

# The all-new MaxisONE Share

The only family plan that offers every Share Line a wide range of the latest smartphones on Zerolution

## 2Q2019 Financial Results

Results Briefing – Friday 2<sup>nd</sup> August

# 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



# 2Q19 OVERVIEW

1<sup>st</sup> half sets a strong foundation  
for a transformative 2019

01

## Convergence mobilised

- Scaling up Enterprise team and offerings
- Launched 300, 500 and 800 Mbps plans
- Fibre operations streamlined
- New concept store launched

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 and working capital programme delivering
- Stable cash flow
- Maintain 5 sen dividend





# 2Q19 NEW CONCEPT STORE

Embodiment of converged  
solution vision



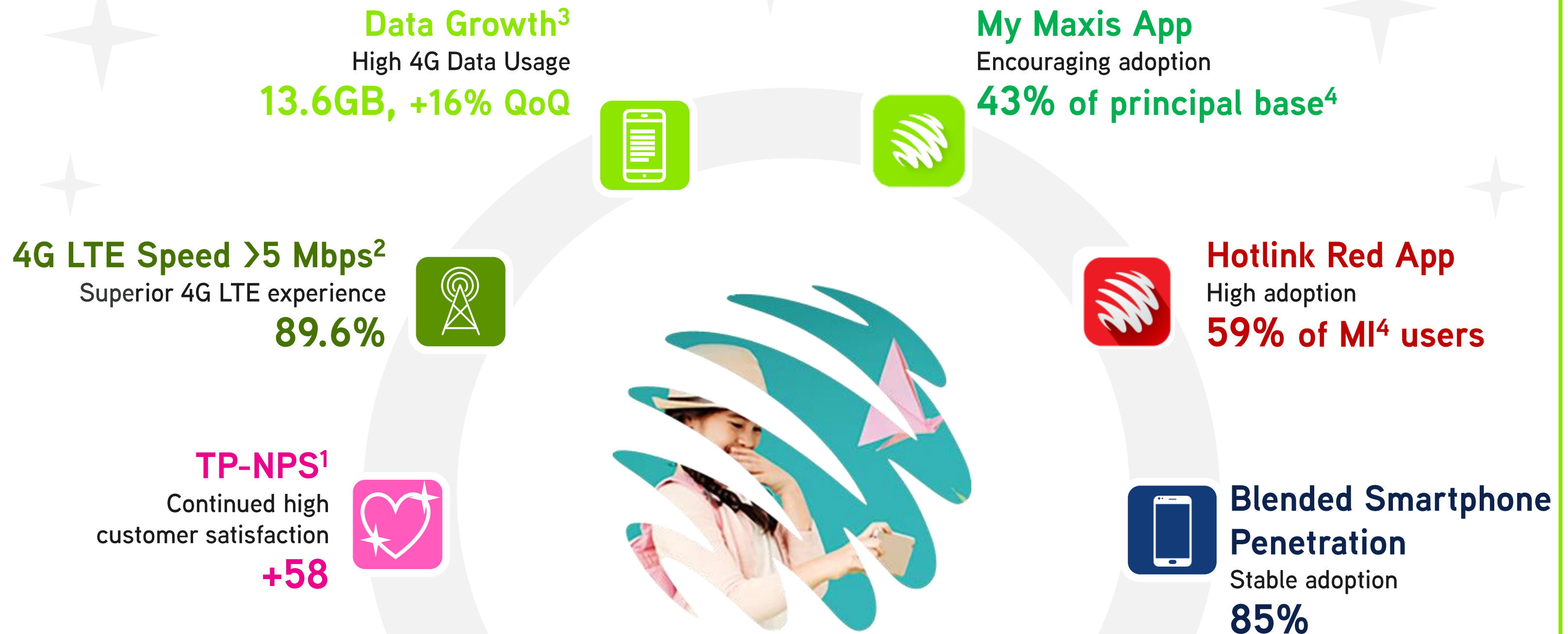
## Moving beyond a mobile store to a converged solutions experience centre

- First-of-its-kind Maxis Interactive Retail Assistant (M.I.R.A.) web app
- Capture interests beyond devices via Discovery App
- Improvement of leads management
- Making more relevant offers using Big Data



# 2Q19 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 and customers is Enterprise account holders



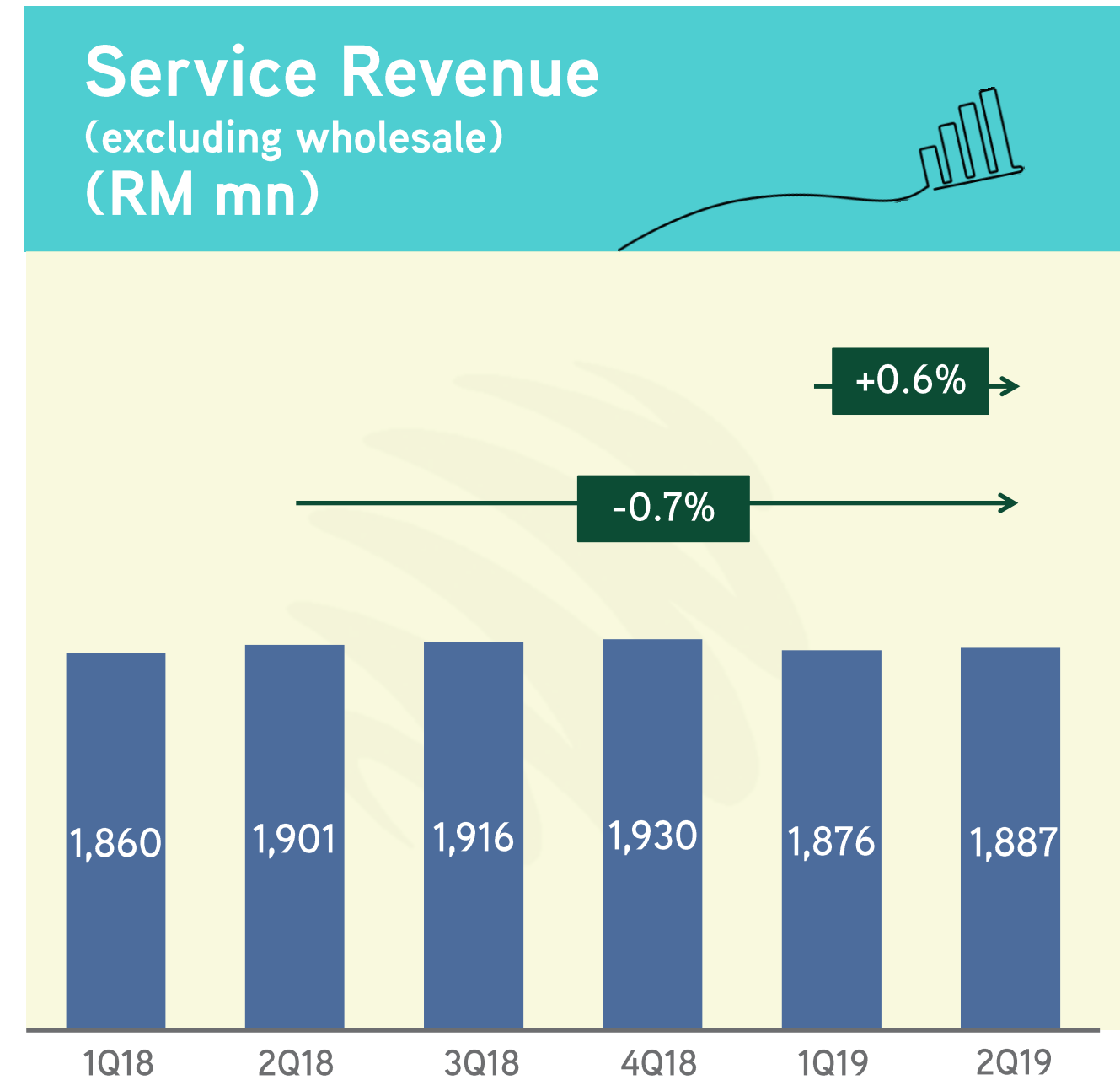
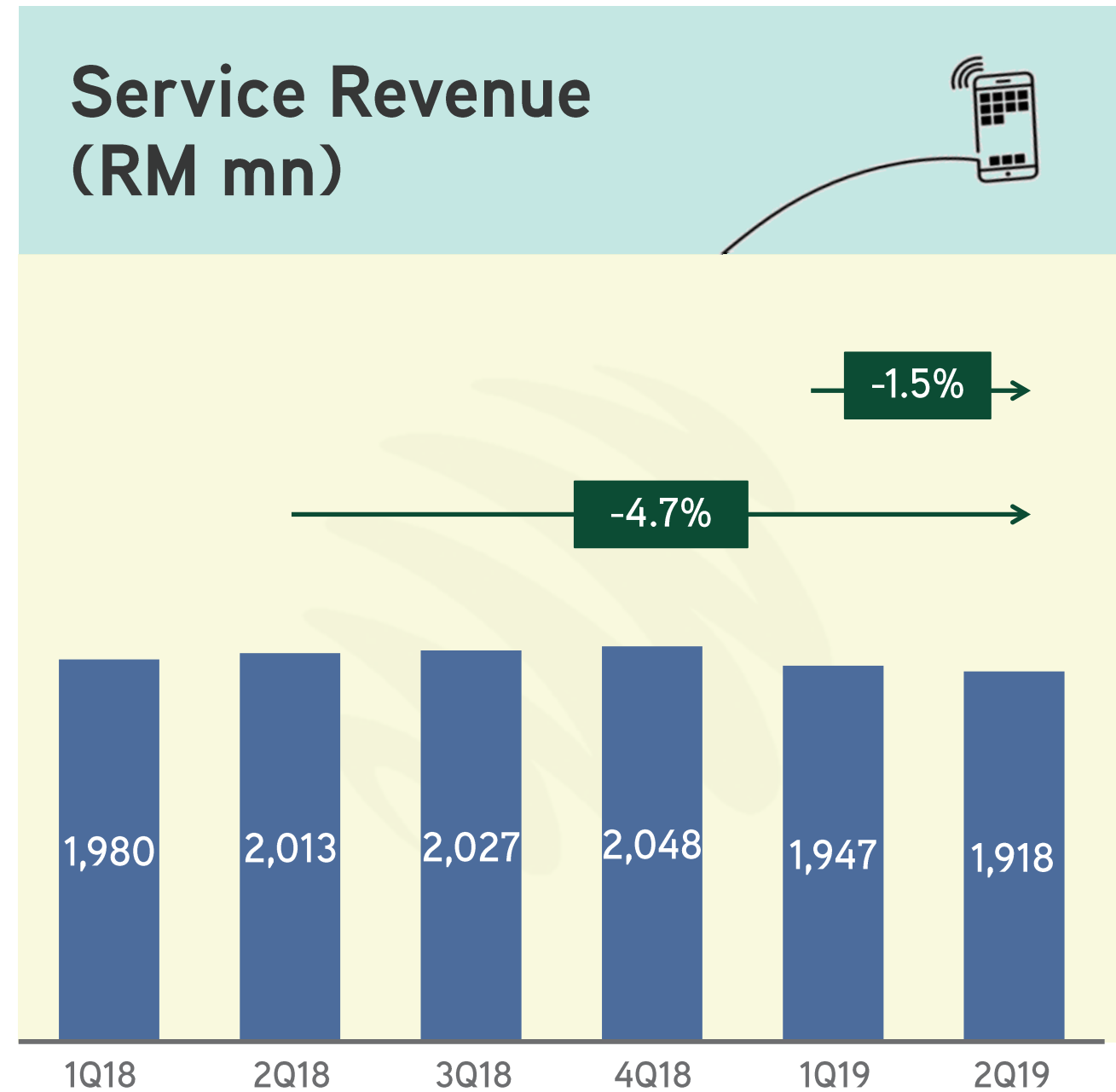
# 2Q19 FINANCIAL HIGHLIGHTS

Core business resilient,  
guidance on track



# 2Q19 SERVICE REVENUE

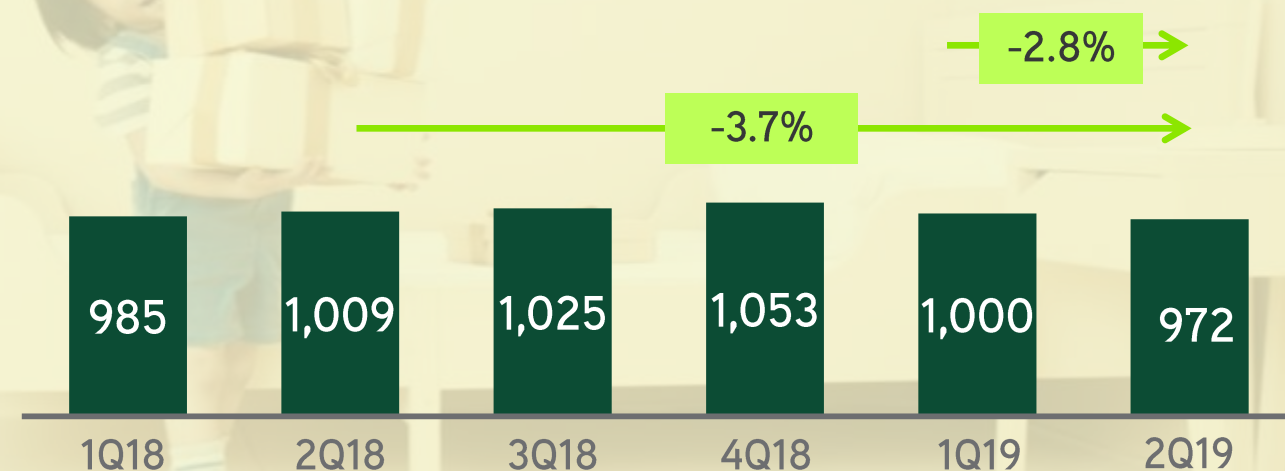
Service revenue within expectations,  
underlying stable



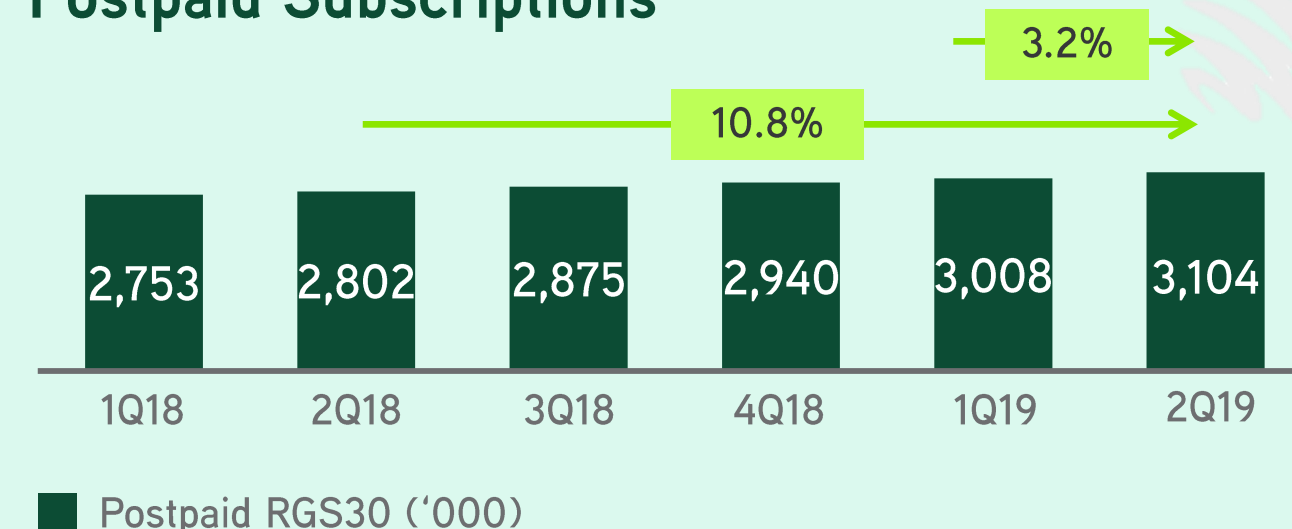
# 2Q19 POSTPAID

ARPU within expectations,  
driven by subscriber growth

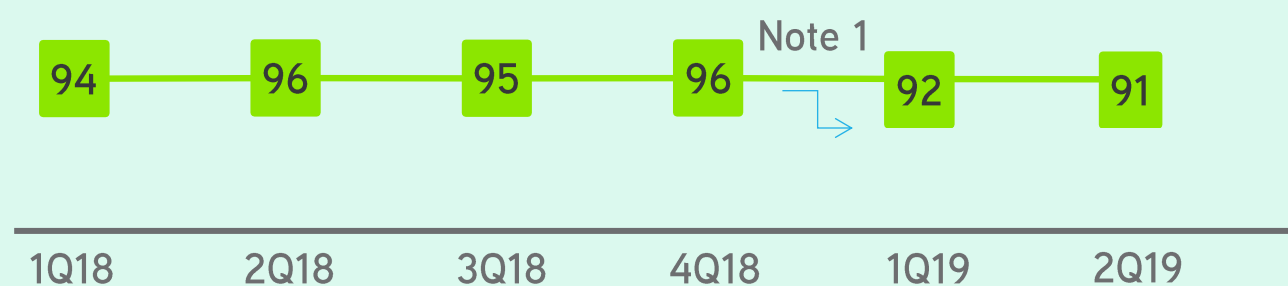
## Postpaid Revenue



## Postpaid Subscriptions\*

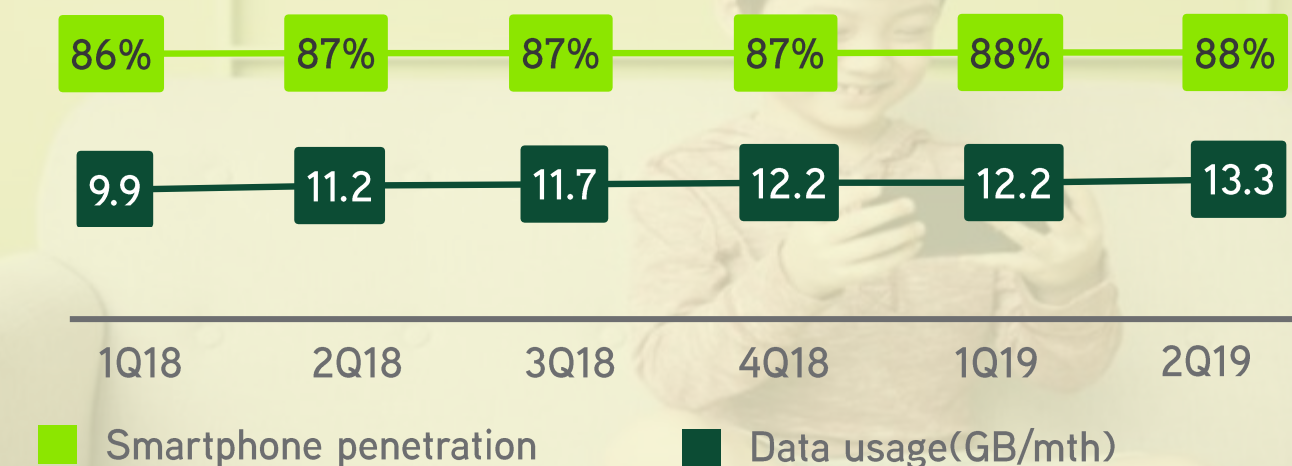


## ARPU\*



■ Postpaid RGS30 (RM/mth)

## Data usage & Smartphone penetration

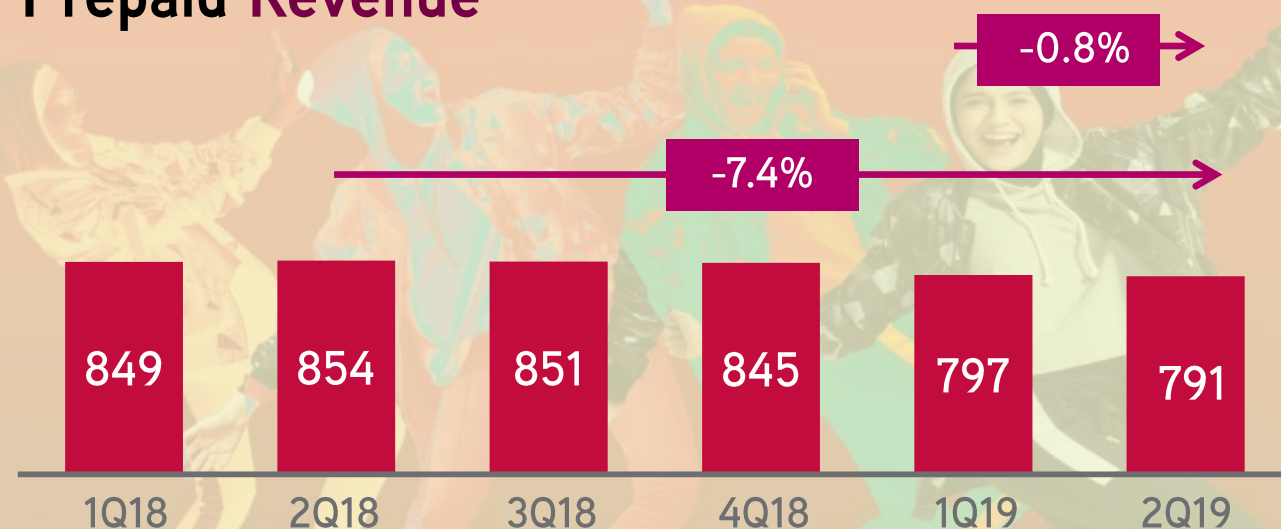




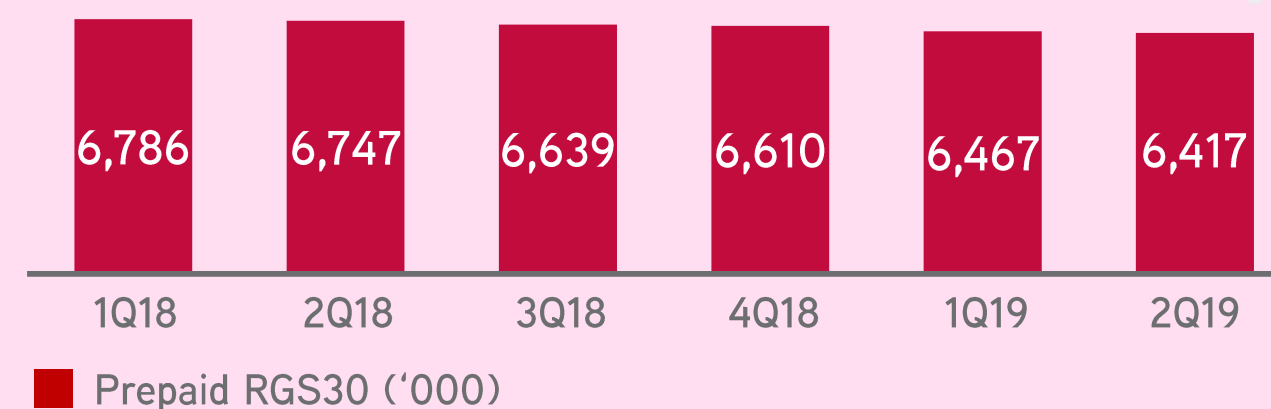
# 2Q19 PREPAID

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

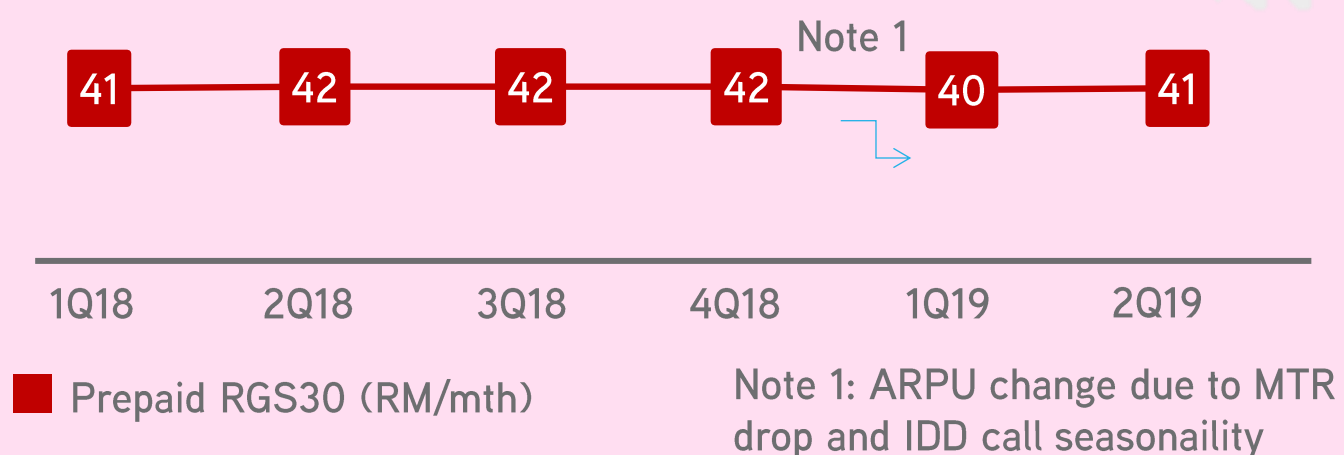
## Prepaid Revenue



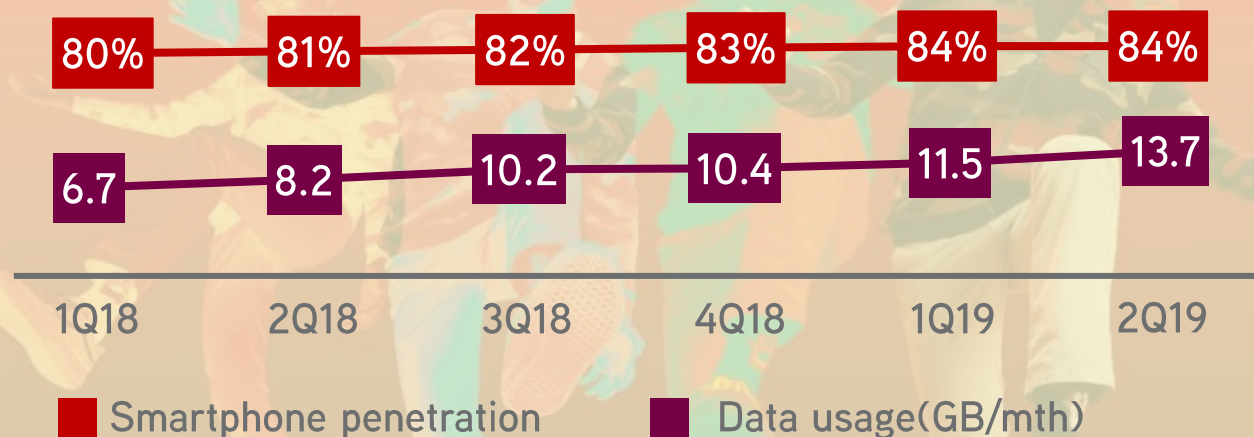
## Prepaid Subscriptions



## ARPU



## Data usage & Smartphone penetration



# 2Q19 FIBRE

1<sup>st</sup> mobile player  
with nationwide commercial fibre offerings



## First mover advantage with strong growth in fibre

- Maxis converged product "MaxisONE Prime" still going strong
- Launch of Superfast fibre packages
- Strong home-fibre and business-fibre growth
- Unmatched Personalised Experience with Maxperts

Fibre Connections

310 k

QoQ Net Adds

30 k

Home-fibre Revenue\*

86 mn

QoQ Revenue\*

+7.5 %

Home-fibre ARPU\*

106



# 2Q19 ENTERPRISE

## Accelerating convergence - Building capabilities for growth

### New Opportunities – Strategic Partnerships



- Sarawak Multimedia Authority (SMA). MoU signed



- UKM: Accelerate digital learning



- UTAR: High speed connectivity



- Gamuda Land: 5G & Smart Retail Initiatives. MoU signed



- AmBank: Grow SMEs with Digital Solutions. MoU signed

### New Solutions

#### IoT Pilots

- Smart Malls
- Logistic/fleet
- Utilities
- Agriculture

#### Solution Launches

- ONEBusiness Voice with Turbo
- mDrive 2.0
- Retail-in-a-box (CloudPOS)

#### NB-IoT Challenge



- Shortlisted 20 finalists

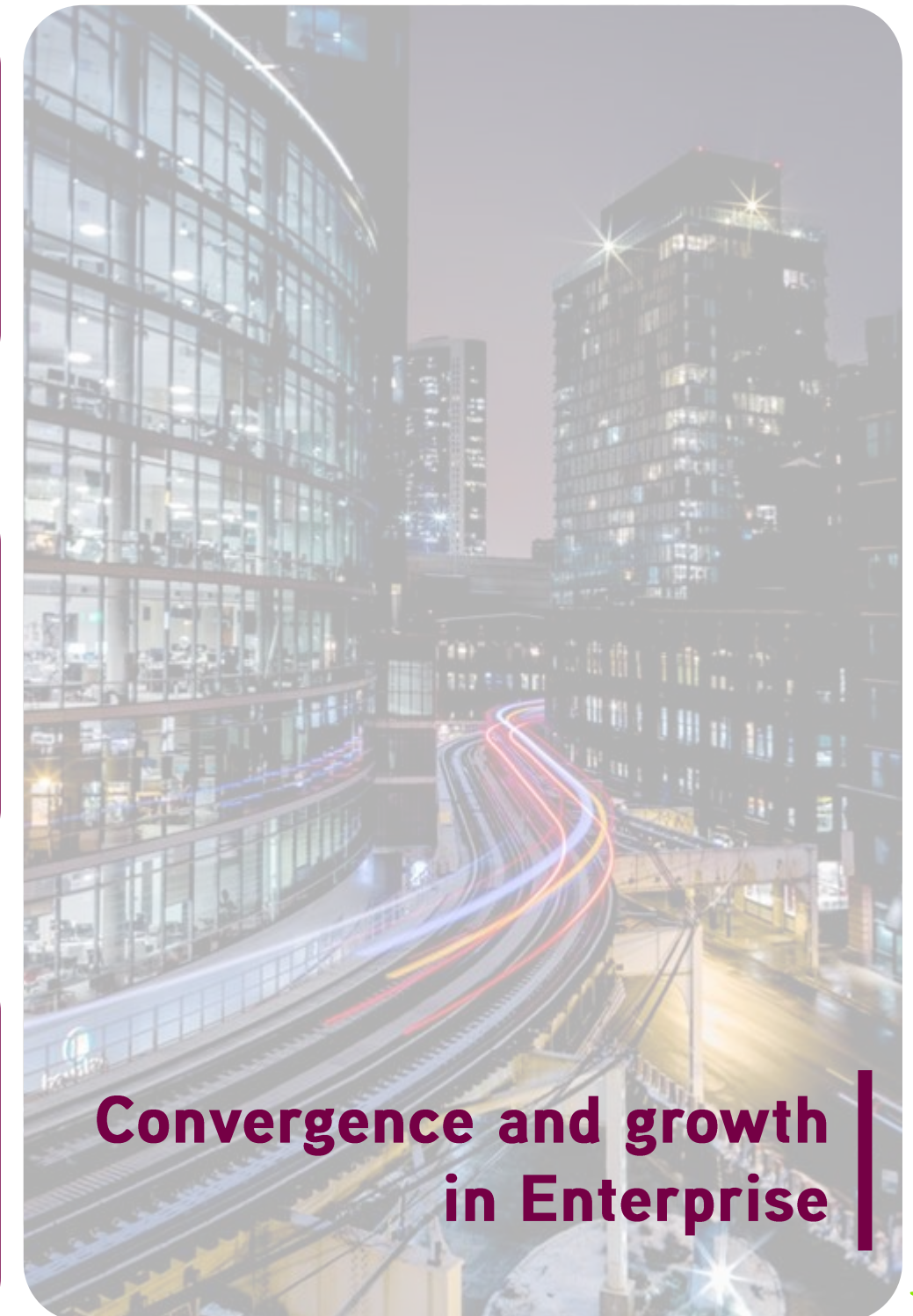
### New Capabilities

#### Internal Capabilities / Maxis Talent

- Increased number of workforce from 1<sup>st</sup> Jan 2019 by 200+ to support growing pipeline

#### Imminent Global Partnerships

- Leveraging technology experts in
  - Managed service
  - Security
  - Cloud services
  - IoT



**Convergence and growth  
in Enterprise**



# 2Q19 CAPEX

Phasing of core capex  
in line with plan

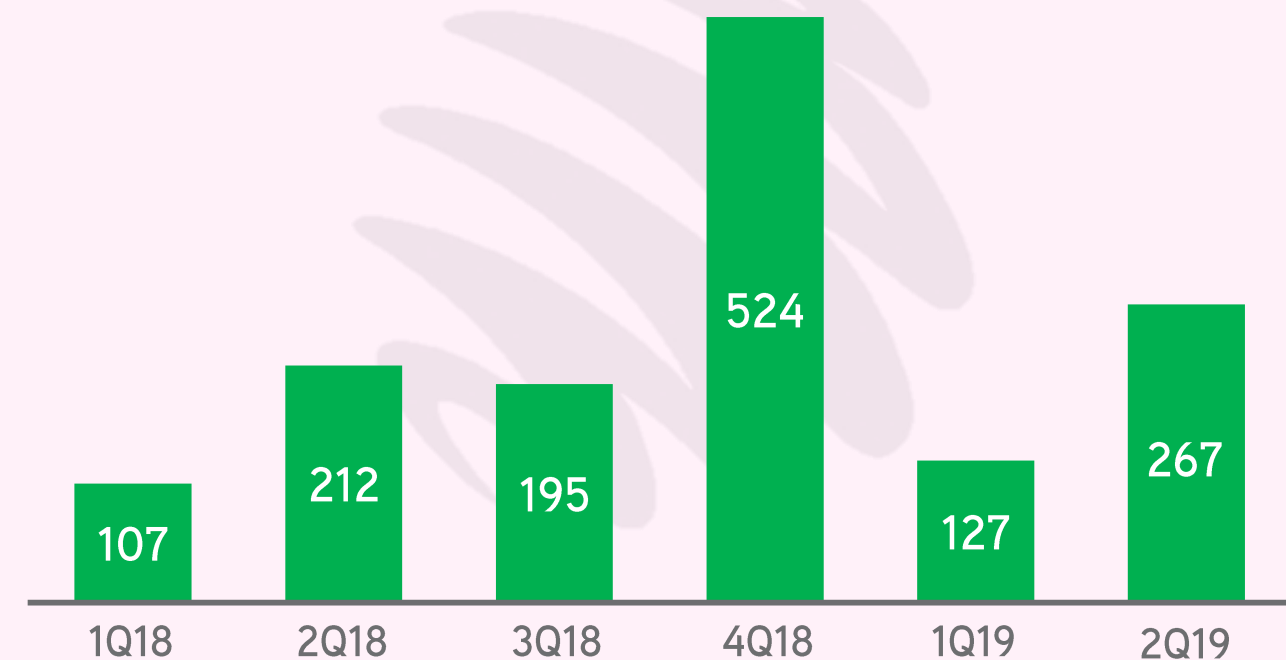
## Future proofing our network

- Improving redundancy of fibre network for better quality and service
- Investment in network capacity rollout
- Spend in network Capex to be 5G ready

## 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
- First 5G testing in East Malaysia in June

Capex  
(RM mn)



# 2Q19 Normalised EBITDA

## EBITDA in line with expectations

### Normalised EBITDA (RM mn)

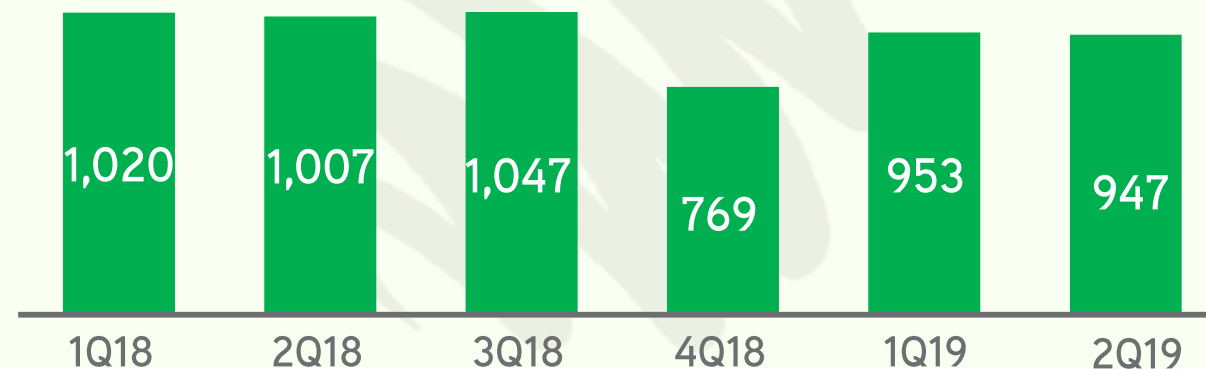


Margins 50.0%

48.9% 49.4%

-0.6% →

-6.0% →



■ Service Revenue  
■ EBITDA % Margin  
■ EBITDA (RM mn)

### Rebasing EBITDA due to:

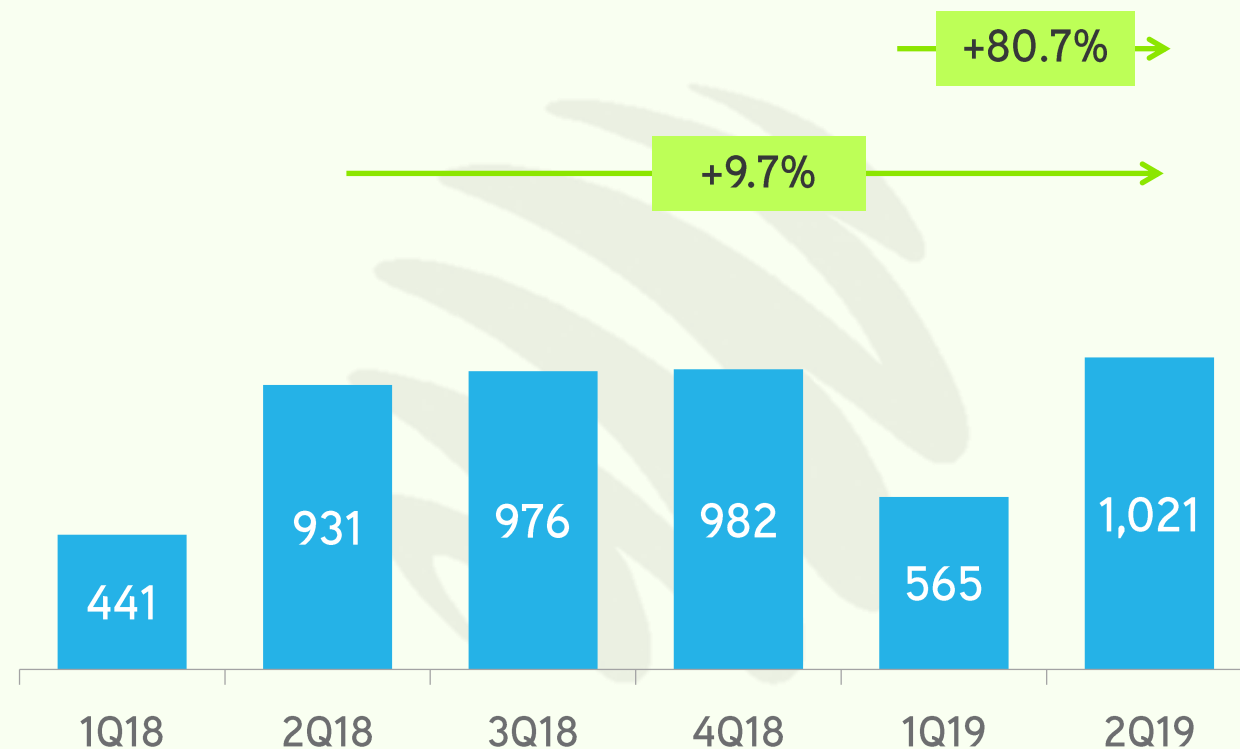
- Mobilisation of Enterprise business growth opportunities
- Continued investment in Fibrenation
- Increased operation & maintenance expenses from investment for productivity programme
- Impact from termination of wholesale agreement



# 2Q19 Normalised OFCF

OFCF in line with guidance

## Operating Free Cash Flow (RM mn)



### Stable Operating Free Cash Flow:

- Core business remains resilient
- Productivity programme showing positive results
- Working capital programme delivering

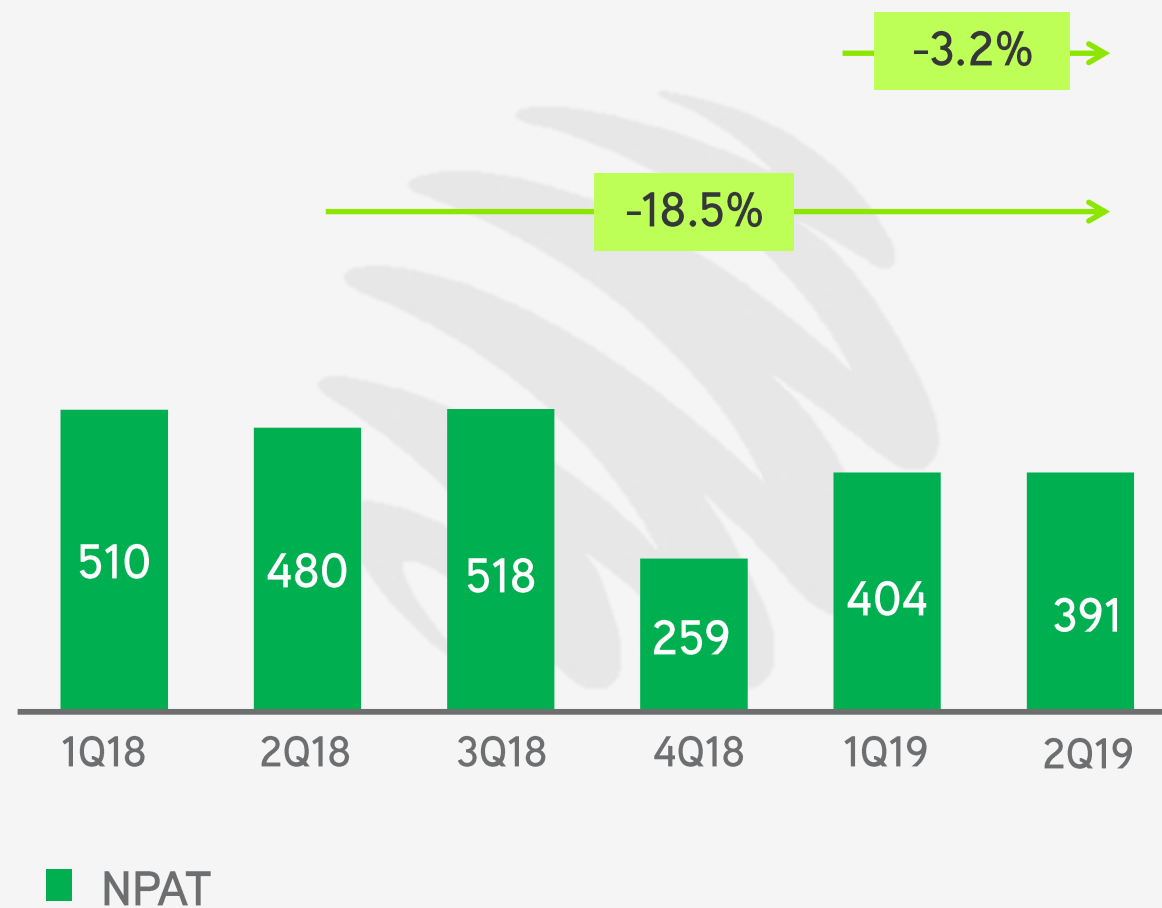




# 2Q19 NPAT

In line with  
plan and guidance

## Normalised Profit after Tax (RM mn)



### NPAT results:

- QoQ stable
- YoY in line with expectations
- 5 sen dividend pay out

### Priorities

Execute growth strategy plan while maintaining leadership in mobile

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





Better together,  
better for families.

Powered by  
**FIBREnATION**

Q&A

New  
MAXIS  
**One**  
PRIME





# Appendix 1

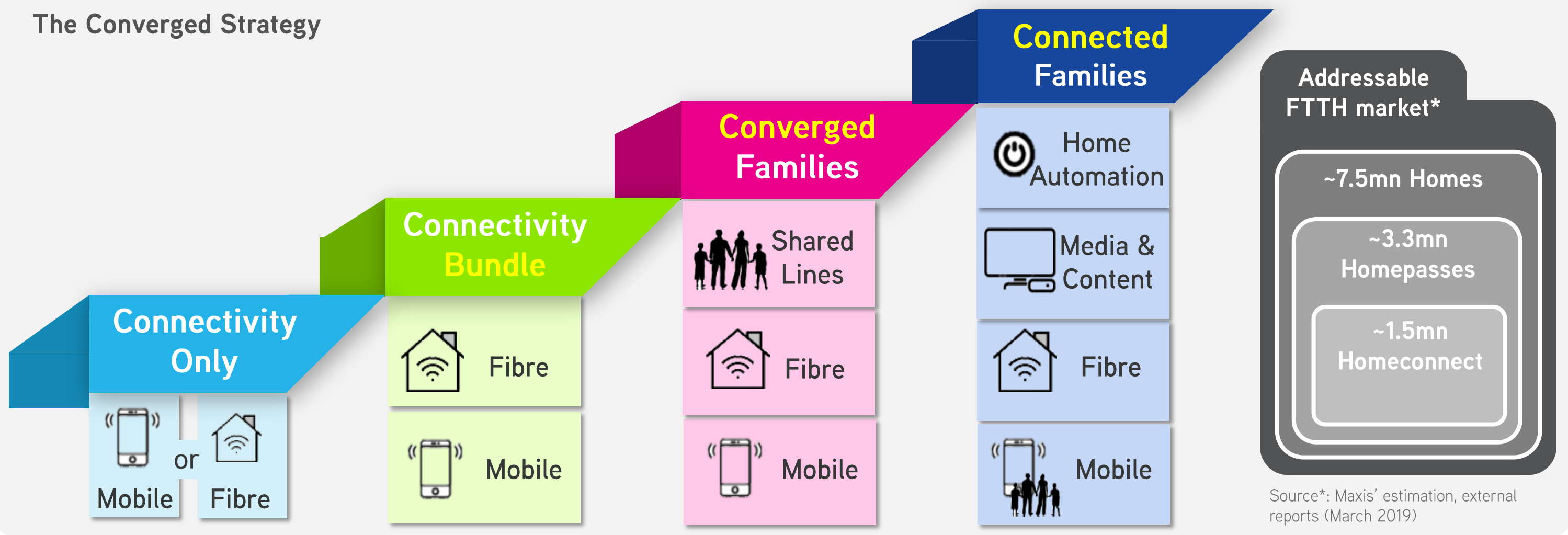


# MAXIS FOR ALL

Individuals, Homes and Businesses

## Maxis to connect your homes and families

### The Converged Strategy



Maxis**ONE** Plan

Maxis**ONE** Share



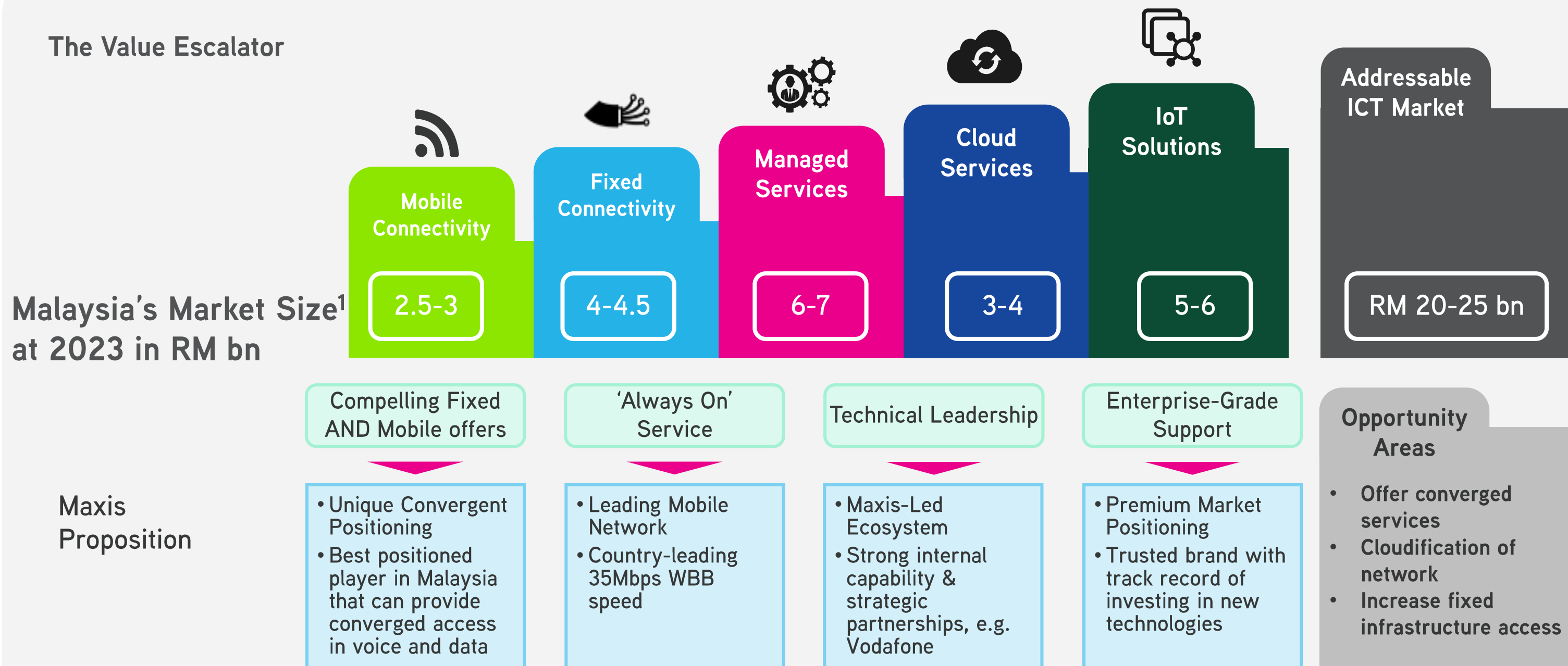


# MAXIS FOR ALL

Individuals, Homes and Businesses

## Value escalator strategy guides enterprise expansion

### The Value Escalator



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

**90%** | **>5 Mbps Experience**  
4G in Key Market Centres

**>3.3  
mn** | **Fixed Home Access**  
Highest in the market<sup>1</sup>

### 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.



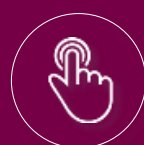


# MAXIS WAY

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



# Important definitions/notations

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- **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
- **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



# Product list definitions/notations (1/2)

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- **MaxisONE Plan:** The Internet Plan which offer limitless voice, SMS and bundle with Mobile Internet for Maxis postpaid customers
- **MaxisONE Share:** A plan for supplementary line (a.k.a share line)
- **MaxisONE Prime:** A Maxis Home Fibre Plan layered with MaxisONE Plan that offers endless internet for both home and mobile
- **Maxperts:** A group of highly skilled tech support team that offers solution expertise such as the end-to-end resolution of issues, basic setup and configurations, password resets, product navigational assistance and remote troubleshooting for our range of selected Maxis solutions
- **Zerolution:** A smartphone program that allows customers to purchase a device with RM0 upfront payment and pay for the phone over 24 monthly payments at 0% interest
- **Machine to Machine (M2M):** A direct communication between devices using a wireless network



# Product list definitions/notations (2/2)

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- **ONEBusiness Voice:** A business grade voice service which uses Voice Over IP (VOIP) technology to enable your business to receive phone calls or make outgoing calls through a single converged network
- **Cloud POS:** An easy-to-use point-of-sale software for business owners who want to capture, track and view real-time analytics and reports of their business easily anytime, anywhere
- **mDrive:** A solution encompassing the hardware, software, services and connectivity to enable you to manage your fleet





# Key Financials

(RM mn)	2Q18	1Q19	2Q19	QoQ	YoY
Service Revenue	2,013	1,947	1,918	-1.5%	-4.7%
EBITDA*	1,007	953	947	-0.6%	-6.0%
EBITDA margin on service revenue*	50.0%	48.9%	49.4%	+0.5pp	-0.6pp
Profit after tax*	480	404	397	-1.7%	-17.3%
Operating free cash flow	931	565	1,021	+>100%	+9.7%
Prepaid Revenue	854	797	791	-0.8%	-7.4%
Postpaid Revenue	1,009	1,000	972	-2.8%	-3.7%
Capex	212	127	267		
Dividend per share (sen)	5	5	5		

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



# Normalised Consolidated Income Statement

(RM mn)	2Q18	3Q18	4Q18	1Q19	2Q19	QoQ	YoY
Revenue	2,246	2,264	2,445	2,232	2,206	-1.2%	-1.8%
Expenses	(1,239)	(1,217)	(1,676)	(1,279)	(1,259)	-1.6%	+1.6%
EBITDA	1,007	1,047	769	953	947	-0.6%	-6.0%
EBITDA Margin	50.0%	51.7%	37.5%	48.9%	49.4%	+0.5pp	-0.6pp
Depreciation	(268)	(260)	(305)	(296)	(295)		
Others	(1)	4	(14)	(5)	(6)		
Upfront Spectrum Assignment	(15)	(15)	(16)	(15)	(15)		
EBIT	723	776	434	637	631	-0.9%	-12.7%
Interest Expenses	(94)	(103)	(95)	(114)	(115)		
Interest Revenue	9	11	16	15	15		
PBT	638	684	355	538	531	-1.3%	-16.8%
Tax	(158)	(166)	(96)	(134)	(140)		
PAT	480	518	259	404	391	-3.2%	-18.5%



# Reported Consolidated Income Statement

(RM mn)	2Q18	3Q18	4Q18	1Q19	2Q19	QoQ	YoY
Revenue	2,246	2,264	2,445	2,232	2,206	-1.2%	-1.8%
Expenses	(1,257)	(1,239)	(1,683)	(1,288)	(1,266)	-1.7%	+0.7%
EBITDA	989	1,025	762	944	940	-0.4%	-5.0%
EBITDA Margin	49.1%	50.6%	37.2%	42.3%	42.6%	+0.3pp	-6.5pp
Depreciation	(268)	(260)	(305)	(296)	(295)		
Others	(1)	4	(14)	(5)	(6)		
EBIT	720	769	443	643	639	-0.6%	-11.2%
Interest Expenses	(94)	(103)	(95)	(114)	(115)		
Interest Revenue	9	11	16	15	15		
PBT	635	677	364	544	539	-0.9%	-15.1%
Tax	(157)	(164)	(98)	(135)	(142)		
PAT	478	513	266	409	397	-2.9%	-16.9%





# Cash Flow Statement

(RM mn)	2Q18	3Q18	4Q18	1Q19	2Q19
Cash flow from operating activities	931	976	983	565	1,021
Cash flow used in investing activities	(307)	(263)	(680)	(140)	(331)
▪ Purchase of property, plant, equipment & intangible assets	(307)	(262)	(678)	(140)	(328)
▪ Proceeds from disposal of PPE	-	-	2	-	-
▪ Purchase of financial assets as fair value over comprehensive income	-	-	(4)	-	-
▪ Maturities of deposits	-	(1)	-	-	(3)
Cash flow before financing activities	624	713	303	425	690
Cash flow used in financing activities	(476)	(504)	(477)	(552)	(526)
• Dividends paid	(390)	(391)	(391)	(391)	(391)
• Payment of finance costs	(81)	(111)	(85)	(130)	(101)
• Others	(5)	(2)	(1)	(31)	(34)
Net change in cash & cash equivalents	148	209	(174)	(127)	164
Opening cash & cash equivalents	353	501	710	536	409
Closing cash & cash equivalents	501	710	536	409	573

^ 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)	1Q19	2Q19
Debt <sup>#</sup>	8,717	8,731
Deposits, cash & bank balances <sup>^</sup>	434	600
Net Debt	8,283	8,131
Total Equity	7,123	7,139

(RM mn)	1Q19	2Q19
Net debt-to-EBITDA <sup>*</sup>	2.23x	2.21x
Net debt-to-Equity	1.16x	1.14x

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)	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Revenue	2,333	2,376	2,237	2,246	2,264	2,445	2,232	2,206
Service Revenue	2,090	2,036	1,980	2,013	2,027	2,048	1,947	1,918
▪ Mobile	1,944	1,897	1,834	1,863	1,876	1,898	1,797	1,763
▪ Enterprise Fixed*	75	69	71	71	71	70	70	69
▪ Home Fibre	71	70	75	79	80	80	80	86
Non-Service Revenue	243	340	257	233	237	397	285	288
▪ Device	216	319	236	212	216	371	264	268
▪ Hubbing	7	0	0	0	0	-	-	-
▪ Network Income	20	21	21	21	21	26	21	20

(RM mn)	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Mobile Revenue	1,944	1,897	1,834	1,863	1,876	1,898	1,797	1,763
▪ Prepaid	947	903	849	854	851	845	797	791
▪ Postpaid	997	994	985	1,009	1,025	1,053	1,000	972

\* Includes Business Fibre





# Normalised Financials and Costs

(RM mn)	2Q18	3Q18	4Q18	1Q19	2Q19
Total revenue	2,246	2,264	2,445	2,232	2,206
Expenses	1,239	1,217	1,676	1,279	1,259
▪ Traffic, commissions & other direct costs	723	684	883	736	766
▪ Spectrum license fees	47	47	48	46	48
▪ Network	196	208	280	189	183
▪ Staff & resource	144	148	174	152	166
▪ Marketing	51	59	62	42	43
▪ Operation & maintenance	93	90	222	110	57
▪ Others	(15)	(19)	7	4	(4)
▪ Allowance for doubtful debts, net	29	22	42	33	28
▪ Government grants & other income, net	(44)	(41)	(35)	(29)	(32)
EBITDA	1,007	1,047	769	953	947
PBT	638	684	355	538	531
PAT	480	518	259	404	391
EBITDA Margin	50.0%	51.7%	37.5%	48.9%	49.4%
PAT Margin	21.4%	22.9%	10.6%	18.1%	17.7%



# Reported Financials and Costs

(RM mn)	2Q18	3Q18	4Q18	1Q19	2Q19
Total revenue	2,246	2,264	2,445	2,232	2,206
Expenses	1,257	1,239	1,683	1,288	1,267
▪ Traffic, commissions & other direct costs	723	684	883	736	766
▪ Spectrum license fees	62	62	64	61	63
▪ Network	196	208	280	189	184
▪ Staff & resource	144	148	174	152	166
▪ Marketing	51	59	62	42	43
▪ Operation & maintenance	96	97	213	104	49
▪ Others	(15)	(19)	7	4	(4)
▪ Allowance for doubtful debts, net	29	22	42	33	28
▪ Government grants & other income, net	(44)	(41)	(35)	(29)	(32)
EBITDA	989	1,025	762	944	939
PBT	635	677	364	544	539
PAT	478	513	266	409	397
EBITDA Margin	49.1%	50.6%	37.2%	42.3%	42.6%
PAT Margin	21.3%	22.7%	10.9%	18.3%	18.0%



# RGS30 and ARPU

	2Q18	3Q18	4Q18	1Q19	2Q19
Mobile Subscription ('000)					
Total	9,863	9,835	9,868	9,828	9,883
▪ Prepaid	6,747	6,639	6,610	6,467	6,417
▪ Postpaid (excl. M2M)	2,802	2,875	2,940	3,008	3,104
▪ Postpaid (M2M)	168	180	195	239	252
▪ WBB	146	141	123	114	110
ARPU (RM/Month)					
Blended (excl. M2M)	58	58	59	57	58
▪ Prepaid	42	42	42	40	41
▪ Postpaid (excl. M2M)	96	95	96	92	91

Note:  
WBB subscriptions defined as subscriptions on data plans using USB modems and tablets . Postpaid is shown as phone based and non-phone based subscriptions, that is Machine to Machine (M2M)



# Market Definition Subscription and ARPU

	2Q18	3Q18	4Q18	1Q19	2Q19
Mobile Subscription ('000)					
Total (incl. M2M)	10,891	10,956	10,890	10,885	11,016
▪ Prepaid	7,716	7,703	7,571	7,444	7,463
▪ Postpaid (incl. M2M)	3,019	3,105	3,190	3,321	3,438
▪ WBB	156	148	129	120	115
Mobile Internet Users ('000)	8,200	8,300	8,400	8,400	8,400
Home Fibre Connections ('000)	194	202	226	251	276
Business Fibre Connections ('000)	15	16	23	29	34
ARPU (RM/Month)					
Blended (incl. M2M)	53	53	53	51	51
▪ Prepaid	37	36	37	35	35
▪ Postpaid (incl. M2M)	94	93	94	88	86
▪ Home Fibre	142	139	119	105	106

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





# Data usage and smart phone penetration

	2Q18	3Q18	4Q18	1Q19	2Q19
Data usage (GB/Month)					
Blended	9.08	10.67	10.92	11.70	13.59
▪ Prepaid	8.20	10.24	10.36	11.47	13.72
▪ Postpaid	11.17	11.66	12.16	12.17	13.33
Smart-phone penetration (%)					
Blended	83	84	85	85	85
▪ Prepaid	81	82	83	84	84
▪ Postpaid	87	87	87	88	88

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



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