

Better together,
better for families.

Powered by
FIBREnATION

1Q2019 Financial Results

26 April 2019



New
MAXIS
One
PRIME


maxis

2019-2023 VISION

Vision

The Leading Converged
Communications and Digital
Services Company

Target

Service Revenue
(2023)

RM 10 bn+

Productivity
(3 years)

~ RM 1 bn

Investment
(3 years)

~ RM 1 bn

Strategy

M

**Maxis For All Individuals,
Homes and Businesses**

- Win in Consumer Mobile
- Become the No. 1 Convergence Player
- Grow Enterprise Exponentially

A

**Achieve Differentiated
and Digital “Unmatched
Personalised Experience”**

- Digitalise and Expand Customer Touch Points
- Maintain Network Leadership

X

**MaXis Way: World Class
Effective and Efficient
Organisation**

- Innovative and digital organisational structure and culture
- Fuel for Growth : Productivity initiatives



1Q19 OVERVIEW

1st quarter sets a good trajectory
for a transformative 2019

01

Convergence mobilised

- Scaling up Enterprise team, 100+ resources to support growing pipeline
- Launched Ultra High Speed plans
- Fibre operations streamlined
- New organisation structure to align with strategy

02

Core business resilient

- Consistent growth in postpaid subscribers
- Prepaid consolidation continues
- Strong growth in Fibre subscribers
- Continuous network investment with leading 5G exploration

03

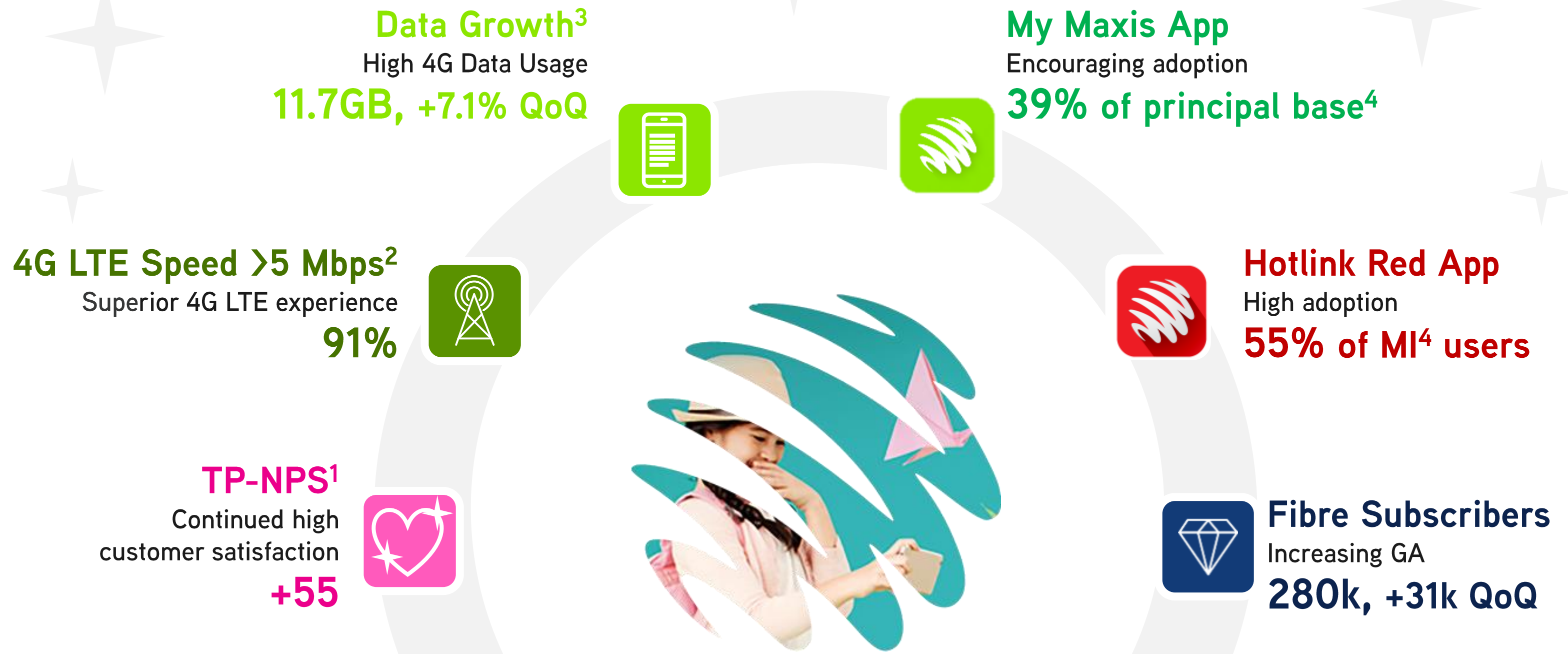
Guidance on track

- Financial performance on track
- Productivity programme underway
- Maintain 5 sen dividend
- Stable cash flow



1Q19 PERFORMANCE HIGHLIGHTS

Achieving operational excellence for our customers



Note 1: TP-NPS: Touch point net promoter score

Note 2: In Key Market Centres

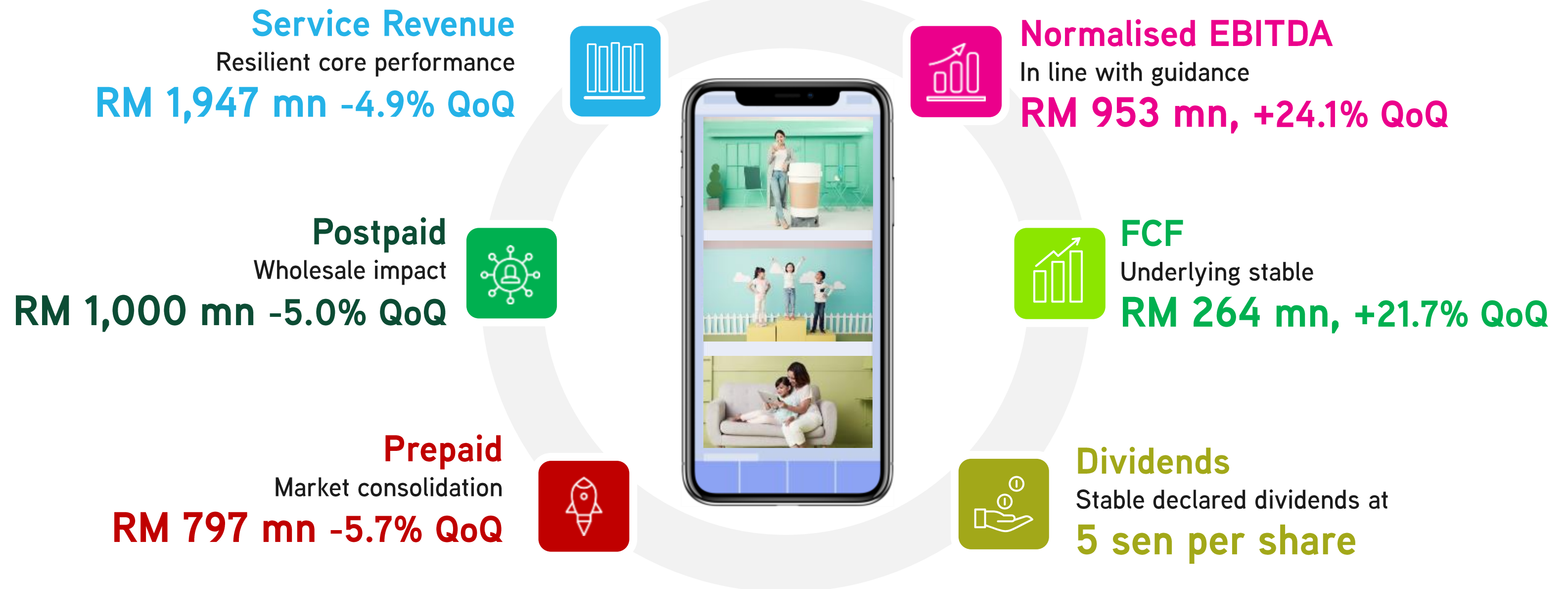
Note 3: Prepaid and Postpaid

Note 4: Principal base is primary account holder and MI is Mobile Internet



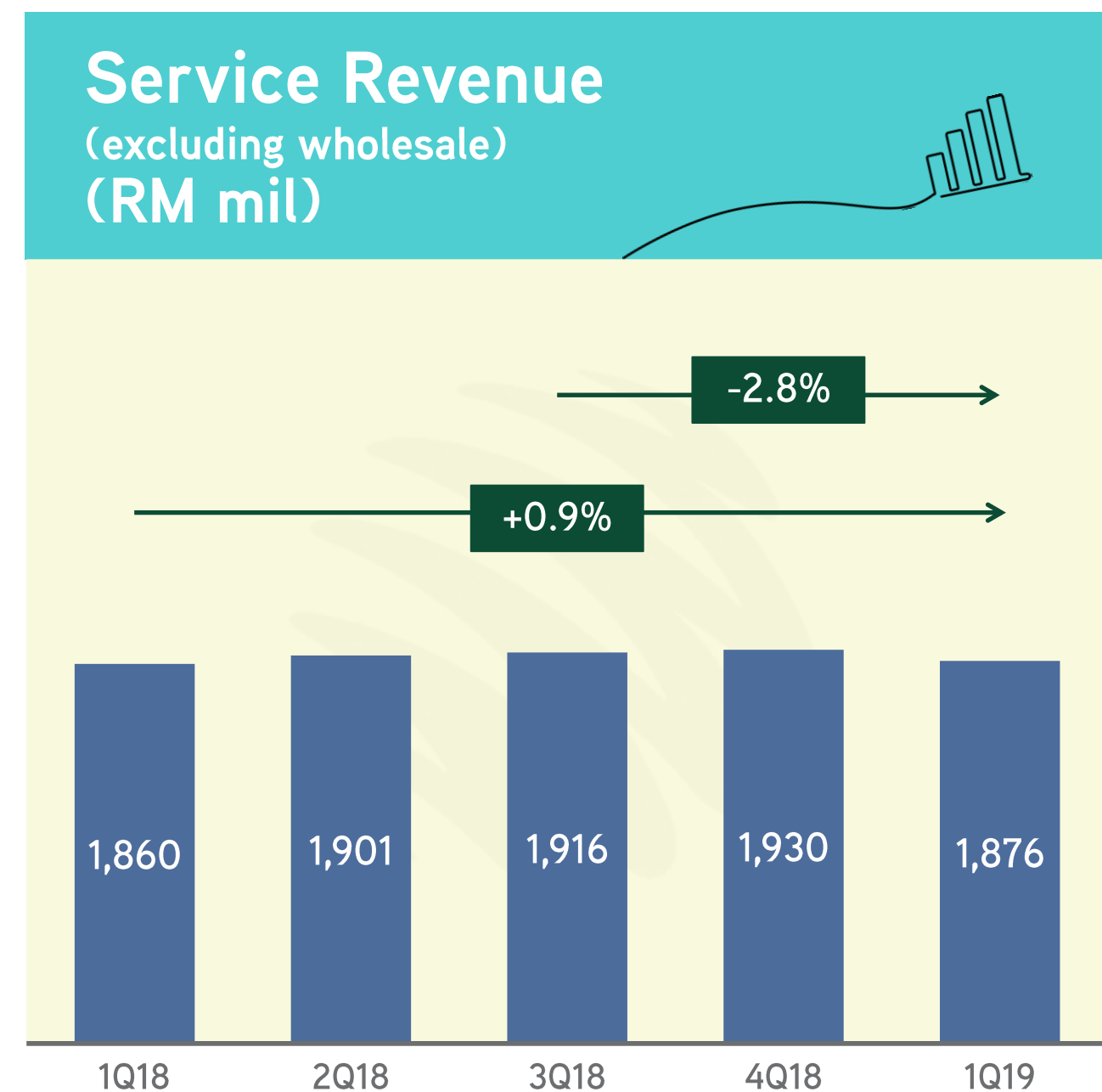
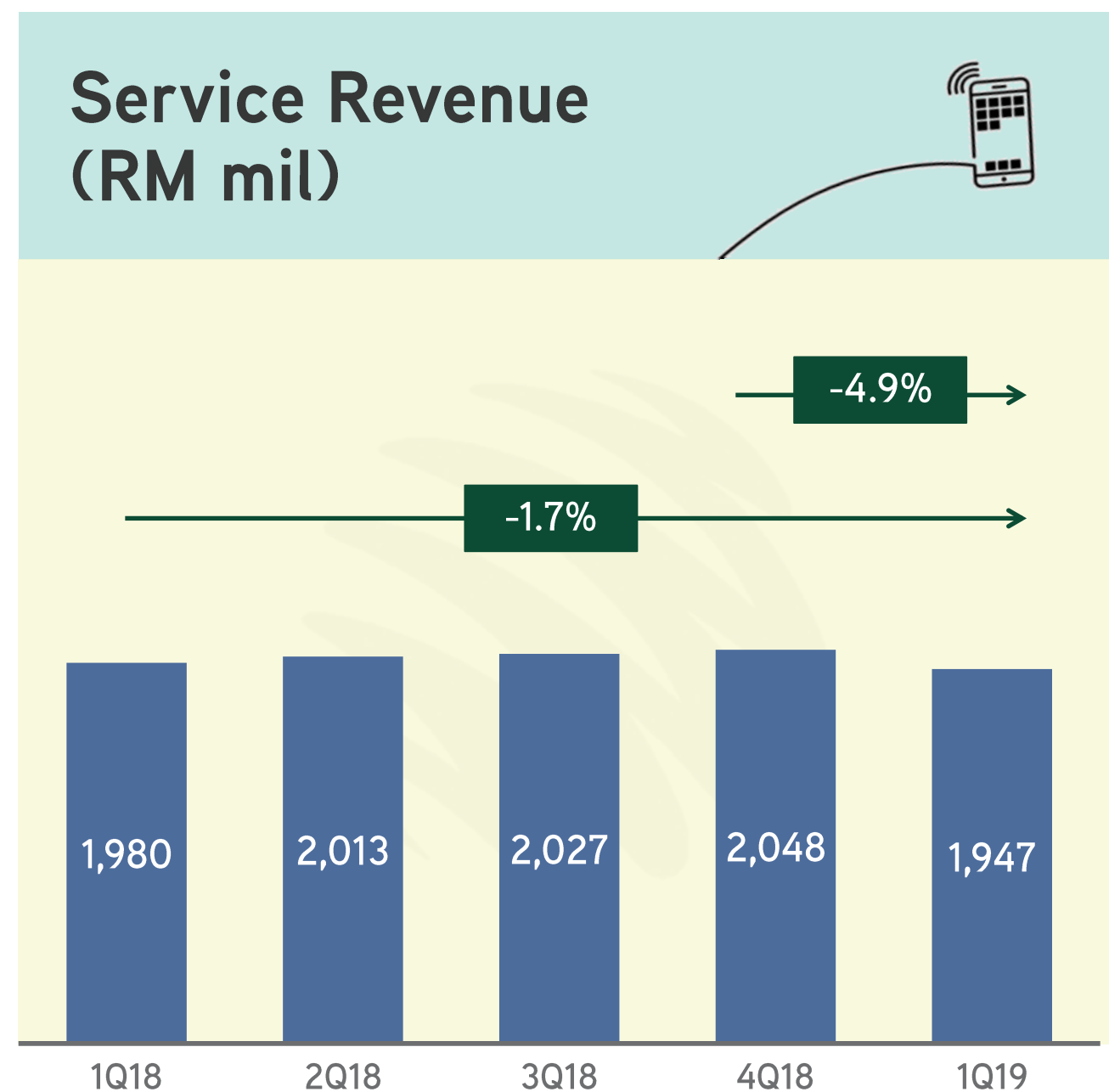
1Q19 FINANCIAL HIGHLIGHTS

Core business resilient,
guidance on track



1Q19 SERVICE REVENUE

Service revenue within expectations,
underlying stable



1Q19 POSTPAID

Maintaining market leadership – Consistent subscriber growth



Postpaid Revenue

RM1,000 mn

RGS

3,261 k

Postpaid ARPU

RM88

Net RGS Additions

+126 k*

Unmatched Personalised Experience in mobile

- Market share leadership by revenue
- High ARPU & consistent Net RGS growth
- Winning pre-to-post with strong Hotlink Flex performance

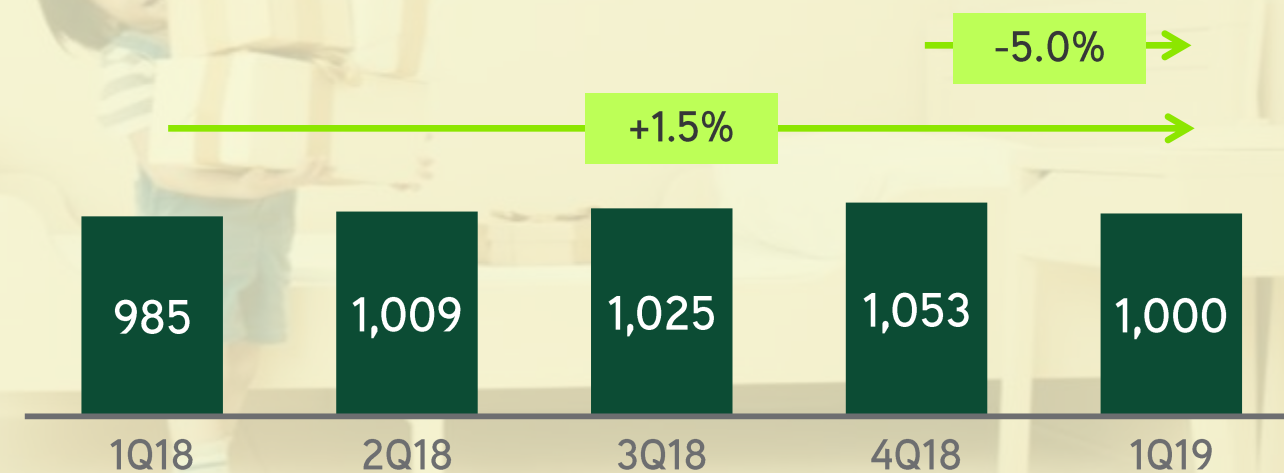
Note*: QoQ basis



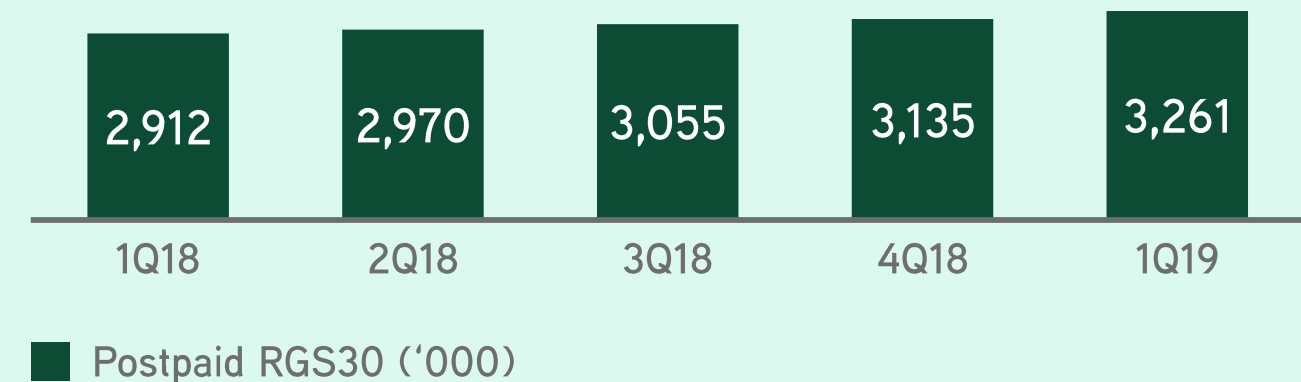
1Q19 POSTPAID

ARPU within expectations,
driven by Hotlink Flex growth

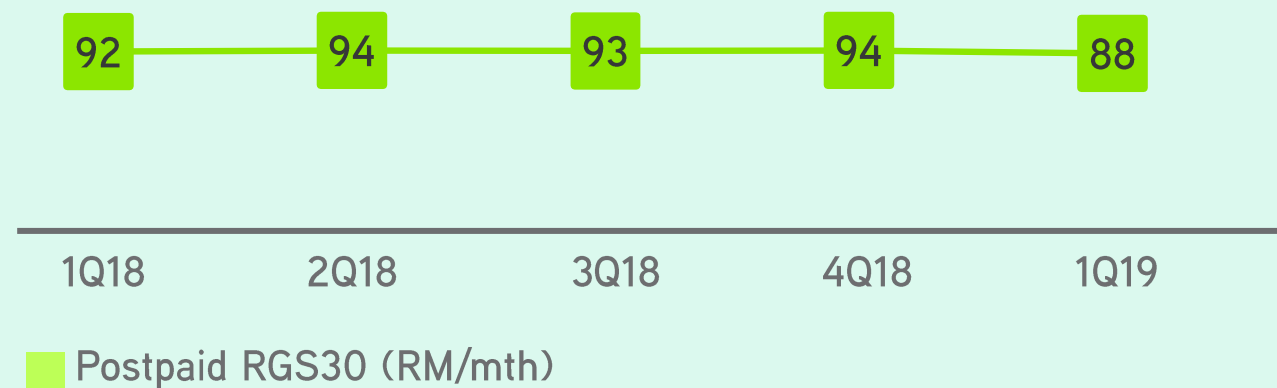
Postpaid Revenue



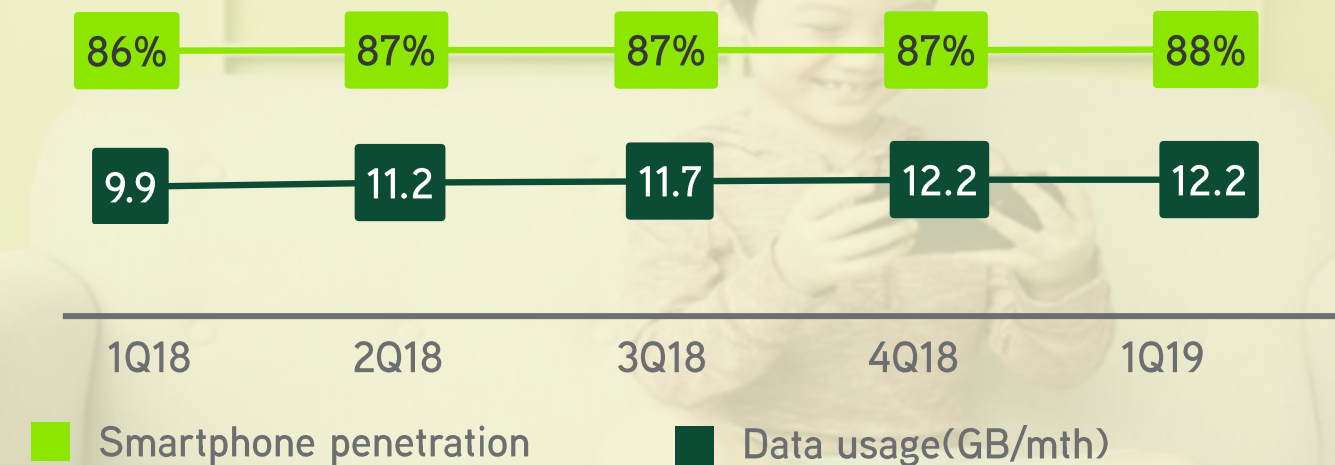
Postpaid Subscriptions



ARPU



Data usage & Smartphone penetration



1Q19

PREPAID

Stable performance
in a changing market

Prepaid Revenue

RM 797 mn

RGS

6,467 k

Prepaid ARPU

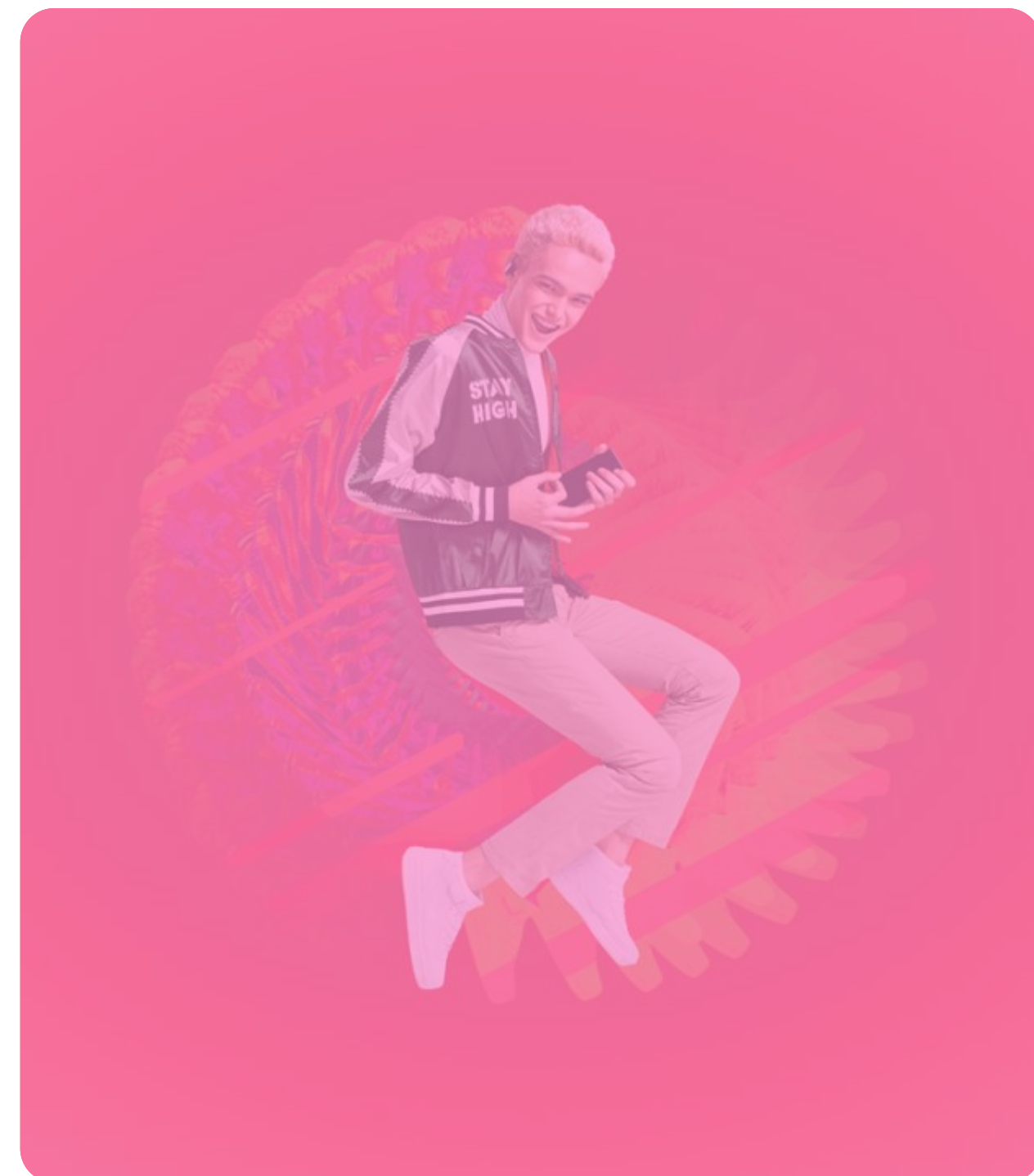
RM40

Net RGS Additions

-143 k*

Competition focus: Service Packaging not Pricing

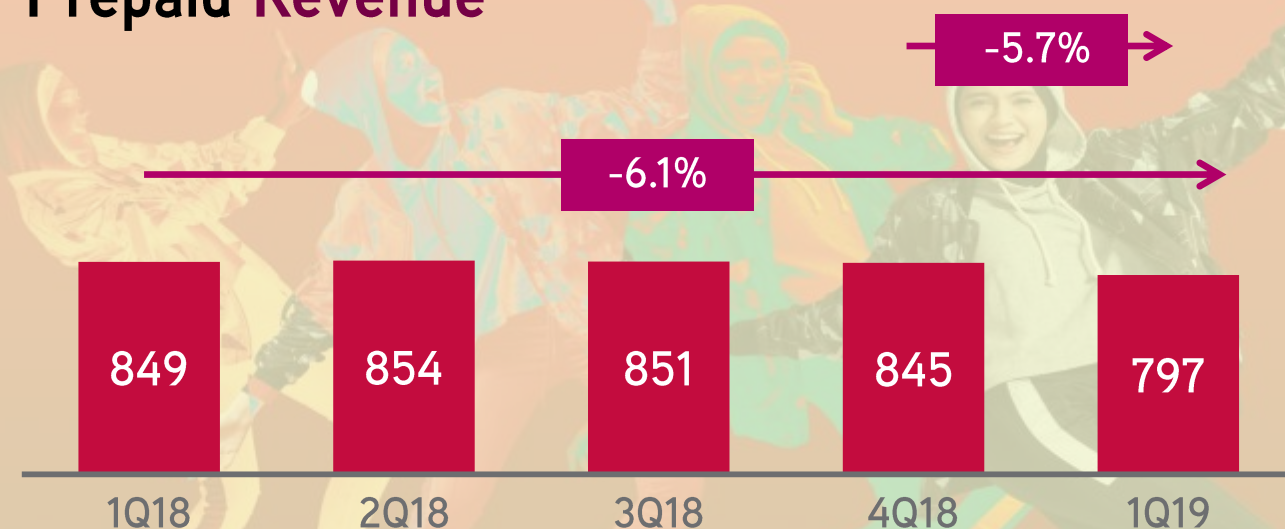
- Stable ARPU
- RGS decline with steady conversion to postpaid
- Increasing Mobile Internet usage



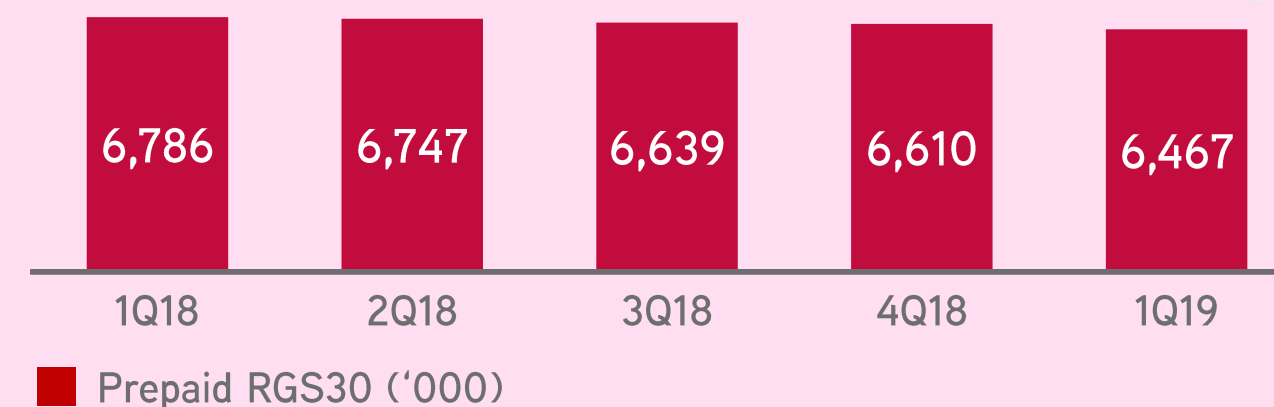
1Q19 PREPAID

ARPU stable, with high 4G penetration
and strong data growth

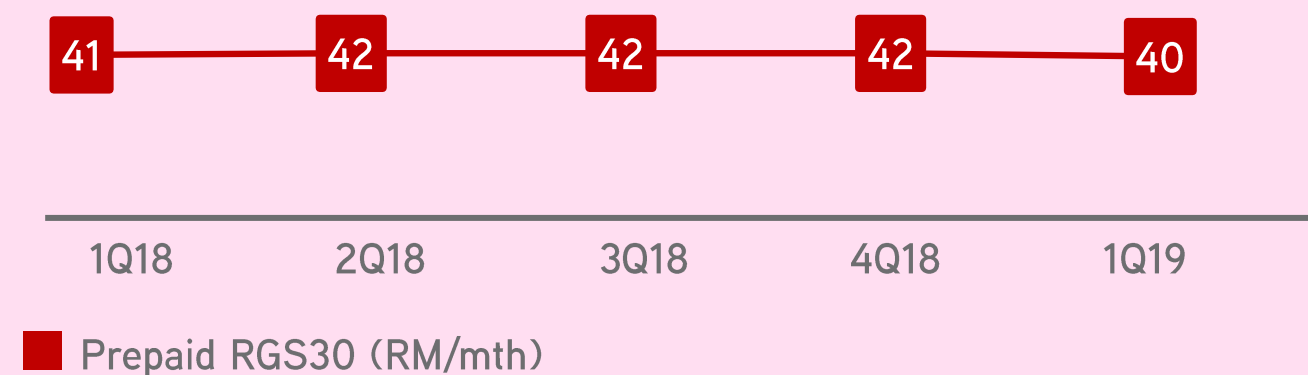
Prepaid Revenue



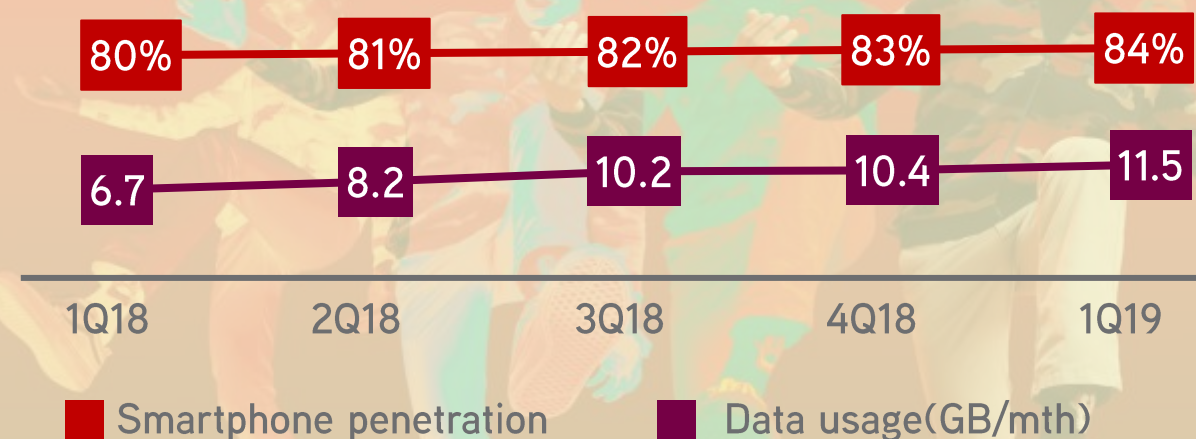
Prepaid Subscriptions



ARPU



Data usage & Smartphone penetration





Fibre Connections

280 k

QoQ Net Adds

31 k

Only mobile player with nationwide fibre offerings

- Strong home-fibre and business-fibre growth
- Innovative bundled offerings and more high speed plans
- Strong adoption of premium converged product - MaxisONE Prime
- Unmatched Personalised Experience with Maxperts
- Access agreements progressing



1Q19 ENTERPRISE

Accelerating convergence - Building capabilities for growth

ONEBusiness Smart



STRONG
Adoption momentum

ONEBusiness Voice



NEW
Converged VoIP telephony
solution



SMART CITY
New strategic partnership with
State of Penang



NB-IoT
Launch of Malaysia's first
commercial NB-IoT service

Convergence and growth in our core

- Continued strong mobile growth YoY in Enterprise
- Fibre services maintains strong growth momentum
- Expanding our offering in solutions to deliver more value (Beyond Connectivity)
- Significant ramp-up in recruiting 100+ resources to deliver scale and reach
- Growing sales pipeline for our new products and services



1Q19 CAPEX

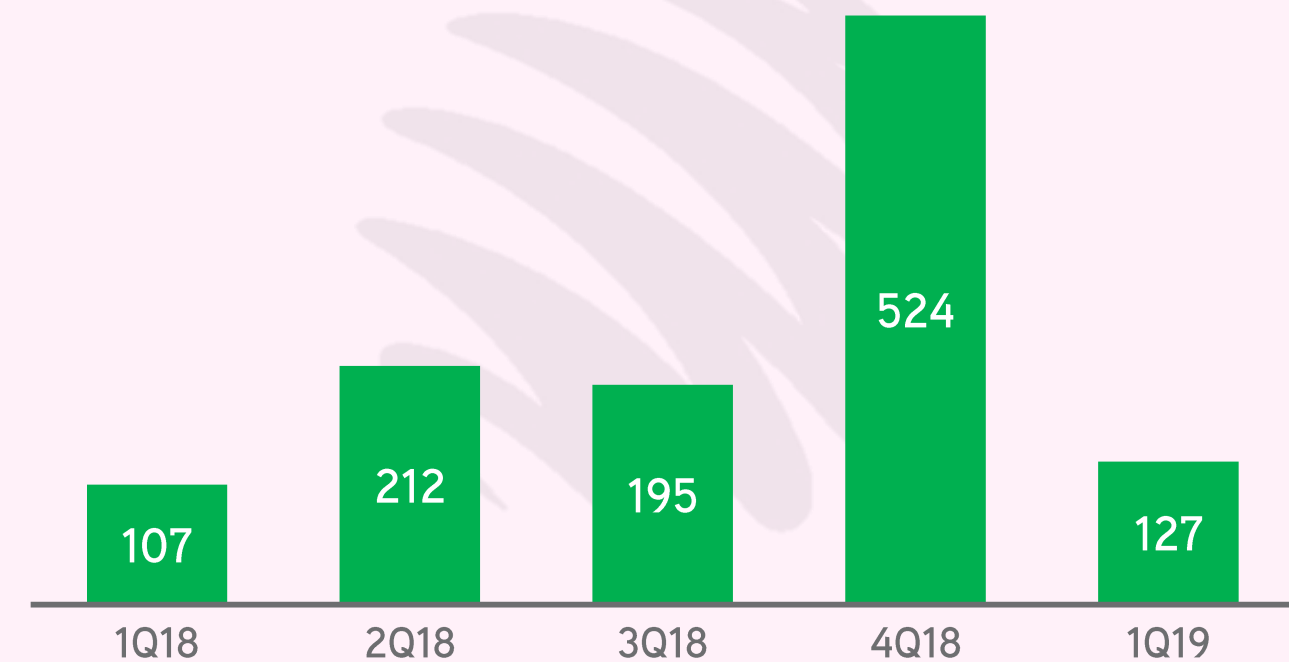
Phasing of core capex
in line with plan

First live 5G Trial

- First 5G live trials kickstarted in March, recorded close to 3 Gbps download speed
- Signed MOU with Huawei on 5G acceleration programme in February



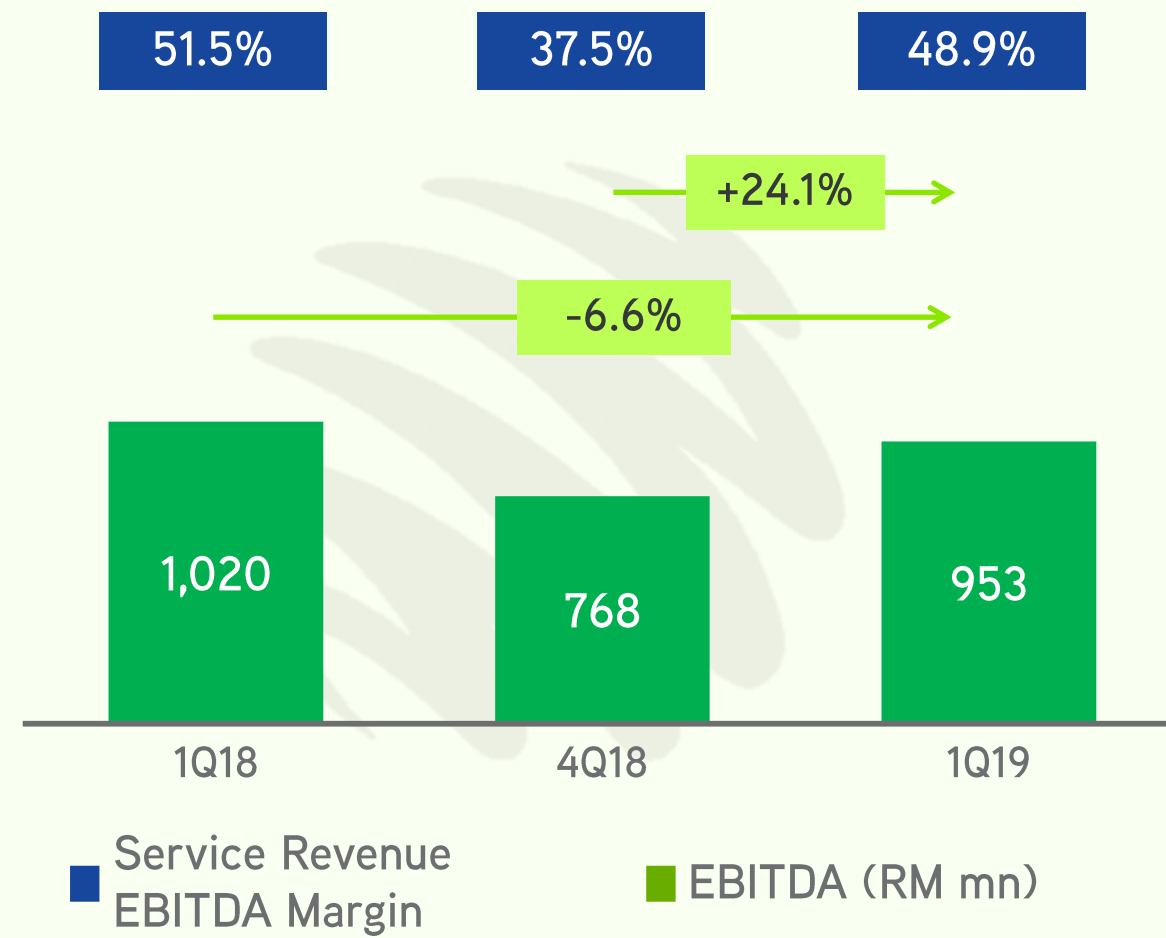
Capex (RM mil)



1Q19 Normalised EBITDA

EBITDA in line with expectations

Normalised EBITDA (RM mil)



Rebasing EBITDA due to:

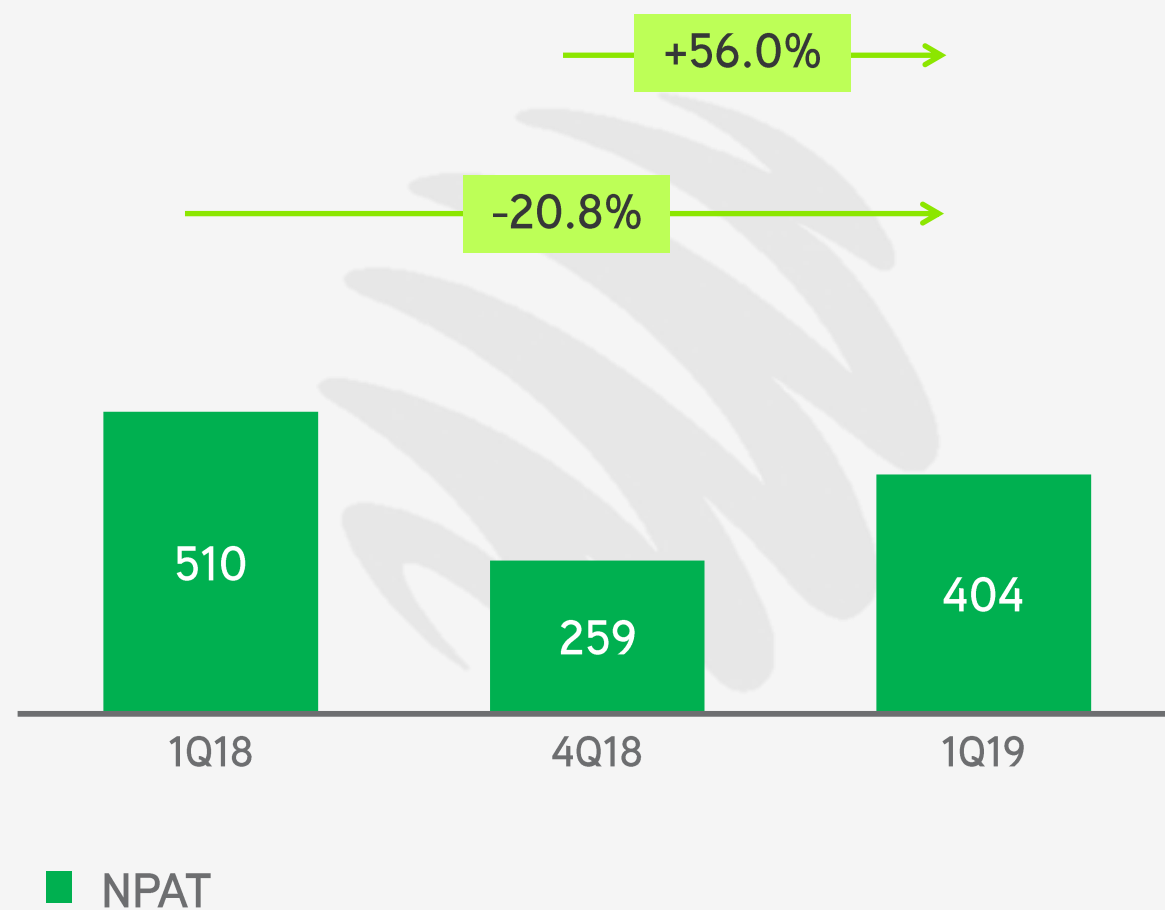
- Termination of a wholesale revenue contract
- Continued investment in Fibrenation
- Increased operation & maintenance expenses from investment for productivity programme
- Mobilisation of Enterprise business growth opportunities



1Q19 NPAT

In line with
plan and guidance

Normalised Profit after Tax (RM mil)



NPAT results:

- QoQ increase due to execution of strategy and rebasing of our EBITDA
- YoY in line with plan and guidance
- Cash flow in line with guidance

Priorities

Execute growth strategy plan while maintaining leadership in mobile

- Offer personalised products and services to individuals, homes and businesses
- Achieve a differentiated and unmatched customer experience
- Develop a world class organisation through digitalisation, innovation



Outlook

Secure our Current and Future Cash Flows

- Mobilisation of productivity & cash management programmes
- Solid operational and financial performance
- Stable Operating Free Cash Flow
- Maintaining investment grade financial parameters

▶ Service Revenue	Low single digit decline
▶ Normalised EBITDA	Mid single digit decline
▶ Base CAPEX	~ RM 1bn
▶ Growth CAPEX	~ RM 1 bn over 3 years
▶ Operating Free Cash Flow	In line with 2018



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Q&A

New
MAXIS
One
PRIME





Appendix 1

With purchase of any monthly & selected weekly pass

2019-2023 VISION

Why a Converged Player

2023

**Malaysia's Leading
Converged
Communications
and Digital Services
Company**

To be a differentiated player with stronger fixed-mobile presence

To achieve lower churn and improved stickiness

To provide a platform to launch expanded services for Consumer and Enterprise

To improve economic margin and future profit

To reduce pressure on our mobile network



2019-2023 STRATEGY

Our vision will be supported
by the MAX Plan



Maxis For All Individuals,
Homes and Businesses

- Win in Consumer Mobile
- Become the No. 1 Convergence Player
- Grow Enterprise Exponentially



Achieve Differentiated and
Digital “Unmatched
Personalised Experience”

- Digitalise and Expand Customer Touch Points
- Maintain Network Leadership



MaXis Way: World Class
Effective and Efficient
Organisation

- Innovative and digital organisational structure and culture
- Fuel for Growth : Productivity initiatives



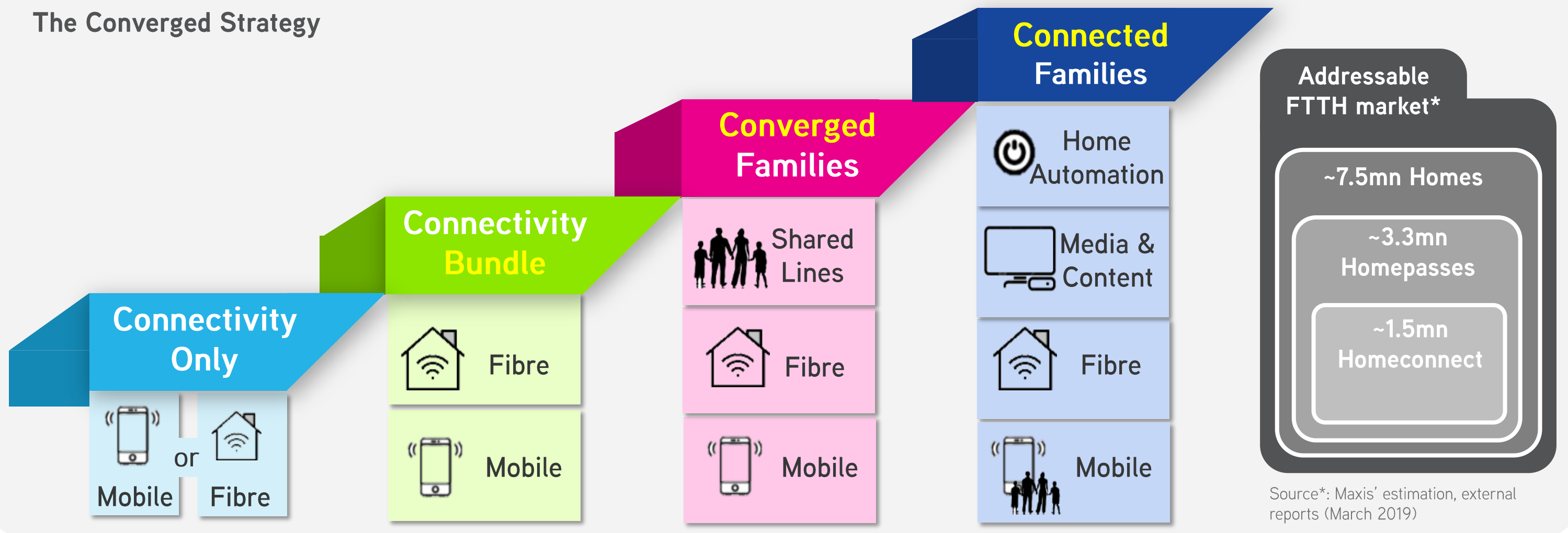


MAXIS FOR ALL

Individuals, Homes and Businesses

Maxis to connect your homes and families

The Converged Strategy



Maxis**ONE** Plan

Maxis**ONE** Share





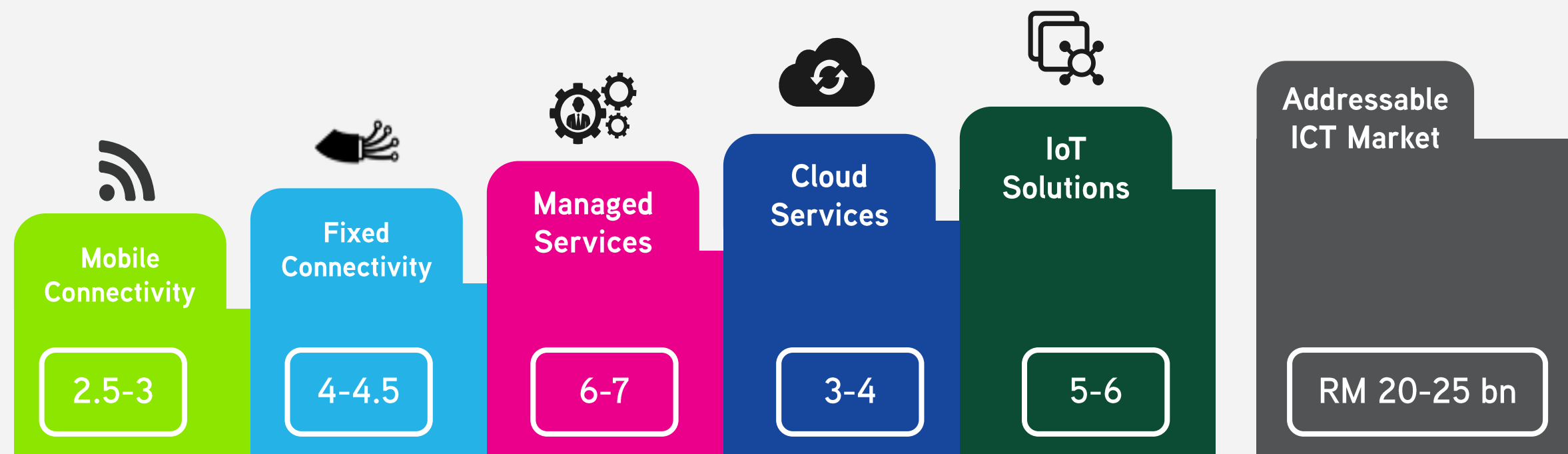
MAXIS FOR ALL

Individuals, Homes and Businesses

Value escalator strategy guides enterprise expansion

The Value Escalator

Malaysia Market Size¹
RM bn, 2023



Maxis Proposition

Compelling Fixed
AND Mobile offers

- Unique Convergent Positioning
- Best positioned player in Malaysia that can provide converged access in voice and data

'Always On'
Service

- Leading Mobile Network
- Country-leading 35Mbps WBB speed

Technical Leadership

- Maxis-Led Ecosystem
- Strong internal capability & strategic partnerships, e.g. Vodafone

Enterprise-Grade
Support

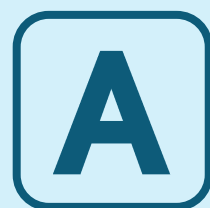
- Premium Market Positioning
- Trusted brand with track record of investing in new technologies

Opportunity Areas

- Offer converged services
- Cloudification of network
- Increase fixed infrastructure access

1. Estimation based on Gartner Report and IDC





ACHIEVE

Differentiated and Digital Unmatched Personalised Experience

Continued investment in our network

Maxis' Proof Points

9k | **Coverage Sites**
Consistent Growth

96% | **>3 Mbps Experience**
4G Nationwide

93% | **LTE Coverage**
Population Coverage

91% | **>5 Mbps Experience**
4G in Key Market Centres

**>3.3
mn** | **Fixed Home Access**
Highest in the market¹

Steps Towards an Enhanced Network

Smart Spectrum Management

Automation of Operations

Convergence Focus

Differentiated Service Management

Urban Network Rollout & Synchronisation
Upgrade

5G Readiness

Note 1: Maxis has access to own-built, TM and Sacofa Fibre so over 3.3mn homes passed.





MAXIS WAY

World Class Effective and Efficient Organisation

Positive traction for our productivity programme

Fuel for Growth's workstreams



E2E Simplification
Products and Processes



Fit Operations
Productivity Culture



Digital Acceleration
Seed, Scale and Sustain



Network & Technology
Platforms and Operations



Third Party Economics
Vendors and Peers

RM1bn savings
over 3 years

Key focus areas

Roaming rates optimisation

Fibre fulfilment operations

Push Mobile Application usage

Robotics Process Automation





Appendix 2

Key Financials

(RM mn)	1Q18	4Q18	1Q19	QoQ	YoY
Service Revenue	1,980	2,048	1,947	-4.9%	-1.7%
EBITDA*	1,020	768	953	+24.1%	-6.6%
EBITDA margin on service revenue*	51.5%	37.5%	48.9%	+11.4pp	-2.6pp
Profit after tax*	510	259	404	+56.0%	-20.8%
Free cash flow	165	217	264	+21.7%	+60.0%
Prepaid Revenue	849	845	797	-5.7%	-6.1%
Postpaid Revenue	985	1,053	1,000	-5.0%	+1.5%
Capex	107	524	127		
Dividend per share (sen)	5	5	5		

* EBITDA, EBITDA margin and Profit After Tax on normalised basis



Important definitions/notations

- **Revenue:** Service Revenue plus device, hubbing revenues and network income
- **Service Revenue:** Telecommunications and Digital services
- **EBITDA margin on Service Revenue:** EBITDA as percentage of service revenue
- **Normalised EBITDA:** Adjusting for unrealised forex losses and upfront spectrum assignment fees
- **Operating Free Cash Flow:** Cash Flow from Operating Activities
- **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:** Mobile phone offering advanced capabilities including access to email and the internet



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Disclaimer



Normalised Consolidated Income Statement

(RM mn)	1Q18	2Q18	3Q18	4Q18	1Q19	QoQ	YoY
Revenue	2,237	2,246	2,264	2,445	2,232	-8.7%	-0.2%
Expenses	(1,217)	(1,239)	(1,217)	(1,676)	(1,279)	-23.7%	+5.1%
EBITDA	1,020	1,007	1,047	769	953	+23.9%	-6.6%
EBITDA Margin	51.5%	50.0%	51.7%	37.5%	48.9%	+11.4pp	-2.6pp
Depreciation	(235)	(268)	(260)	(305)	(296)		
Others	(7)	(1)	4	(14)	(5)		
Upfront Spectrum Assignment	(14)	(15)	(15)	(16)	(15)		
EBIT	764	723	776	434	637	+46.8%	-16.6%
Interest Expenses	(97)	(94)	(103)	(95)	(114)		
Interest Revenue	9	9	11	16	15		
PBT	676	638	684	355	538	+51.5%	-20.4%
Tax	(166)	(158)	(166)	(96)	(134)		
PAT	510	480	518	259	404	+56.0%	-20.8%



Reported Consolidated Income Statement

(RM mn)	1Q18	2Q18	3Q18	4Q18	1Q19	QoQ	YoY
Revenue	2,237	2,246	2,264	2,445	2,232	-8.7%	-0.2%
Expenses	(1,214)	(1,257)	(1,239)	(1,683)	(1,288)	-23.5%	+6.1%
EBITDA	1,023	989	1,025	762	944	+23.9%	-7.7%
EBITDA Margin	51.7%	49.1%	50.6%	37.2%	42.3%	+5.1pp	-9.4pp
Depreciation	(235)	(268)	(260)	(305)	(296)		
Others	(7)	(1)	4	(14)	(5)		
EBIT	781	720	769	443	643	+45.1%	-17.7%
Interest Expenses	(97)	(94)	(103)	(95)	(114)		
Interest Revenue	9	9	11	16	15		
PBT	693	635	677	364	544	+49.5%	-21.5%
Tax	(170)	(157)	(164)	(98)	(135)		
PAT	523	478	513	266	409	+53.8%	-21.8%



Cash Flow Statement

(RM mn)	1Q18	2Q18	3Q18	4Q18	1Q19
Cash flow from operating activities	441	931	976	983	565
Cash flow used in investing activities	(166)	(307)	(263)	(680)	(140)
▪ Purchase of property, plant & equipment	(166)	(307)	(262)	(678)	(140)
▪ Proceeds from disposal of PPE	-	-	-	2	-
▪ Purchase of financial assets as fair value over comprehensive income	-	-	-	(4)	-
▪ Maturities of deposits	-	-	(1)	-	-
Cash flow before financing activities	275	624	713	303	425
Cash flow used in financing activities	(501)	(476)	(504)	(477)	(552)
• Dividends paid	(391)	(390)	(391)	(391)	(391)
• Payment of finance costs	(109)	(81)	(111)	(85)	(130)
• Others	(1)	(5)	(2)	(1)	(31)
Net change in cash & cash equivalents	(226)	148	209	(174)	(127)
Opening cash & cash equivalents	579	353	501	710	536
Closing cash & cash equivalents	353	501	710	536	409

^ 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



Financial Ratios

(RM mn)	4Q18	1Q19
Debt [#]	7,639	8,717
Deposits, cash & bank balances [^]	560	434
Net Debt	7,079	8,283
Total Equity	7,149	7,123

(RM mn)	4Q18	1Q19
Net debt-to-EBITDA [*]	1.86x	2.23x
Net debt-to-Equity	0.99x	1.16x

Notes:

#

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

*

EBITDA calculated using rolling 12 months 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)	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Revenue	2,335	2,333	2,376	2,237	2,246	2,264	2,445	2,232
Service Revenue	2,069	2,090	2,036	1,980	2,013	2,027	2,048	1,947
▪ Mobile	1,928	1,944	1,897	1,834	1,863	1,876	1,898	1,797
▪ Enterprise Fixed*	76	75	69	71	71	71	70	70
▪ Home Fibre	65	71	70	75	79	80	80	80
Non-Service Revenue	266	243	340	257	233	237	397	285
▪ Device	241	216	319	236	212	216	371	264
▪ Hubbing	5	7	0	0	0	0	-	-
▪ Network Income	20	20	21	21	21	21	26	21

(RM mn)	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Mobile Revenue	1,928	1,944	1,897	1,834	1,863	1,876	1,898	1,797
▪ Prepaid	982	947	903	849	854	851	845	797
▪ Postpaid	946	997	994	985	1,009	1,025	1,053	1,000

* Includes Business Fibre



Normalised Financials and Costs

(RM mn)	1Q18	2Q18	3Q18	4Q18	1Q19
Total revenue	2,237	2,246	2,264	2,445	2,232
Expenses	1,217	1,239	1,217	1,676	1,279
▪ Traffic, commissions & other direct costs	720	723	684	883	736
▪ Spectrum license fees	42	47	47	48	46
▪ Network	200	196	208	280	189
▪ Staff & resource	140	144	148	174	152
▪ Marketing	39	51	59	62	42
▪ Operation & maintenance	81	93	90	222	110
▪ Others	(5)	(15)	(19)	7	4
▪ Allowance for doubtful debts, net	27	29	22	42	33
▪ Government grants & other income, net	(32)	(44)	(41)	(35)	(29)
EBITDA	1,020	1,007	1,047	769	953
PBT	676	638	684	355	538
PAT	510	480	518	259	404
EBITDA Margin	51.5%	50.0%	51.7%	37.5%	42.7%
PAT Margin	22.8%	21.4%	22.9%	10.6%	18.1%



Reported Financials and Costs

(RM mn)	1Q18	2Q18	3Q18	4Q18	1Q19
Total revenue	2,237	2,246	2,264	2,445	2,232
Expenses	1,214	1,257	1,239	1,683	1,288
▪ Traffic, commissions & other direct costs	720	723	684	883	736
▪ Spectrum license fees	56	62	62	64	61
▪ Network	200	196	208	280	189
▪ Staff & resource	140	144	148	174	152
▪ Marketing	39	51	59	62	42
▪ Operation & maintenance	64	96	97	213	104
▪ Others	(5)	(15)	(19)	7	4
▪ Allowance for doubtful debts, net	27	29	22	42	33
▪ Government grants & other income, net	(32)	(44)	(41)	(35)	(29)
EBITDA	1,023	989	1,025	762	944
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PAT	523	478	513	266	409
EBITDA Margin	51.7%	49.1%	50.6%	37.2%	42.3%
PAT Margin	23.4%	21.3%	22.7%	10.9%	18.3%



RGS30 and ARPU

	1Q18	2Q18	3Q18	4Q18	1Q19
Mobile Subscription (‘000)					
Total	9,849	9,863	9,835	9,868	9,842
▪ Prepaid	6,786	6,747	6,639	6,610	6,467
▪ Postpaid	2,912	2,970	3,055	3,135	3,261
▪ WBB	151	146	141	123	114
ARPU (RM/Month)					
Blended	56	58	58	59	56
▪ Prepaid	41	42	42	42	40
▪ Postpaid	92	94	93	94	88

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



Data usage and smart phone penetration

	1Q18	2Q18	3Q18	4Q18	1Q19
Data usage (GB/Month)					
Blended	7.61	9.08	10.67	10.92	11.70
▪ Prepaid	6.68	8.20	10.24	10.36	11.47
▪ Postpaid	9.88	11.17	11.66	12.16	12.17
Smart-phone penetration (%)					
Blended					
▪ Prepaid	82	83	84	85	85
▪ Postpaid	80	81	82	83	84
	86	87	87	87	88

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



Market Definition Subscription, ARPU and MOU

	1Q18	2Q18	3Q18	4Q18	1Q19
Mobile Subscription ('000)					
Total	10,875	10,891	10,956	10,890	10,885
▪ Prepaid	7,756	7,716	7,703	7,571	7,444
▪ Postpaid	2,958	3,019	3,105	3,190	3,321
▪ WBB	161	156	148	129	120
Mobile Internet Users ('000)	8,100	8,200	8,300	8,400	8,400
Home Connections ('000)	184	194	202	226	251
ARPU (RM/Month)					
Blended	51	53	53	53	51
▪ Prepaid	35	37	36	37	35
▪ Postpaid	92	94	93	94	88
MOU (Minutes/Month)					
▪ Prepaid	129	128	129	125	120

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



