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**MAXIS BERHAD**

**4Q 2013 RESULTS**  
**11 FEBRUARY 2014**

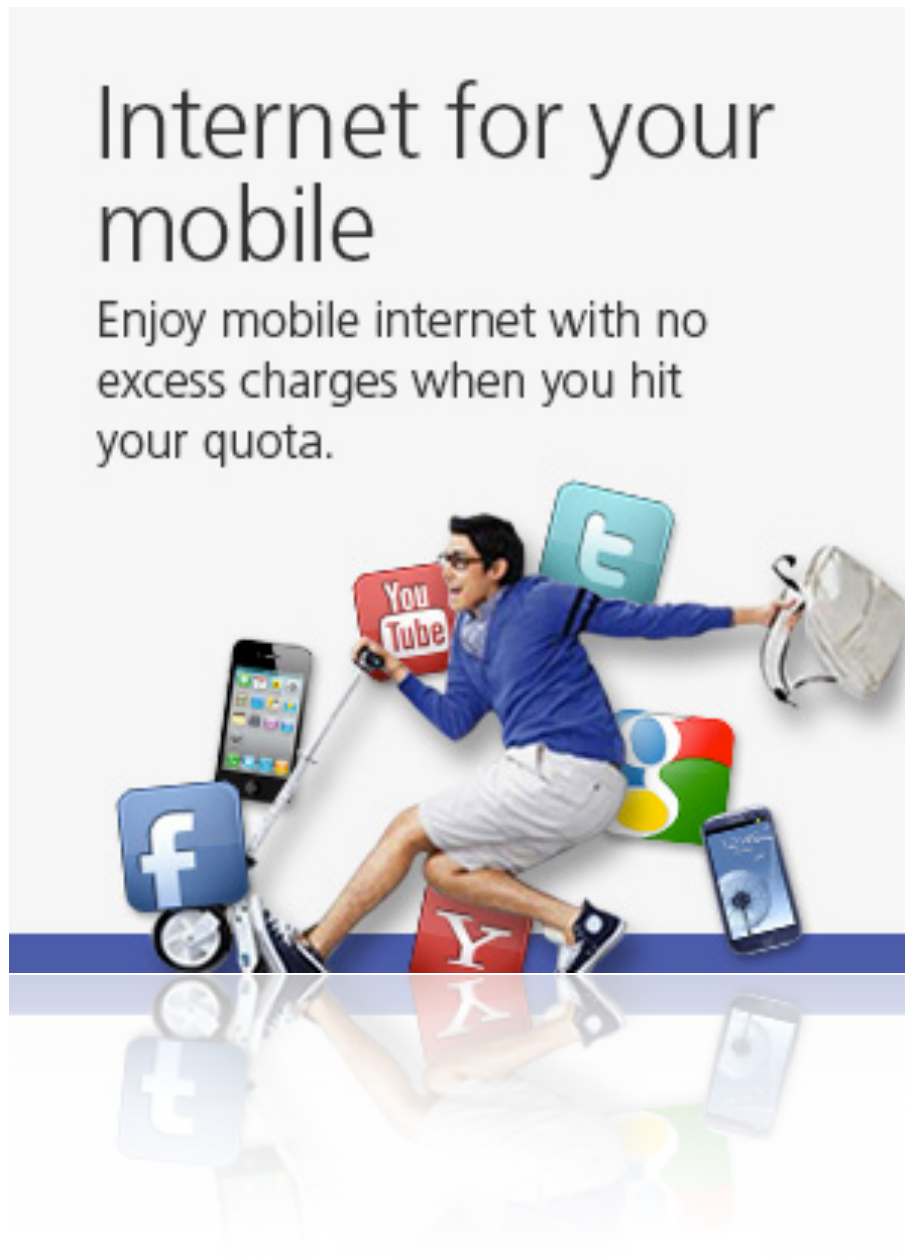


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## FY13 KEY HIGHLIGHTS



Stable revenue; firmer EBITDA & margins

**+1.3% total revenue; service revenue stable**

**+3.7% EBITDA excluding one-offs#**

**53.1% service revenue\* EBITDA margin**

**+13.3% non-SMS internet & data revenue**

**Non-voice service revenue at 44.6% of mobile revenue**

Widest high-speed network footprint

**Leading in 4G LTE coverage & device offerings**

**First to deploy 2x20Mhz 150Mbps LTE network; effectively doubling existing downlink speeds**

Dividend commitment delivered

**RM3 billion dividends declared/proposed**

# One-off items comprise CTS costs, content cost written-off and provision for onerous contracts

\* Service revenue defined as Mobile revenue net of outright device sales + Fixed Enterprise + Home + International Gateway (excluding Hubbing)

## 4Q13 & FY13 KEY NUMBERS

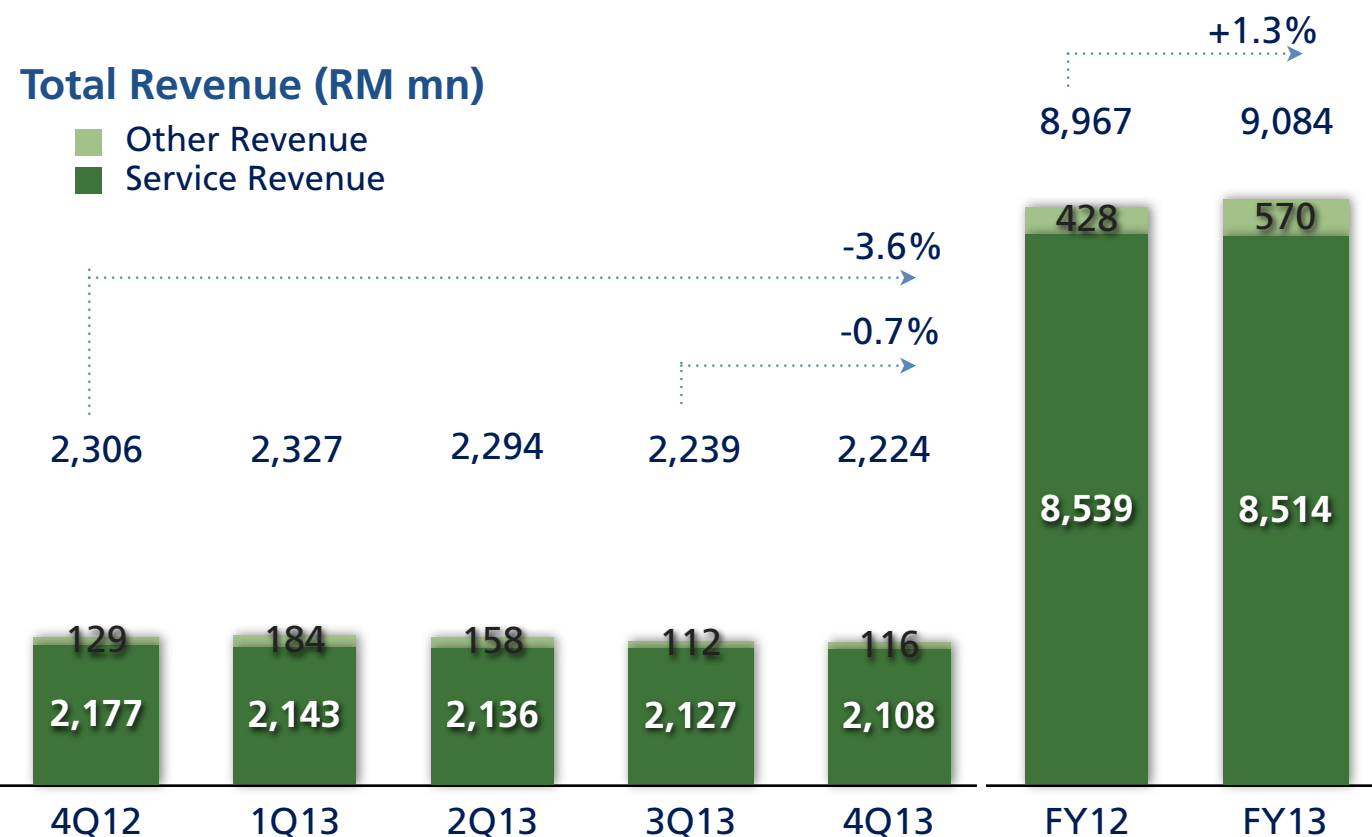
RM mn

	3Q13	4Q13	Growth QoQ	FY12	FY13	Growth YoY
Total Revenue	2,239	2,224	-0.7%	8,967	9,084	+1.3%
Service Revenue	2,127	2,108	-0.9%	8,539	8,514	-0.3%
EBITDA <sub>1</sub>	1,154	1,081	-6.3%	4,359	4,522	+3.7%
EBITDA <sub>1</sub> Margin on TotRev	51.5%	48.6%	-2.9pp	48.6%	49.8%	+1.2pp
EBITDA <sub>1</sub> Margin on SerRev	54.3%	51.3%	-3.0pp	51.0%	53.1%	+2.1pp
PAT <sub>2</sub>	550	466	-15.3%	2,049	2,097	+2.3%
PAT <sub>2</sub> Margin	24.6%	21.0%	-3.6pp	22.9%	23.1%	+0.2pp

*1 EBITDA normalised for Career Transition Scheme (CTS) costs totaling RM102m in 3Q13, RM41m in 4Q13 and RM143m YTD13, content cost written off of RM4m in 4Q13 and YTD13 arising from impairment assessment exercise carried out by the Group and provision for onerous contracts of RM65m in 4Q13 and YTD13*

*2 PAT normalised for net CTS costs of RM76m in 3Q13 and RM31m in 4Q13 and RM107m YTD13, accelerated depreciation and change in estimated asset useful lives of RM29m, RM104m and RM121m in 4Q13, YTD13 and YTD12 respectively, provision for contract obligations of RM49m in 4Q13 and YTD13, write-down of assets of RM65m in 4Q13 and YTD13, PPE write-off of RM100m in YTD12 and last mile broadband tax incentive of RM32m in YTD12*  
*Service revenue defined as Mobile Revenue net of outright device sales + Fixed Enterprise + Home + International Gateway (excluding Hubbing)*  
*Other non-service revenue defined as outright device sales + Hubbing*

## REVENUE - Supported by data, enterprise & home



Mobile revenue affected by lower voice/SMS despite mobile internet & data growth

- YTD +13.3% mobile internet & data revenue

Enterprise Fixed & Home gaining traction

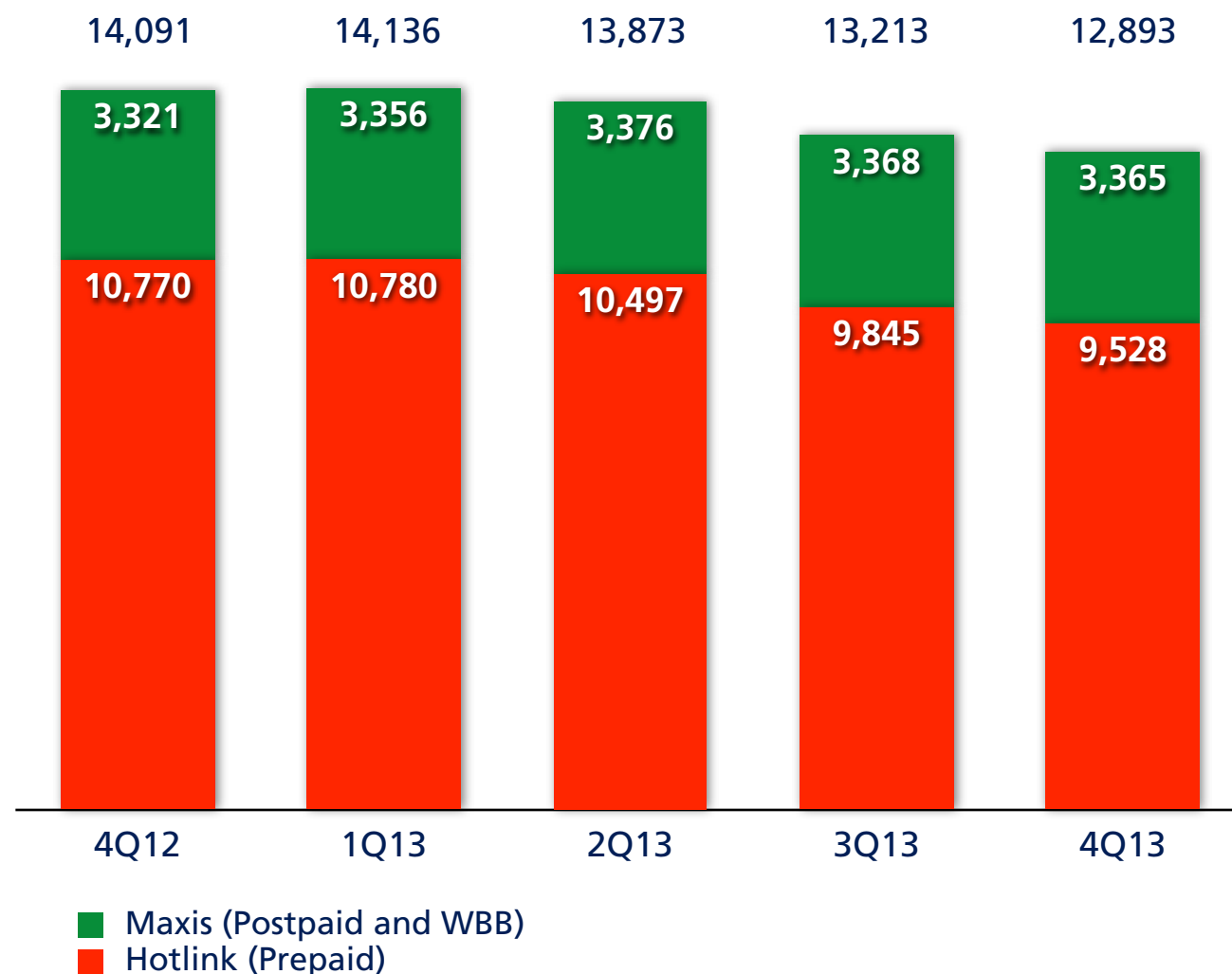
- Enterprise segment seen as longer term growth driver

RM mn	4Q12	1Q13	2Q13	3Q13	4Q13	Growth QoQ	Growth YoY
Mobile	2,103	2,059	2,056	2,043	2,015	-1.4%	-1.1%
Enterprise Fixed	55	63	58	58	61	+5.2%	+18.2%
Home	11	14	16	18	23	+27.8%	+129.0%
Int'l Gateway	8	7	6	8	9	+12.5%	-18.9%
Service Revenue*	2,177	2,143	2,136	2,127	2,108	-0.9%	-0.3%
Other Revenue#	129	184	158	112	116	+3.6%	+33.2%
Total Revenue	2,306	2,327	2,294	2,239	2,224	-0.7%	+1.3%

\* Service revenue = mobile + fixed enterprise + home + int'l gateway  
 # Other revenue = hubbing + device

# MOBILE SUBSCRIPTIONS - Improvement in customer traction

Market Definition Mobile Subscriptions ('000)



Prepaid base still impacted by high churn

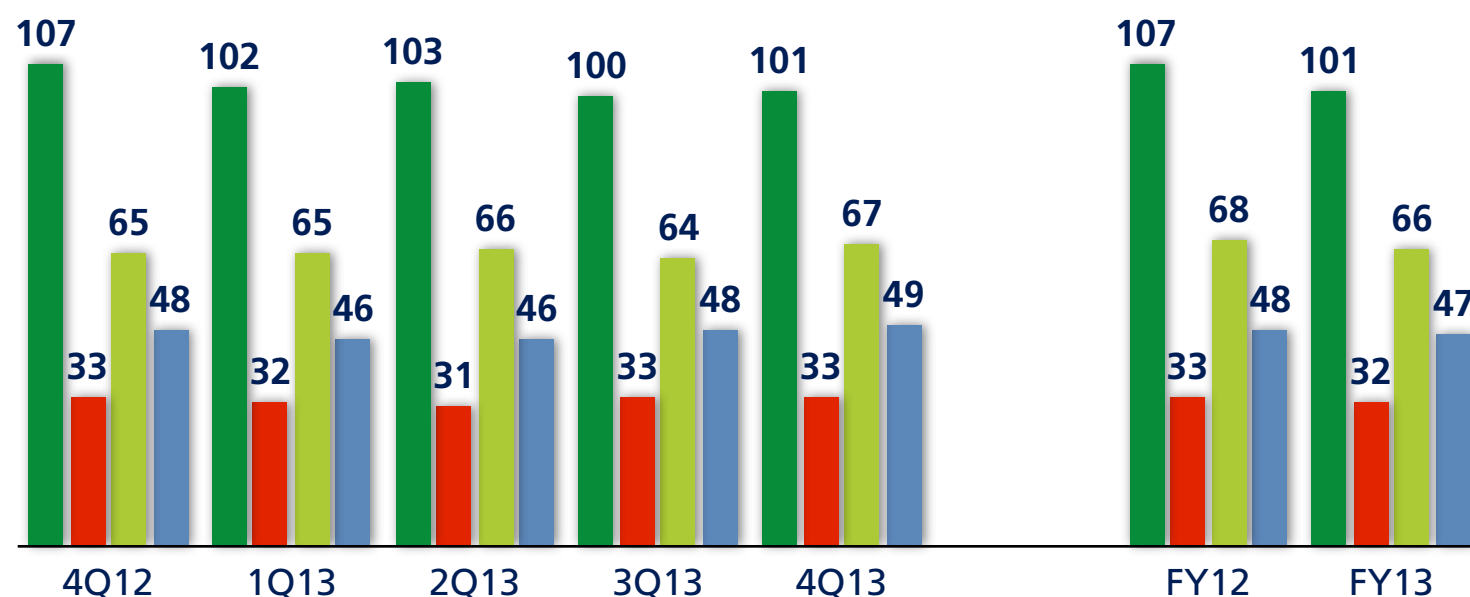
- Churn mainly from non-active & non-revenue generating Hotlink Youth Club SIM expiry & legacy plans

Postpaid base excluding WBB grew by 37k QoQ

# ARPU & MOU - Reflecting accelerating data adoption

## ARPU\* (RM/month)

■ Postpaid ■ Prepaid ■ WBB ■ Blended

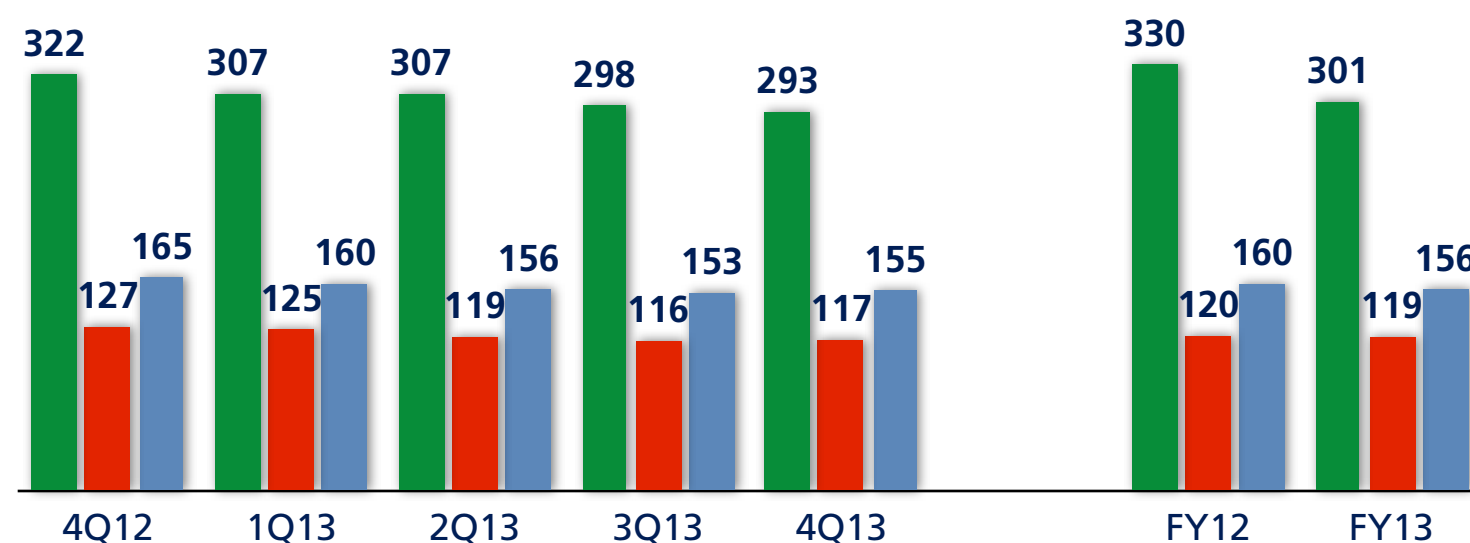


Blended ARPU relatively stable

*\* Postpaid, prepaid & blended ARPUs restated retrospectively to reflect market definition subscriptions as base*

## Minutes of Usage\*

■ Postpaid ■ Prepaid ■ Blended



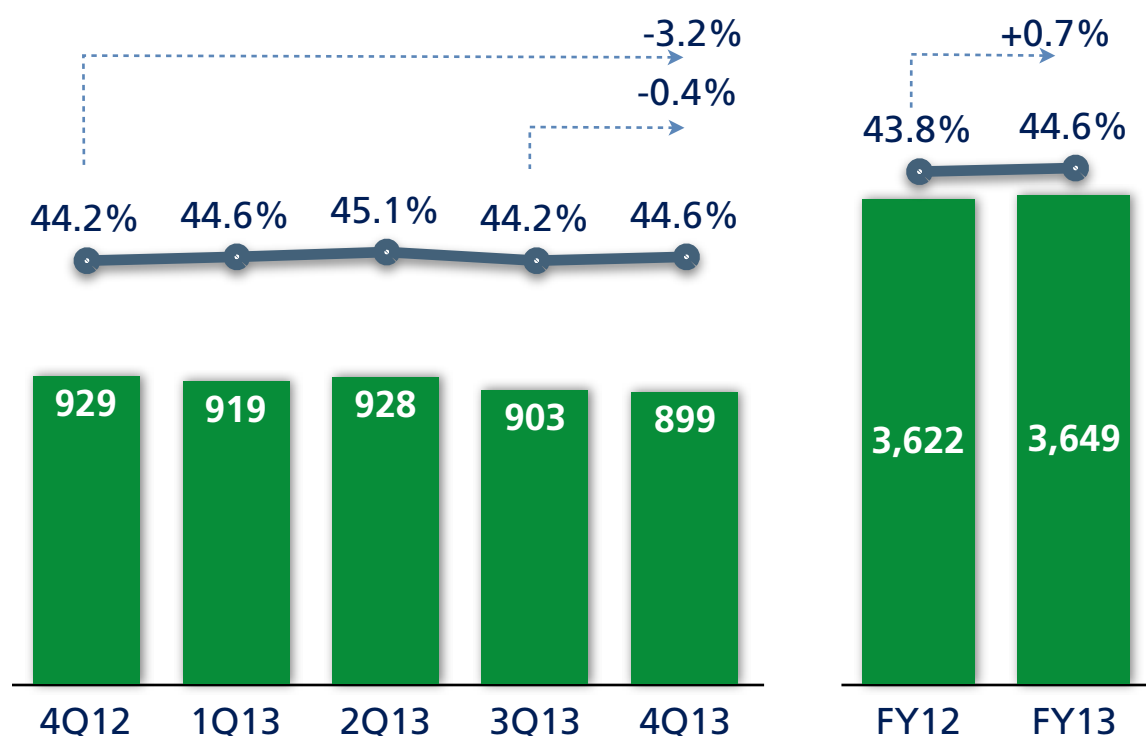
MOUs reflecting continuous data substitution; higher impact on postpaid MOU

*\* Minutes of Usage (MOU): Maxis' on-net MOU is calculated based on outgoing calls only*

*\* MOUs restated retrospectively to reflect market definition subscriptions as base*

# NON-VOICE REVENUE - Solid contribution from mobile internet

Non-Voice Service Revenue\* (RM mn)



○ Non-Voice Service Revenue as a % of Mobile Revenue  
 ■ Non-Voice Service Revenue

\* Non-voice service revenue refers to non-voice mobile revenue

+0.7% non-voice service revenue YTD

+13.3% internet & data revenue (non-SMS) YTD; now at 68% of non-voice service revenue (YTD12: 61%)

YTD non-voice service revenue contribution at 44.6% of mobile service revenue:

	<u>FY12</u>	<u>FY13</u>
Mobile Internet/VAS	20.4%	24.4%
Messaging	17.1%	14.1%
WBB	6.3%	6.1%

	<u>3Q13</u>	<u>4Q13</u>
Mobile Internet/VAS	24.8%	26.0%
Messaging	13.5%	12.8%
WBB	5.9%	5.8%

# WIRELESS BROADBAND - Trend shift continues

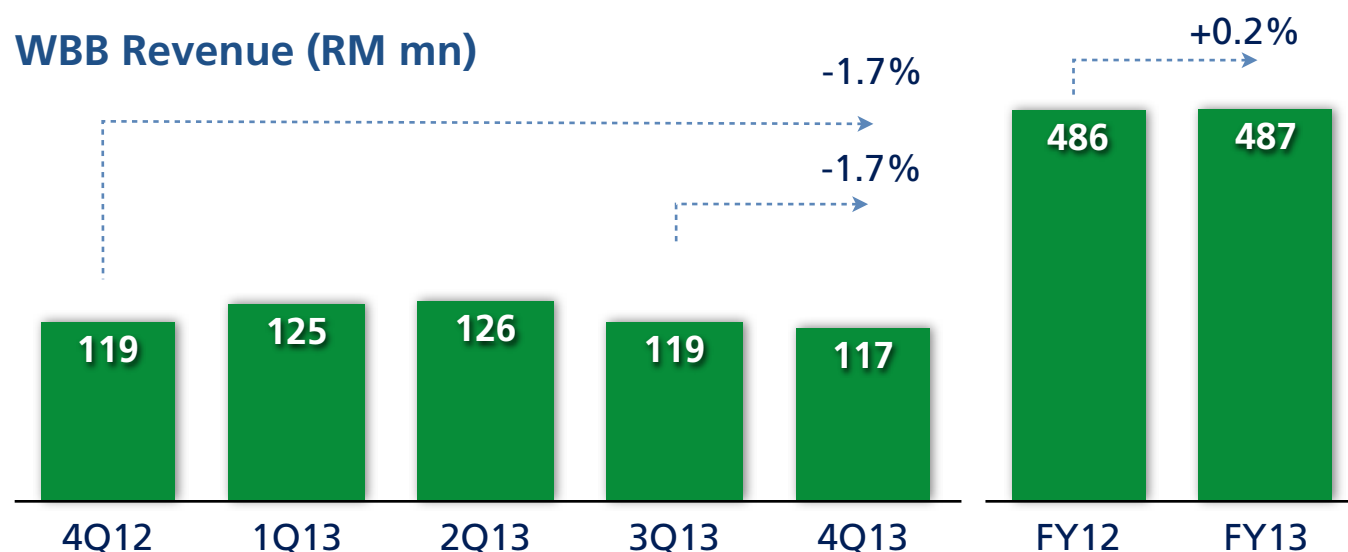
WBB Subscription & ARPU



Internet adoption increasingly driven by smart-phones & tablets

- Blended smart-phone penetration at 56%

WBB Revenue (RM mn)



WBB subscriptions are defined as subscriptions on postpaid data plans using USB modem and tablets

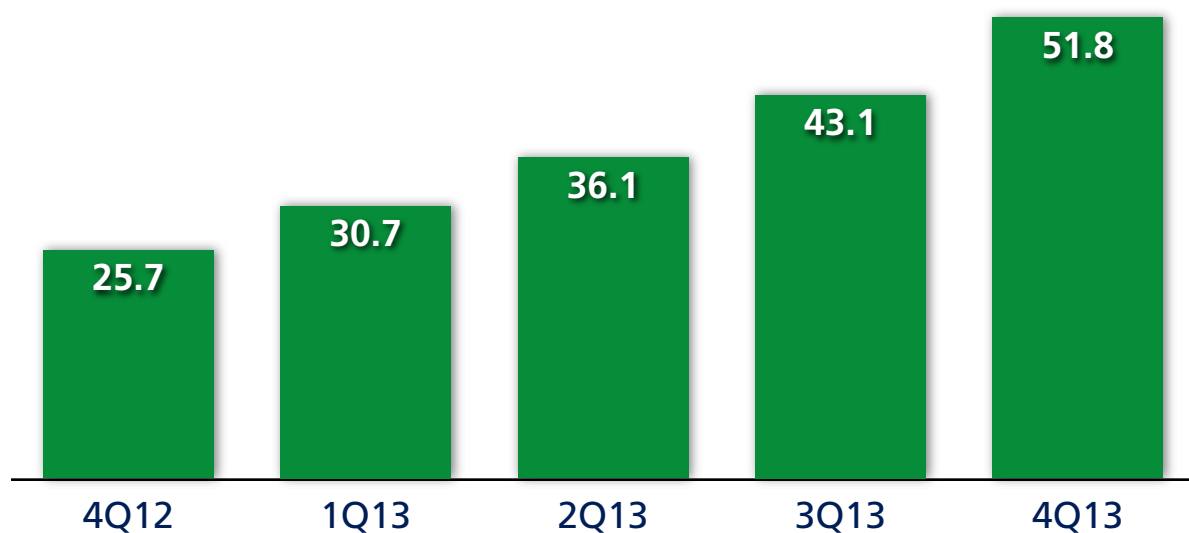
WBB subscriptions restated retrospectively to reflect market definition as base

WBB revenue restated retrospectively to reflect service revenue & re-class of prepaid broadband to prepaid mobile revenue



# HOME SEGMENT - Steady progress

Home Subscriptions ('000)



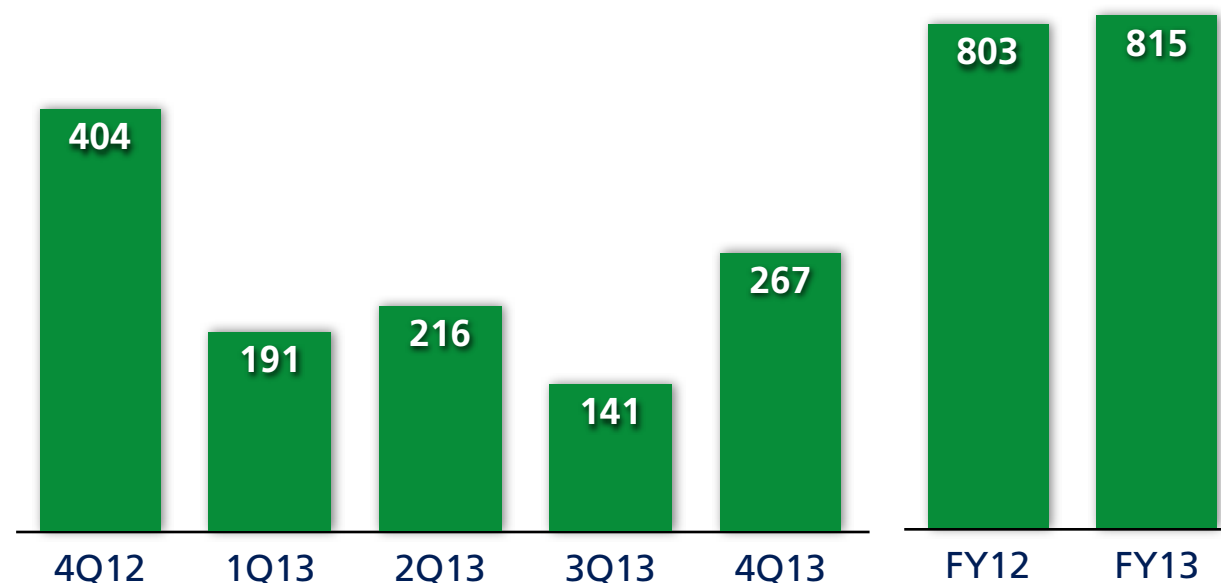
Subscription base doubled year-on-year to 51.8k homes connected



# NETWORK INVESTMENT - Maintained 4G LTE leadership



Capex (RM mn)



Widest 4G LTE coverage footprint and device offerings

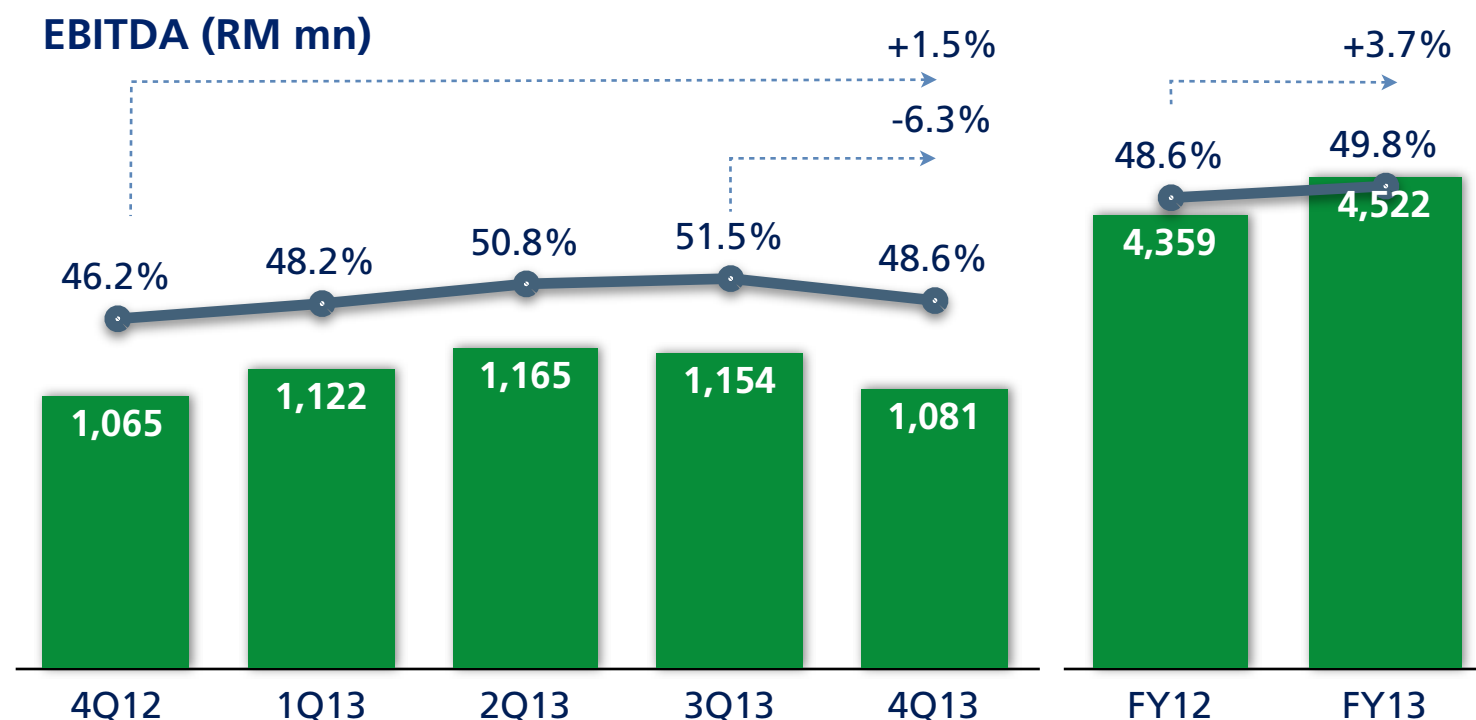
- First to deploy 150Mbps on LTE network; effectively doubling existing downlink speeds

Continuous expansion & enhancements of 3G infrastructure

- 3G HSPA+ sites increased to almost 5,600 sites; of which more than 4,200 sites are capable of 42Mbps

Capex spend in 2H 2013 as planned; supporting network and major IT initiatives

## EBITDA - YTD lower cost base



YTD EBITDA +3.7% excluding one-offs & impairments/write-downs

- Service revenue EBITDA margin +2.1pp to 53.1%

QoQ EBITDA impacted by:

- Higher spend on S&M, higher device related expenses; and higher bad debt provision

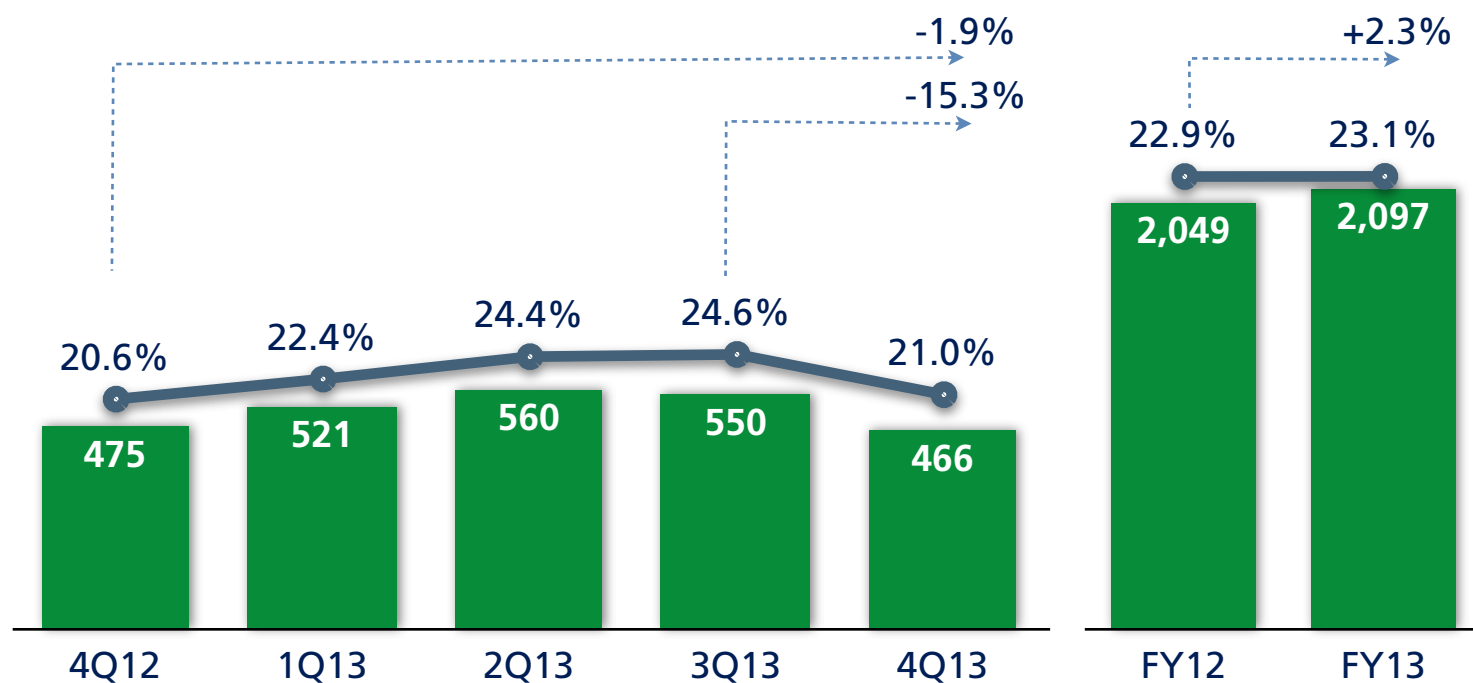
### COST COMPOSITION (normalised)

% of Revenue	4Q12	1Q13	2Q13	3Q13	4Q13	FY12	FY13
Direct Expenses	35.2%	34.4%	34.3%	33.0%	34.1%	33.5%	34.0%
Sales & Mktg	5.1%	3.9%	3.4%	3.9%	4.8%	4.5%	4.0%
Staff-Related Costs	5.6%	5.8%	4.8%	5.2%	5.1%	5.5%	5.2%
Bad Debts	0.4%	0.9%	0.7%	0.4%	1.0%	0.9%	0.7%
G&A and Others	7.5%	6.8%	6.0%	6.0%	6.4%	7.0%	6.3%
<b>Total Expenses</b>	<b>53.8%</b>	<b>51.8%</b>	<b>49.2%</b>	<b>48.5%</b>	<b>51.4%</b>	<b>51.4%</b>	<b>50.2%</b>
<b>EBITDA Margin</b>	<b>46.2%</b>	<b>48.2%</b>	<b>50.8%</b>	<b>51.5%</b>	<b>48.6%</b>	<b>48.6%</b>	<b>49.8%</b>
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



# PAT - Driven by higher revenue & EBITDA

Normalised PAT (RM mn)



YTD PAT +2.3% or RM2,097m; after accounting for these adjustments:

- CTS costs RM107 million
- Accelerated depreciation & change in estimated asset useful lives RM104 million
- Home Services' assets impairment/write-downs RM65 million
- Provision for contract obligations RM49 million
- Higher financing & amortisation costs

# CASH FLOWS

RM mn	2Q13	3Q13	4Q13	FY12	FY13
Cash flow from operating activities	1,189	908	653	3,421	3,477
Cash flow used in investing activities	(179)	(161)	(269)	(990)	(801)
Purchase of property, plant & equipment	(121)	(90)	(208)	(718)	(534)
Purchase of intangible assets	(58)	(71)	(61)	(272)	(267)
Cash flow before financing activities	1,010	747	384	2,431	2,676
Cash flow used in financing activities	(1,263)	(104)	(753)	(2,302)	(2,835)
Dividends paid	(1,200)	-	(1,200)	(3,000)	(3,000)
Debt drawdown	-	-	500	2,450	500
Debt repayment	(4)	-	-	(1,450)	(4)
Payment of finance costs	(60)	(115)	(57)	(305)	(347)
Others	1	11	4	(3)	16
<b>Net change in cash</b>	<b>(253)</b>	<b>643</b>	<b>(369)</b>	<b>129</b>	<b>(159)</b>
Opening Cash Balance	787	534	1,177	838	967
<b>Closing Cash Balance</b>	<b>534</b>	<b>1,177</b>	<b>808</b>	<b>967</b>	<b>808</b>

RM mn	3Q13	4Q13
Gearing Level		
Debt #	7,058	7,525
Cash	1,177	808
Net debt	5,881	6,717
Total equity	6,254	6,016

Ratios	YTD12	YTD13
Net debt to EBITDA	1.46x	1.56x
Net debt to Equity	0.90x	1.12x

# Includes derivative financial instruments for hedging; excludes vendor financing

**Fourth interim dividend and proposed final dividend of RM1.2 billion (16 sen per share)**

# FY2013 - SUMMARY



Stable revenue; firmer EBITDA & margins

+1.3% total revenue; service revenue stable

+3.7% EBITDA excluding one-offs#

*53.1% service revenue\* EBITDA margin*

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*Non-voice service revenue at 44.6% of mobile revenue*

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Dividend commitment delivered

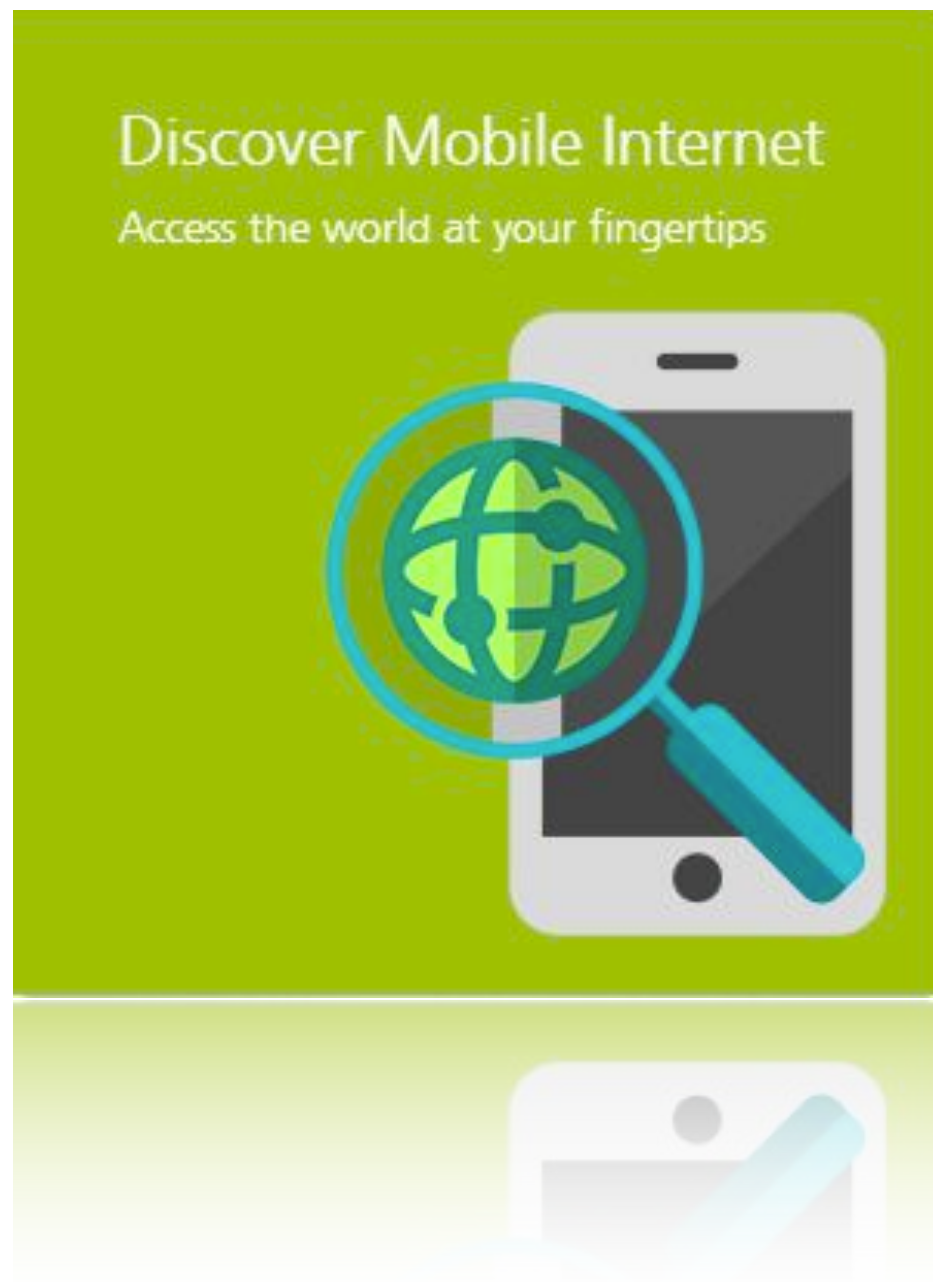
**RM3 billion dividends declared/proposed**

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# FY2014 OUTLOOK



## 2014 "All about transformation"

Winning customers & strengthen competitiveness

*Low single digit service revenue growth*

*Absolute EBITDA similar level to FY2013 (normalised)*

Capex spend to deliver best network experience & key IT initiatives

Internet is best on Maxis

*Capex spend to pass RM1 billion*

Continued focus on cash flow with commitment to dividends

Enhancing shareholders' value



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## **APPENDICES**

## Consolidated Income Statement (reported)

RM mn	3Q13	4Q13	QoQ chg	FY12	FY13	YoY chg
<b>REVENUE</b>	<b>2,239</b>	<b>2,224</b>	<b>-0.7%</b>	<b>8,967</b>	<b>9,084</b>	<b>+1.3%</b>
Direct Expenses	(738)	(763)		(3,006)	(3,089)	
Indirect Expenses	(449)	(490)		(1,602)	(1,685)	
Total Opex	(1,187)	(1,253)		(4,608)	(4,774)	
<b>EBITDA</b>	<b>1,052</b>	<b>971</b>	<b>-7.7%</b>	<b>4,359</b>	<b>4,310</b>	<b>-1.1%</b>
Margin	47.0%	43.7%		48.6%	47.4%	
Depreciation	(239)	(272)		(1,182)	(1,101)	
Amortisation	(64)	(81)		(180)	(265)	
Others	0	(103)		(133)	(119)	
<b>EBIT</b>	<b>749</b>	<b>515</b>		<b>2,864</b>	<b>2,825</b>	
Interest Expense	(89)	(93)		(339)	(358)	
Interest Income	7	6		51	29	
<b>PBT</b>	<b>667</b>	<b>428</b>		<b>2,576</b>	<b>2,496</b>	
Tax	(193)	(136)		(716)	(724)	
<b>PAT</b>	<b>474</b>	<b>292</b>	<b>-38.4%</b>	<b>1,860</b>	<b>1,772</b>	<b>-4.7%</b>
Margin	21.2%	13.1%		20.7%	19.5%	