

2Q 2017 Financial Results

20 July 2017

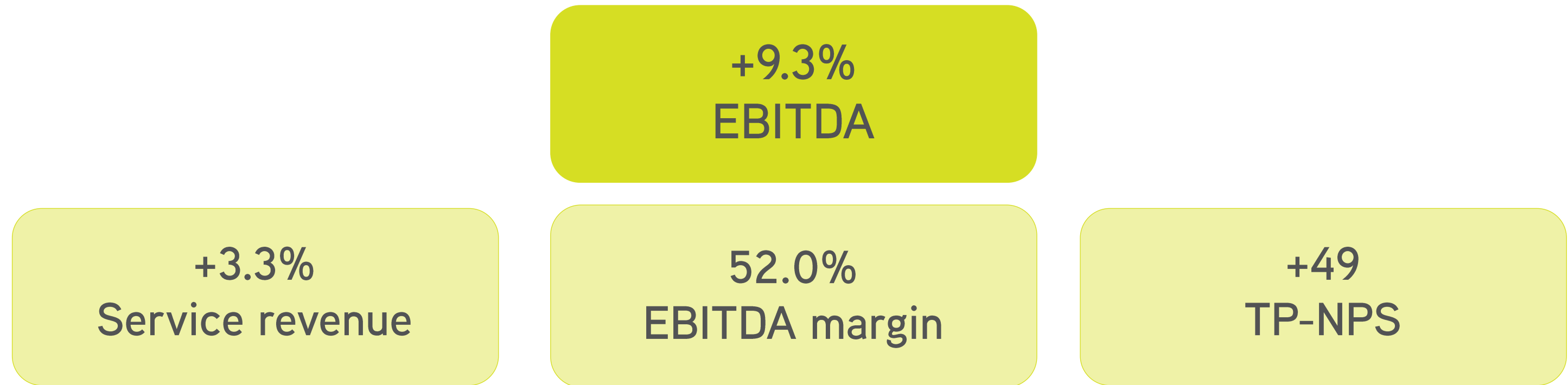


HOT LINK
HAPPY HOUR

maxis

2Q17 – Solid earnings momentum

Sustained positive underlying growth in service revenue and EBITDA

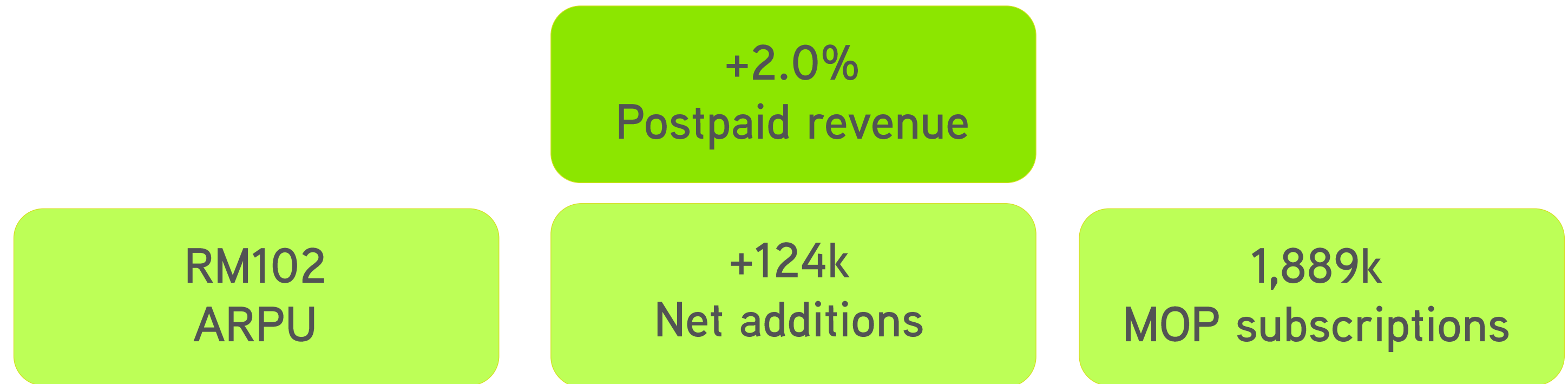


- Strong focus on unmatched customer experience continued to drive solid financial and operational performance
- Sustained investment in network delivering a high quality network experience and resulting in an all-time high TP-NPS
- Absolute EBITDA growth from continuous revenue development and cost efficiencies



Winning digital experience seekers to our postpaid base

Continued strong MaxisONE plan subscription momentum



- Delivering consistent high quality internet experience with best 4G network
- Strengthened position as digital service enabler of choice
- Supported by best device ownership experience via Zerolution and Power of ONE campaign
- Diversifying RM1 proposition into lifestyle space including content, accessories and roaming



Hotlink FAST – No.1 4G prepaid in Malaysia

Stimulating 4G prepaid adoption

+2.9%
Prepaid revenue

RM44
FAST ARPU

72%
FAST MI penetration

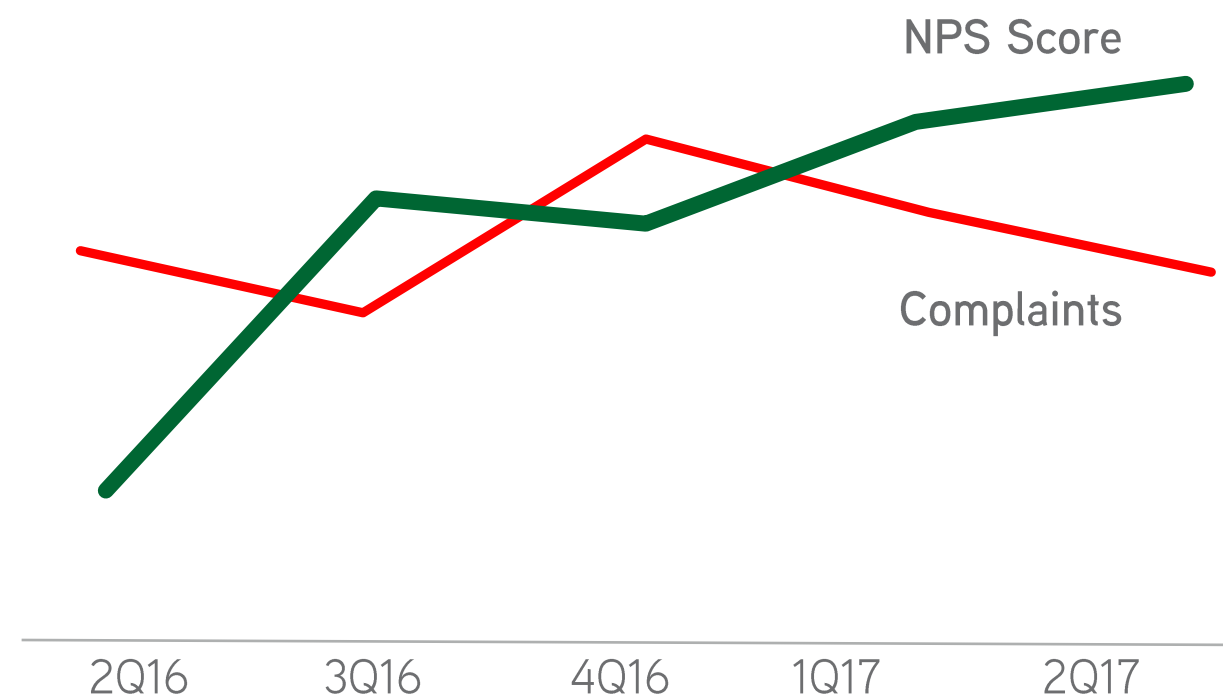
1,879k
Hotlink FAST users

- Free 8GB/month weekend on the best 4G network in Malaysia
- Great self-serve experience on Hotlink Red App
- Hotlink Cash Online allows users to purchase apps services with Hotlink top-ups
- Hotlink SOS internet users are always on even when users run out of top-up credits

**SURF ALL YOU WANT
WITH HOTLINK HAPPY
HOUR!**



Strong differentiation in unmatched customer experience




All-time high TP-NPS!

+49

- Significant reduction in billing related complaints on the back of worry-free propositions and greater push to get customers on self-care platforms
- First contact resolution rate consistently ~90%



All these with our No.1 4G network



**WIDEST
4G Coverage**


89% population coverage
Nationwide



FASTEST 4G

Also in Sabah &
Sarawak

Average 30Mbps



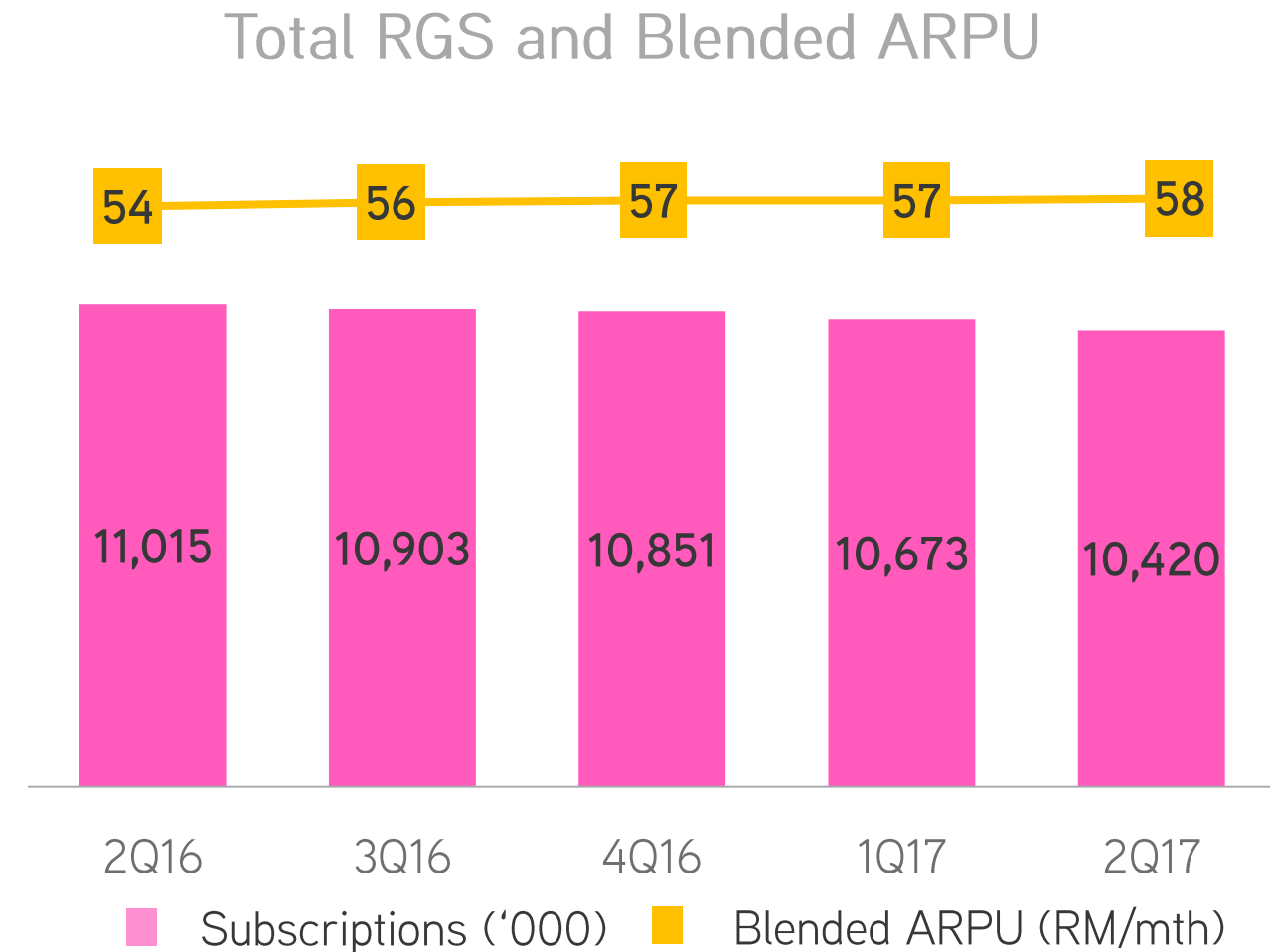
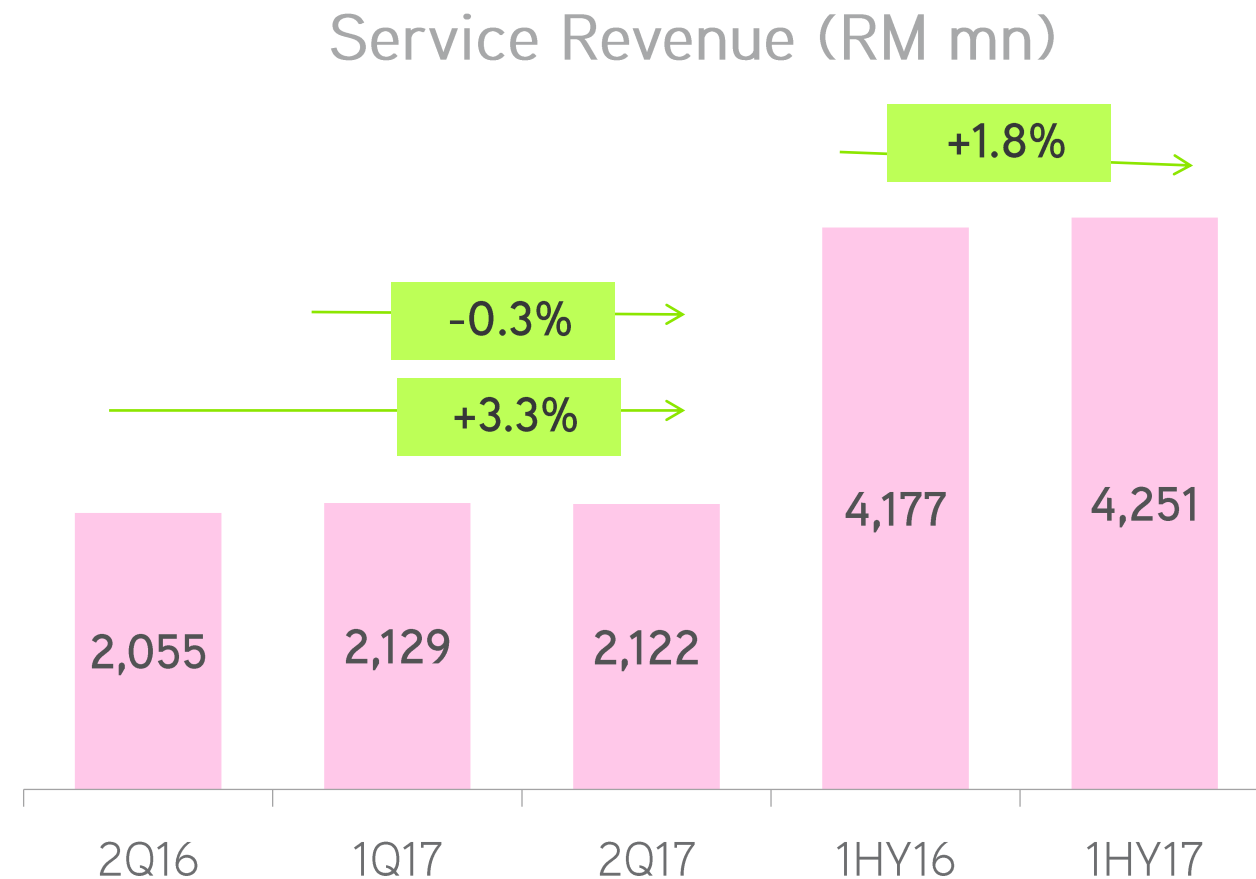
**BEST Mobile
Streaming
Experience**

4-Star Rating Nationwide
Including Sabah & Sarawak
according to YT video check-up

Supported by Maxis network data
MCMC Telco Network Quality Report (2016)
YouTube video check up
89% 4G population coverage on comparable peer basis; 82% on -98dBm quality criteria



Sustained positive underlying growth in service revenue



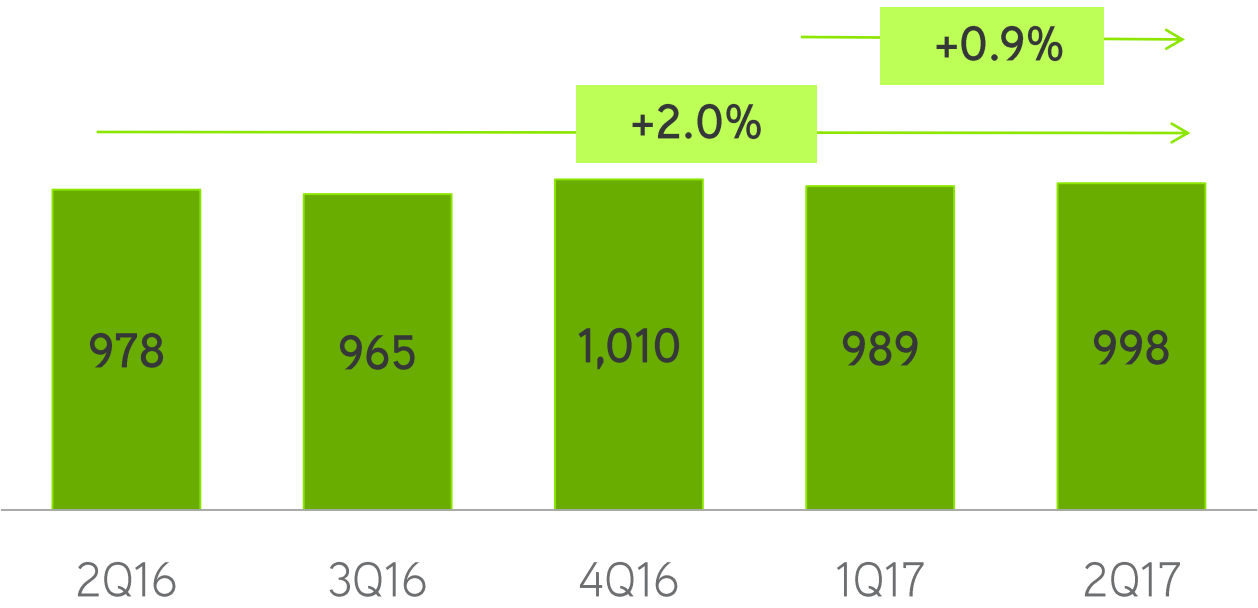
- Steady postpaid and prepaid performance amidst intense competition
- ARPU supported by rising data ARPU across all customer segments
- All time high postpaid net adds post MaxisONE plan revamp; prepaid RGS base impacted by SIM consolidation



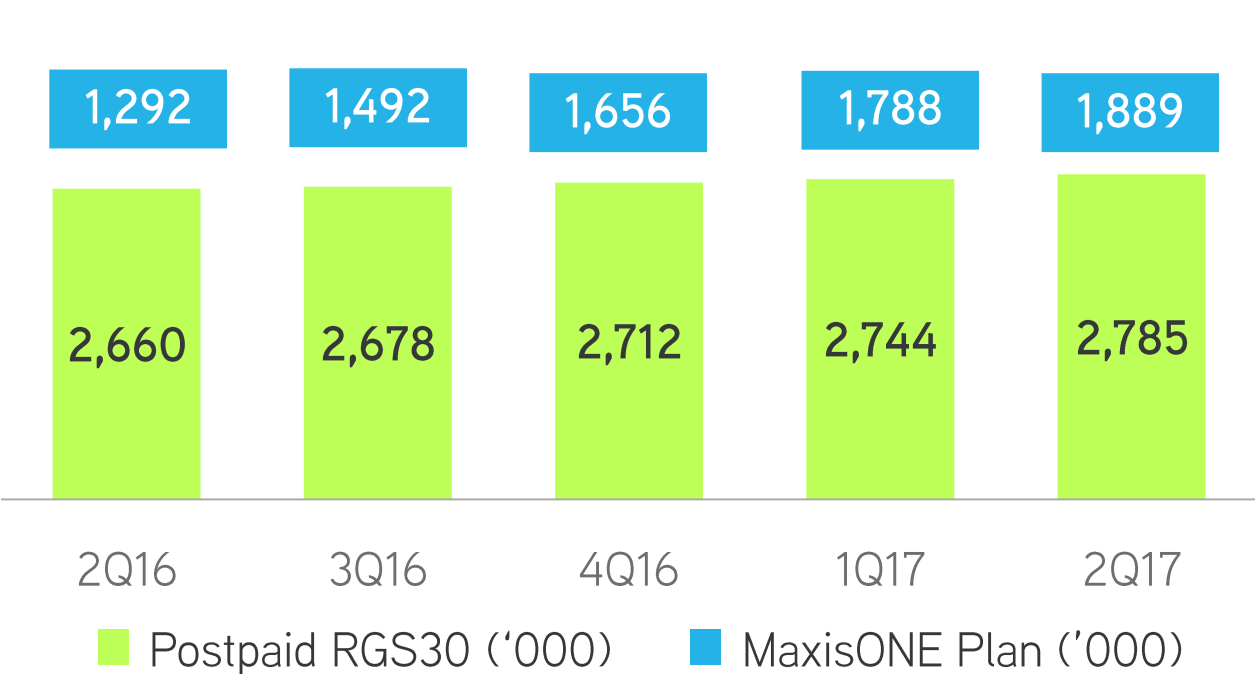
Winning digital experience seekers to our postpaid base

Highest net additions post MaxisONE plan revamp

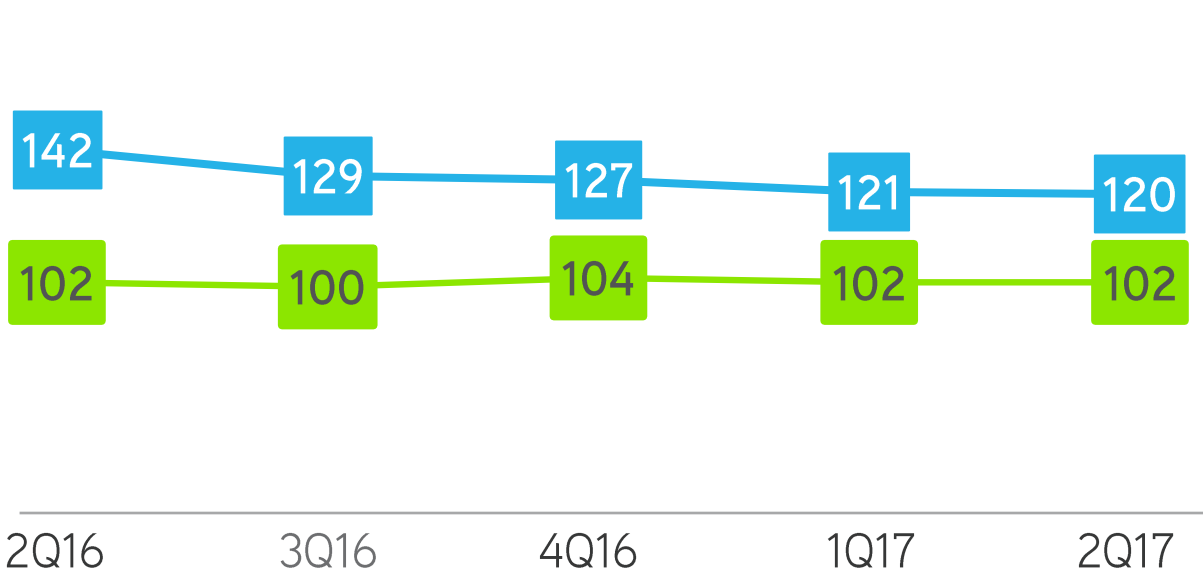
Postpaid Revenue



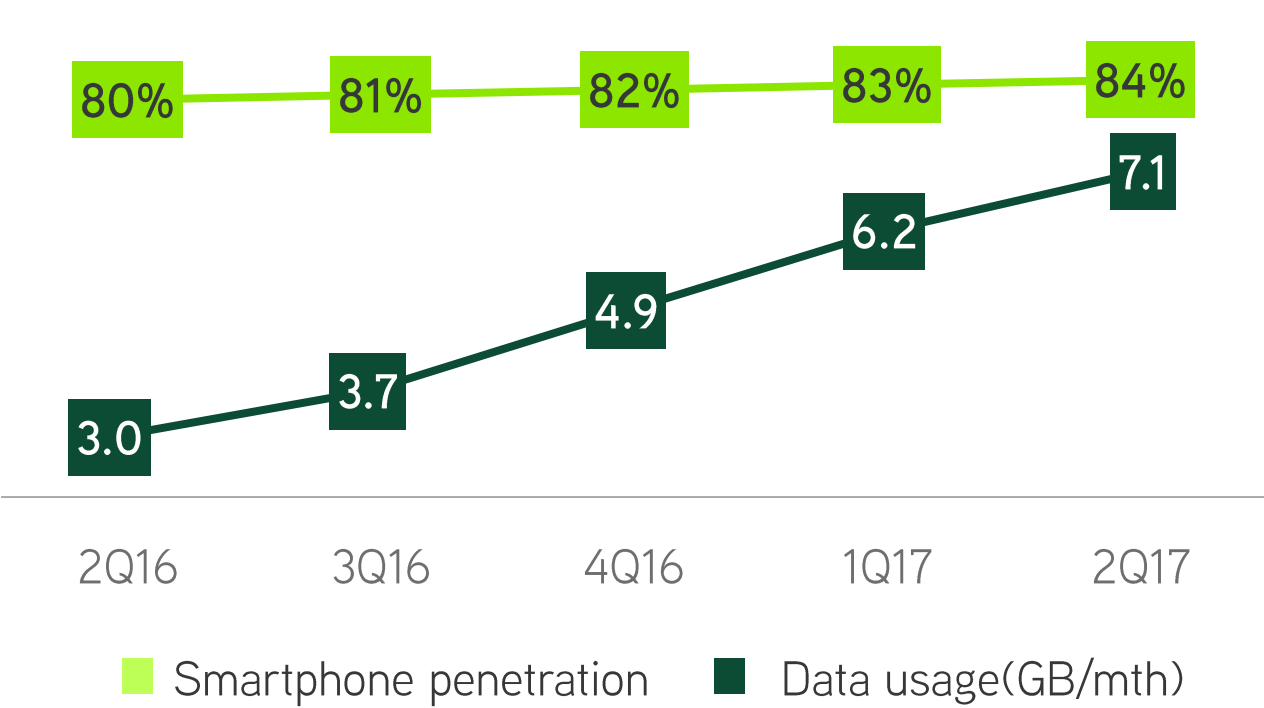
Subscriptions



ARPU



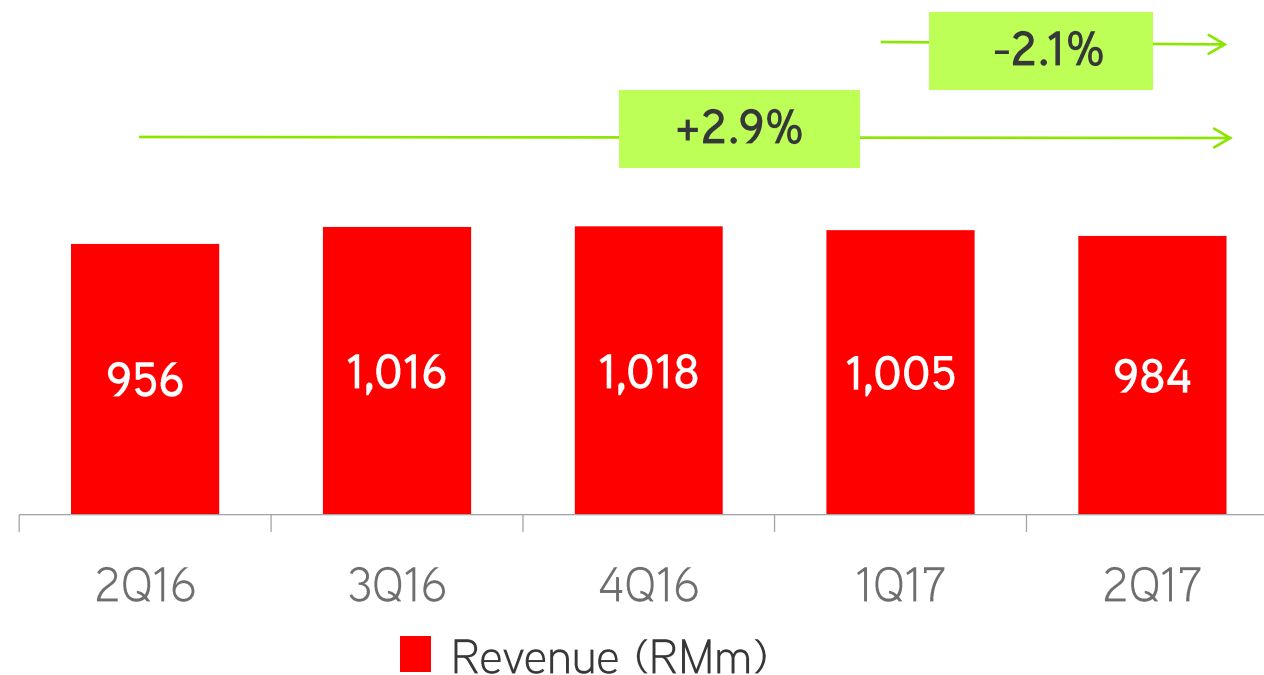
Data usage and Smartphone penetration



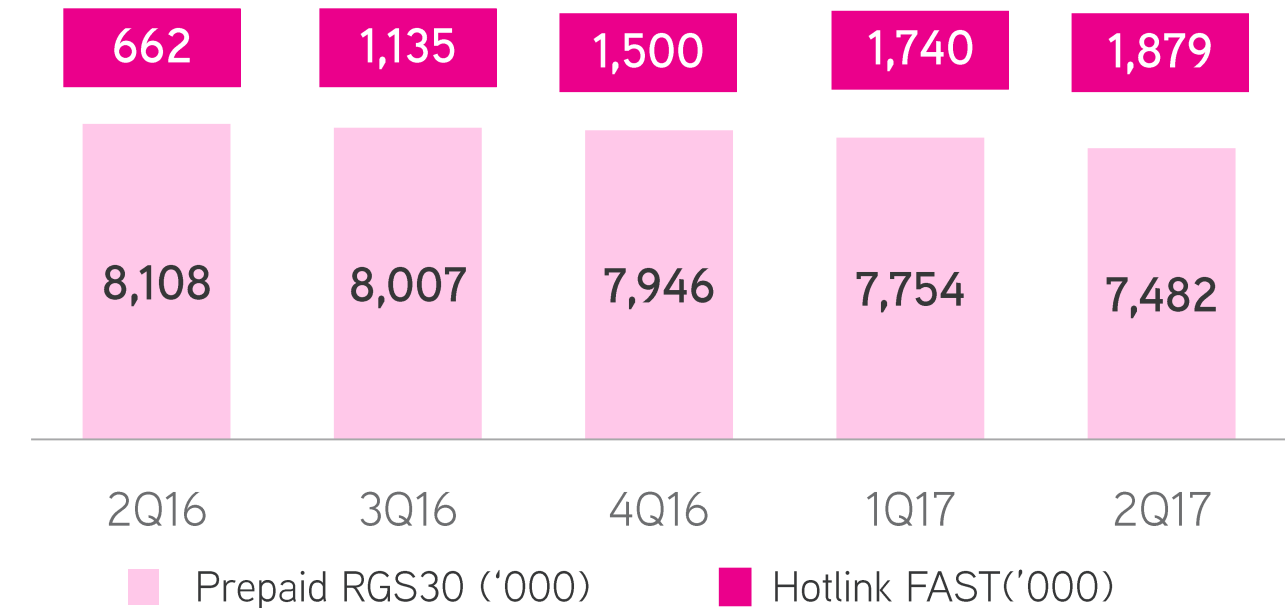
Hotlink FAST is the 4G prepaid market leader

Revenue growth supported by high MI ARPU despite lower RGS base

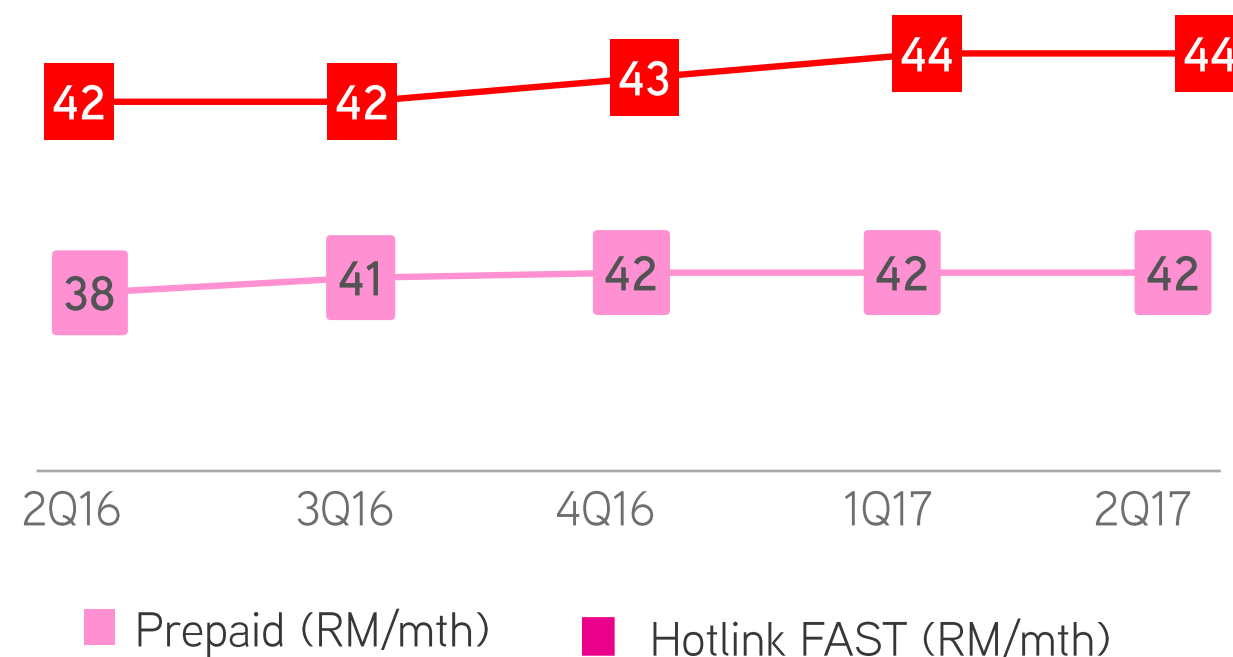
Prepaid Revenue



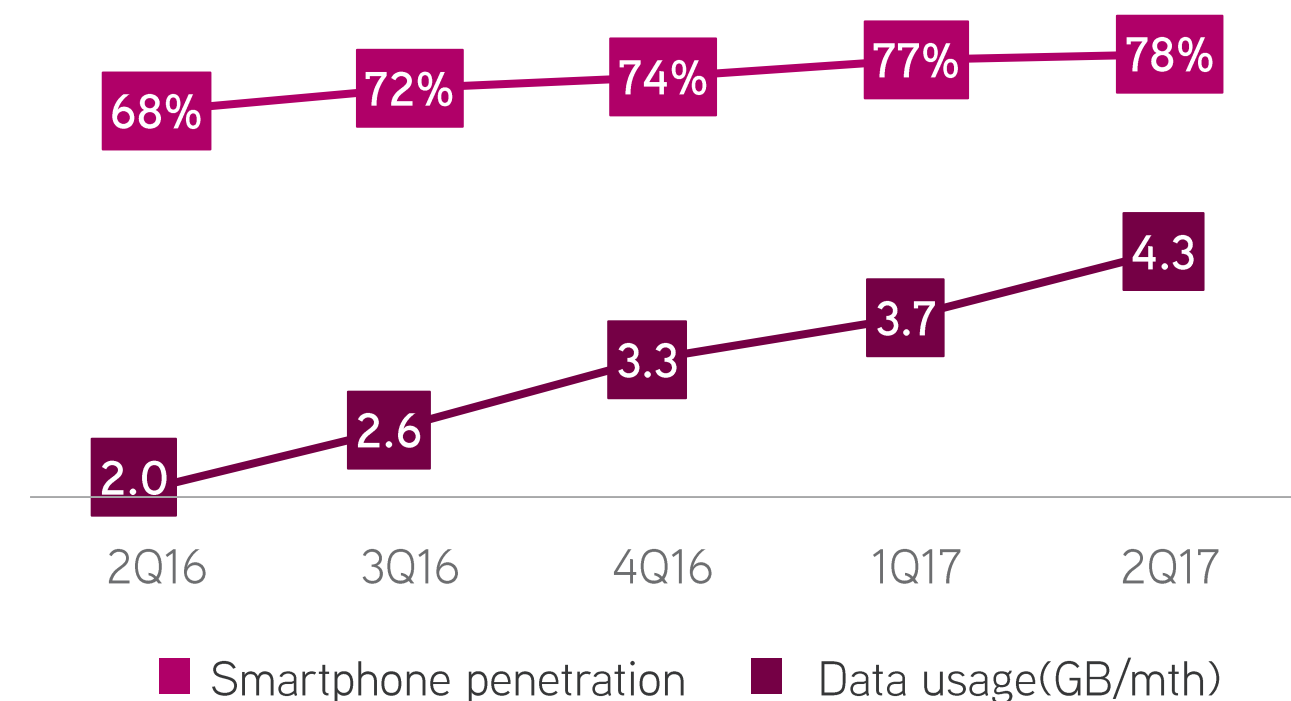
Subscriptions



ARPU

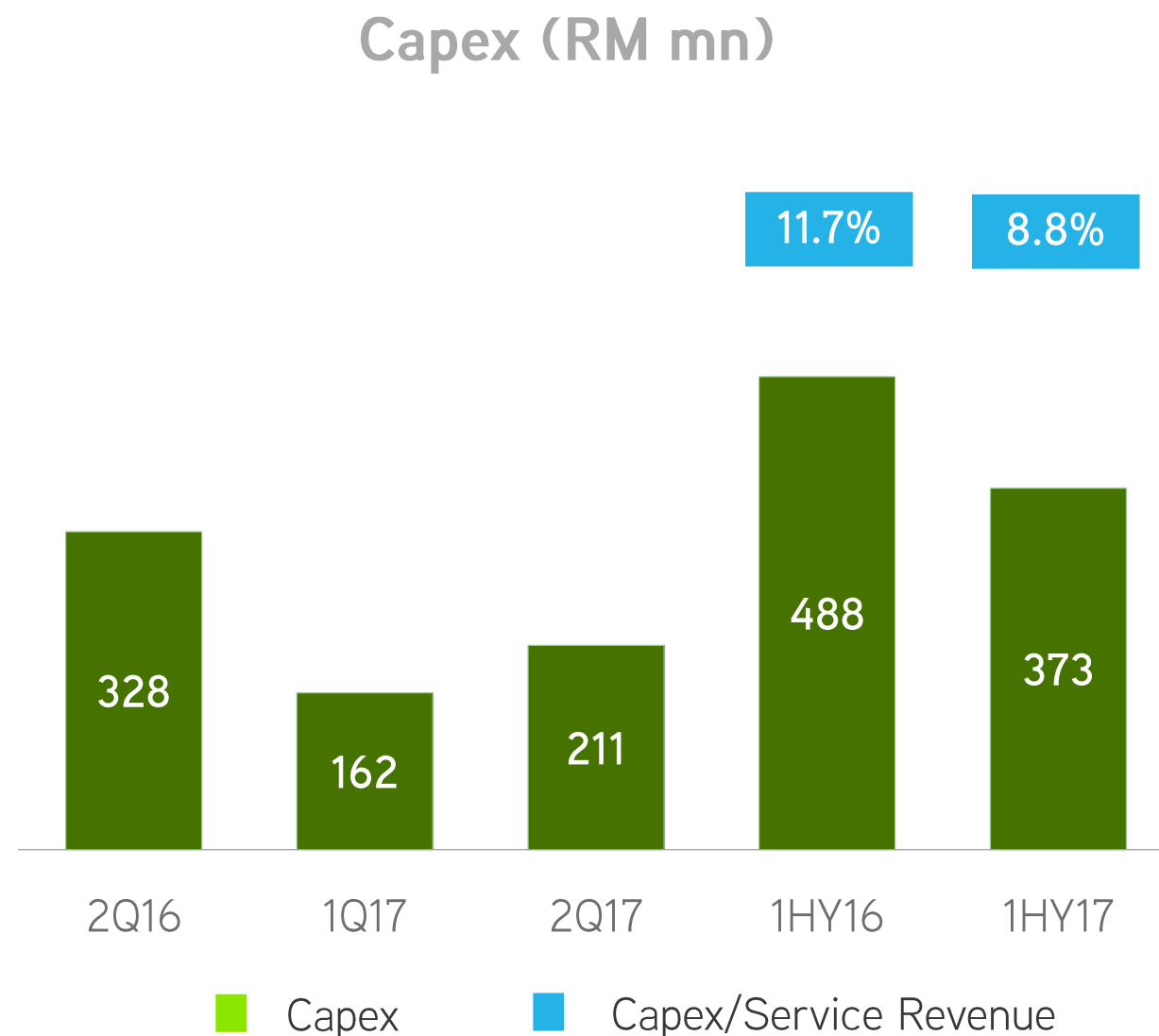


Data usage and Smartphone penetration



Investing in 4G LTE leadership

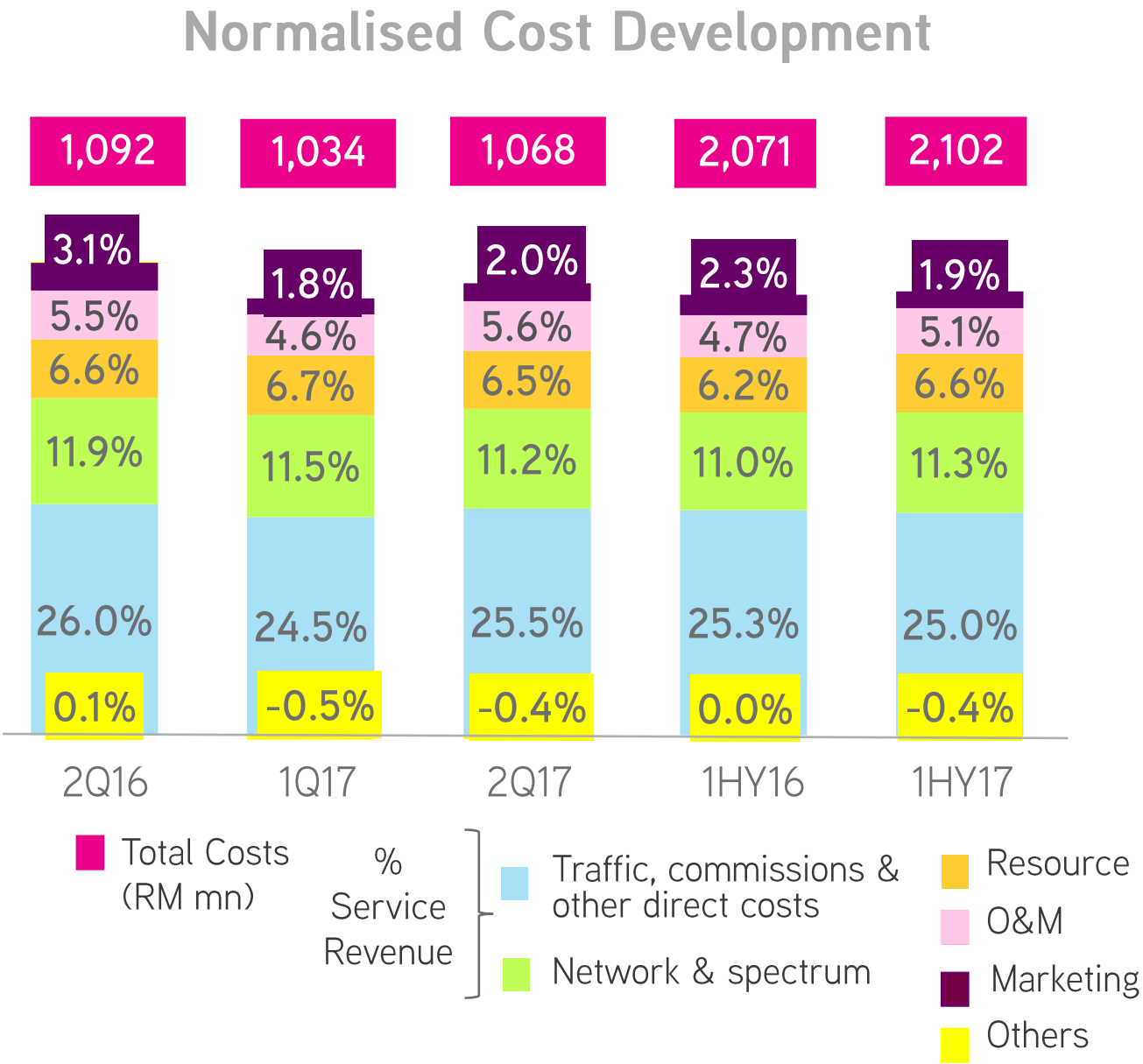
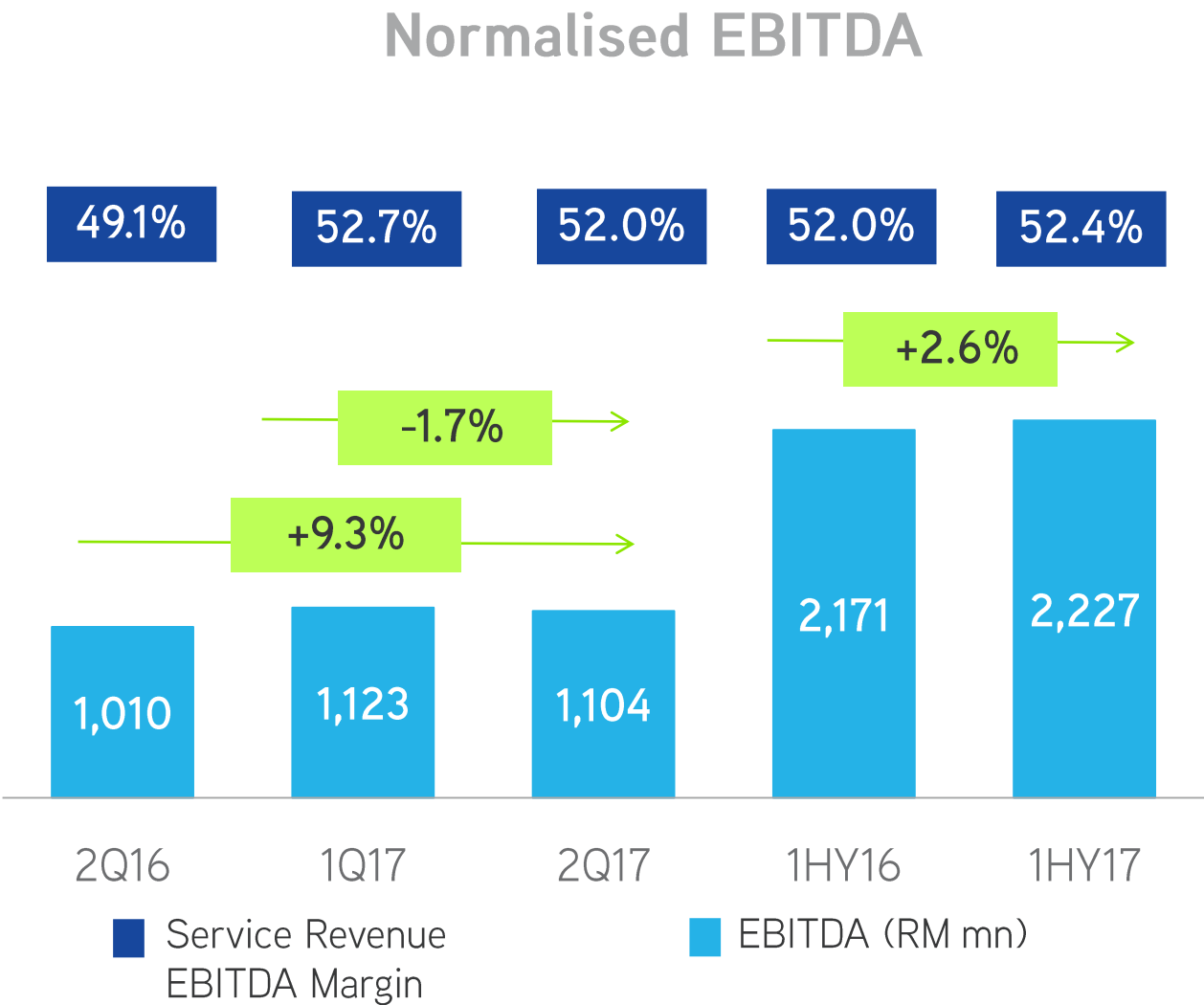
Differentiated customer experience with consistently high quality network



- Largest 4G LTE population coverage nationwide; @ 89% on comparable peer basis
- Fastest network with Best Youtube HD streaming
- LTE usage nearly doubled to an average 7.0GB from 3.7GB per month year-on-year
- Nearly 2/3 of our users now have 4G smart-phones



YTD EBITDA growth from continuous revenue development and efficient marketing spend

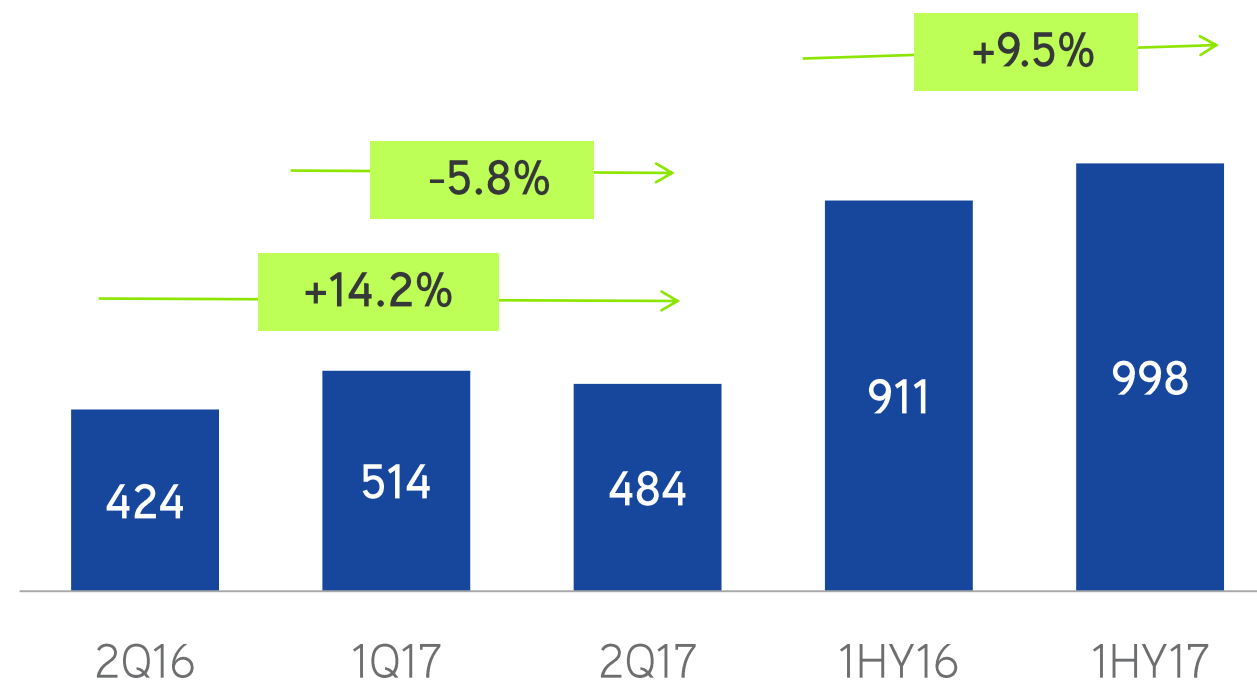


- QoQ EBITDA reflects continuous investment for long term structural cost benefits and higher realised foreign exchange losses



Profit after Tax up on higher EBITDA

Normalised Profit after Tax (RM mn)



- YTD PAT higher on account of higher EBITDA and lower property, plant and equipment related charges
- Excludes RM34 million unrealised forex gains (1HY16: RM41 million unrealised forex gains), nil accelerated depreciation charges (1HY16: RM13 million), nil reversal of contract obligation provision (1H16: RM36 million), nil reversal of asset impairment (1HY16: RM36 million) and RM47 million reduction of service fees (1H16: RM7 million charge in service fee) net of tax



Summary

1H2017

- Solid earnings momentum in the first six months
 - Execution of growth strategy and priorities on track; program in place to reduce long term structural costs
-

Priorities

- Moving from products to solutions and going all-out digital
 - Creating unmatched customer experience across all channels
 - Keep network advantage through scalable capacity design and indoor experience
 - Invest for the future:
 - Build new enterprise capabilities
 - Scale up own fibre
 - Implement full digitalisation
 - Investing for cost efficiencies
-

Outlook

- Comfortable with guidance:
 - Service revenue, absolute EBITDA and base capex at similar levels to FY2016



Key Financials

(RM mn)	2Q16	1Q17	2Q17	QoQ	YoY	YTD
Service revenue	2,055	2,129	2,122	-0.3%	+3.3%	+1.8%
EBITDA	1,010	1,123	1,104	-1.7%	+9.3%	+2.6%
EBITDA margin on service revenue	49.1%	52.7%	52.0%	-0.7pp	+2.8pp	+0.4pp
Profit after tax	424	514	484	-5.8%	+14.2%	+9.5%
Free cash flow	561	274	290	+5.8%	-48.3%	-33.6%
Prepaid revenue	956	1,005	984	-2.1%	+2.9%	+1.4%
Postpaid revenue	978	989	998	+0.9%	+2.0%	+0.6%
Capex	328	162	211			
Dividend per share (sen)	5	5	5			

EBITDA, EBITDA margin and Profit After Tax on normalised basis



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FOR BUSINESS

No.1 4G



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Flexibility to allocate the right amount of data	Unlimited Calls & SMS	Manage & control your account easily with ONEBusiness Hub	Use your device fund anytime
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WE KNOW YOU LOVE YOUR HIGH SPEED INTERNET...

**SO WHY NOT EXTEND IT TO
EVERY DAY**

HOTLINK



Thank you

Also...

FRIENDZ™

FREE 1,000 MINS CALLS TO 5
MAXIS or HOTLINK NUMBER

Appendices

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) accelerated depreciation of RM6 million in 2Q16 and nil in 1Q17; (ii) unrealised forex gains of RM2 million in 2Q16 and RM5 million in 1Q17; (iii) reversal of contract obligation provision of RM36 million in 2Q16 and nil in 1Q17; (iv) reversal of asset impairment provision of RM36 million in 2Q16 and nil in 1Q17; and (v) service fee charged of RM3 million in 2Q16 and RM4 million in 1Q17
- **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 does not have any revenue generating activities for more than 30 days
- **Smart-phone:** Any devices with growing apps stores and active developers



Normalised Consolidated Income Statement

(RM mn)	2Q16	3Q16	4Q16	1Q17	2Q17	QoQ	YoY
Revenue	2,102	2,156	2,214	2,157	2,172	+0.7%	+3.3%
Expenses	(1,092)	(1,012)	(1,027)	(1,034)	(1,068)	+3.3%	-2.1%
EBITDA	1,010	1,144	1,187	1,123	1,104	-1.7%	+9.3%
EBITDA Margin	48.0%	53.1%	53.6%	52.1%	50.8%	-1.3pp	+2.8pp
Depreciation	(254)	(261)	(266)	(240)	(238)		
Amortisation	(82)	(83)	(90)	(97)	(98)		
Others	(4)	(4)	10	(2)	-		
EBIT	670	796	841	784	768	-2.0%	+14.6%
Interest Expenses	(116)	(111)	(123)	(109)	(122)		
Interest Income	14	13	14	14	15		
PBT	568	698	732	689	661	-4.1%	+16.4%
Tax	(144)	(180)	(185)	(175)	(177)		
PAT	424	518	547	514	484	-5.8%	+14.2%



Reported Consolidated Income Statement

(RM mn)	2Q16	3Q16	4Q16	1Q17	2Q17	QoQ	YoY
Revenue	2,102	2,156	2,214	2,157	2,172	+0.7%	+3.3%
Expenses	(1,052)	(1,026)	(1,056)	(1,046)	(949)	-9.3%	-9.8%
EBITDA	1,050	1,130	1,158	1,111	1,223	+10.1%	+16.5%
EBITDA Margin	50.0%	52.4%	52.3%	51.5%	56.3%	+4.8pp	+6.3pp
Depreciation	(262)	(265)	(294)	(240)	(238)		
Amortisation	(82)	(83)	(90)	(97)	(98)		
Others	44	(4)	10	(2)	-		
EBIT	750	778	784	772	887	+14.9%	+18.1%
Interest Expenses	(116)	(111)	(123)	(109)	(122)		
Interest Income	14	13	14	14	15		
PBT	648	680	675	677	780	+15.2%	+20.4%
Tax	(165)	(175)	(170)	(172)	(206)		
PAT	483	505	505	505	574	+13.7%	+18.8%



Cash flow statement

(RM mn)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Cash flow from operating activities	705	1,129	994	272	723	841
Cash flow used in investing activities	(259)	(486)	(345)	(760)	(366)	(450)
- Purchase of property, plant & equipment	(183)	(417)	(271)	(616)	(243)	(351)
- Proceeds from disposal of PPE	2	-	1	25	1	-
- Purchase of intangible assets	(78)	(69)	(75)	(149)	(124)	(99)
- Maturities of deposits^	-	-	-	(20)	-	-
Cash flow before financing activities	446	643	649	(488)	357	391
Cash flow used in financing activities	(956)	(456)	(926)	454	(480)	(476)
- Dividends paid	(376)	(375)	(376)	(375)	(376)	(375)
- Debt drawdown	-	3,500	840	3,450	744	-
- Debt repayment	(421)	(3,500)	(1,261)	(2,478)	(766)	-
- Payment of finance costs	(156)	(80)	(128)	(121)	(82)	(99)
- Acquisition of additional interest in subsidiary	-	-	-	(16)	-	-
- Others	(3)	(1)	(1)	(6)	-	2
Net change in cash & cash equivalents	(510)	187	(277)	(34)	(123)	(85)
Opening cash & cash equivalents	1,296	786	973	696	662	539
Closing cash & cash equivalents^	786	973	696	662	539	454

^ 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)	1Q17	2Q17
Debt#	9,263	9,295
Deposits, cash & bank balances^	559	454
Net Debt	8,704	8,841
Total Equity	4,842	6,689

(Ratios)	1Q17	2Q17
Net debt-to-EBITDA*	1.96x	1.89x
Net debt-to-Equity	1.80x	1.32x

Note:

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)	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Total revenue	2,110	2,166	2,176	2,140	2,102	2,156	2,214	2,157	2,172
Service revenue	2,089	2,154	2,155	2,122	2,055	2,113	2,165	2,129	2,122
- Mobile	1,984	2,046	2,047	2,005	1,934	1,982	2,028	1,994	1,982
- Enterprise Fixed	64	63	61	67	67	74	78	72	76
- Integrated Services	41	45	47	50	54	57	59	63	64
Non-service revenue	21	12	21	18	47	43	49	28	50
- Device	6	4	12	12	12	23	26	7	24
- Hubbing	10	4	4	2	0	0	2	1	5
- Network income	5	4	5	4	35	20	21	20	21

(RM mn)	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Mobile revenue	1,984	2,046	2,047	2,005	1,934	1,982	2,028	1,994	1,982
- Prepaid	1,008	1,070	1,035	1,008	956	1,017	1,018	1,005	984
- Postpaid	976	976	1,012	997	978	965	1,010	989	998

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

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)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Total revenue	2,140	2,102	2,156	2,214	2,157	2,172
Total expenses	979	1,092	1,012	1,027	1,034	1,068
- Traffic, commissions & other direct costs	523	534	537	528	521	541
- Spectrum license fees	34	36	40	37	41	42
- Network	182	209	195	206	203	195
- Staff & resource	124	135	136	132	143	137
- Marketing	35	63	53	45	39	43
- Operation & maintenance	83	113	86	104	97	119
- Others	(2)	2	(35)	(25)	(10)	(9)
- Allowance for doubtful debts, net	20	24	22	17	16	18
- Government grants & other income, net	(22)	(22)	(57)	(42)	(26)	(27)
EBITDA	1,161	1,010	1,144	1,187	1,123	1,104
PBT	692	568	698	732	689	661
PAT	487	424	518	547	514	484
EBITDA Margin	54.3%	48.0%	53.1%	53.6%	52.1%	50.8%
PAT Margin	22.8%	20.2%	24.0%	24.7%	23.8%	22.3%



Reported Financials and Costs

(RM mn)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Total revenue	2,140	2,102	2,156	2,214	2,157	2,172
Total expenses	927	1,052	1,026	1,056	1,046	949
- Traffic, commissions & other direct costs	527	538	542	532	526	474
- Spectrum license fees	34	36	40	37	41	42
- Network	182	209	195	206	203	195
- Staff & resource	124	135	136	132	143	137
- Marketing	36	63	53	45	39	43
- Operation & maintenance	26	69	95	129	104	67
- Others	(2)	2	(35)	(25)	(10)	(9)
- Allowance for doubtful debts, net	20	24	22	17	16	18
- Government grants & other income, net	(22)	(22)	(57)	(42)	(26)	(27)
EBITDA	1,213	1,050	1,130	1,158	1,111	1,223
PBT	734	648	680	675	677	780
PAT	520	483	505	505	505	574
EBITDA Margin	56.7%	50.0%	52.4%	52.3%	51.5%	56.3%
PAT Margin	24.3%	23.0%	23.4%	22.8%	23.4%	26.4%



RGS30 and ARPU

	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Mobile subscription ('000)									
Total	12,214	11,956	11,579	11,164	11,015	10,903	10,851	10,673	10,420
- Prepaid	9,068	8,850	8,520	8,196	8,108	8,007	7,946	7,754	7,482
- Postpaid	2,796	2,784	2,765	2,696	2,660	2,678	2,712	2,744	2,785
- WBB	350	322	294	272	247	218	193	175	153
ARPU (RM/month)									
Blended	51	53	54	55	54	56	57	57	58
- Prepaid	36	39	39	39	38	41	42	42	42
- Postpaid	97	98	102	102	102	100	104	102	102

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



Data usage and smart-phone penetration

	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Data usage (GB/month)									
Blended	1.23	1.35	1.54	1.63	2.21	2.84	3.66	4.29	5.02
- Prepaid	1.16	1.26	1.44	1.55	2.00	2.60	3.27	3.67	4.29
- Postpaid	1.50	1.72	1.88	1.93	2.95	3.67	4.93	6.17	7.13
(%)									
Smart-phone penetration									
Blended	65	67	69	70	70	74	76	78	79
- Prepaid	63	65	67	67	68	72	74	77	78
- Postpaid	73	75	76	77	80	81	82	83	84

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



Market Definition Subscription, ARPU and MOU

	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Mobile subscription ('000)									
Total	13,269	13,110	12,694	12,310	12,249	12,046	11,926	11,808	11,661
- Prepaid	10,051	9,927	9,567	9,279	9,273	9,085	8,960	8,820	8,653
- Postpaid	2,833	2,817	2,802	2,729	2,700	2,718	2,758	2,800	2,842
- WBB	385	357	325	302	276	243	208	188	166
('000)									
Mobile internet users	9,100	9,000	8,800	8,500	8,400	8,500	8,700	8,600	8,500
(000)									
Home connections	99	107	118	126	133	139	146	153	159
ARPU (RM/month)									
Blended	47	49	50	50	49	50	52	52	52
- Prepaid	33	35	35	35	34	36	37	37	37
- Postpaid	96	97	1,02	101	101	100	1,04	101	101
MOU (minutes/month)									
- Prepaid	131	134	129	141	162	155	138	136	131

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



