	184
ARPU (RM/Month)					
Blended	51	51	51	51	51
▪ Prepaid	37	36	36	36	35
▪ Postpaid	96	96	96	96	92
MOU (Minutes/Month)					
▪ Prepaid	136	131	133	129	129

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



