



3Q2019 Financial Results

Results Briefing – Friday 25th October

2019-2023 VISION

Vision

The Leading Converged
Solutions 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

3Q19 OVERVIEW

Convergence strategy delivering strong sustainable cash flow

01

Convergence accelerating

- Strong growth in fibre subscribers
- Households preferring superfast fiber plans, packages and devices
- Enterprise team and offerings in place

02

Mobile leadership maintained

- +12% YoY strong growth in postpaid subscribers
- Successful pre-to-post migration
- Stable ARPU
- Leading in 5G trials

03

Guidance on track

- Financial performance on track, in a rebase year
- Productivity and working capital programme delivering
- Strong sustainable cash flow
- Maintained 5 sen dividend



3Q19 PERFORMANCE HIGHLIGHTS

Achieving experience excellence for our customers

Data Growth³
High 4G Data Usage
15.2GB, +11% QoQ



4G LTE Speed >5Mbps²
Superior 4G LTE experience
87.1%



My Maxis App
Encouraging adoption
46% of principal base⁴
+3pp QoQ



TP-NPS¹
Continued high customer satisfaction
+58



Hotlink Red App
High adoption
61% of MI⁴ users
+2pp QoQ



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



3Q19 FINANCIAL HIGHLIGHTS

Core business resilient,
QoQ growth

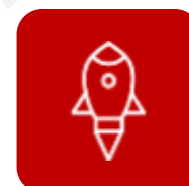
Service Revenue
Resilient core performance
RM 1,940mn, +1.1% QoQ



Postpaid
Strong subscriber growth
RM 979mn, +0.7% QoQ



Prepaid
Market consolidation
RM 794mn, +0.4% QoQ



Normalised EBITDA
In line with guidance
RM 964mn, +1.8% QoQ



OCF
Strong growth
RM 1,066mn, +4.4% QoQ

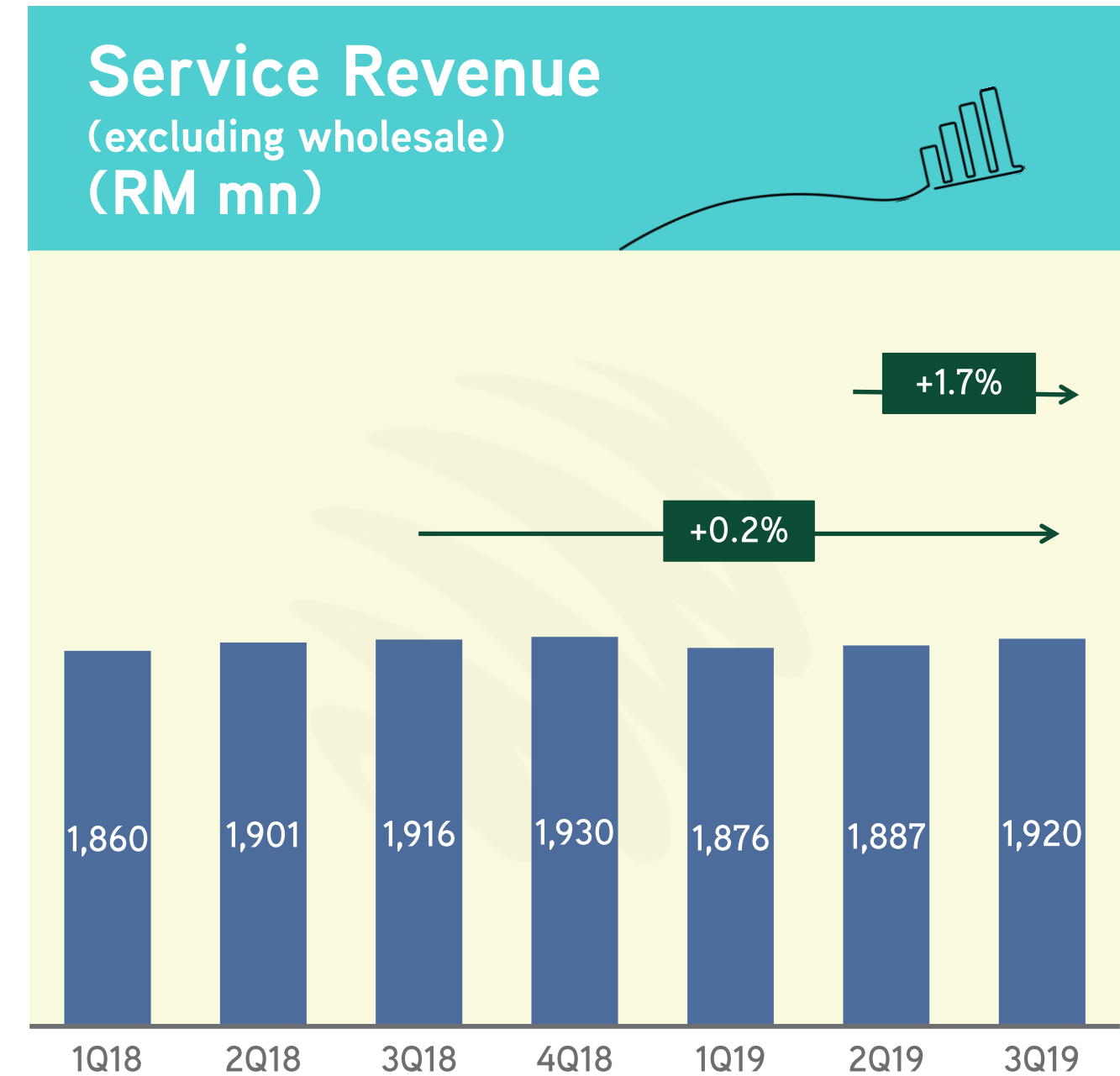
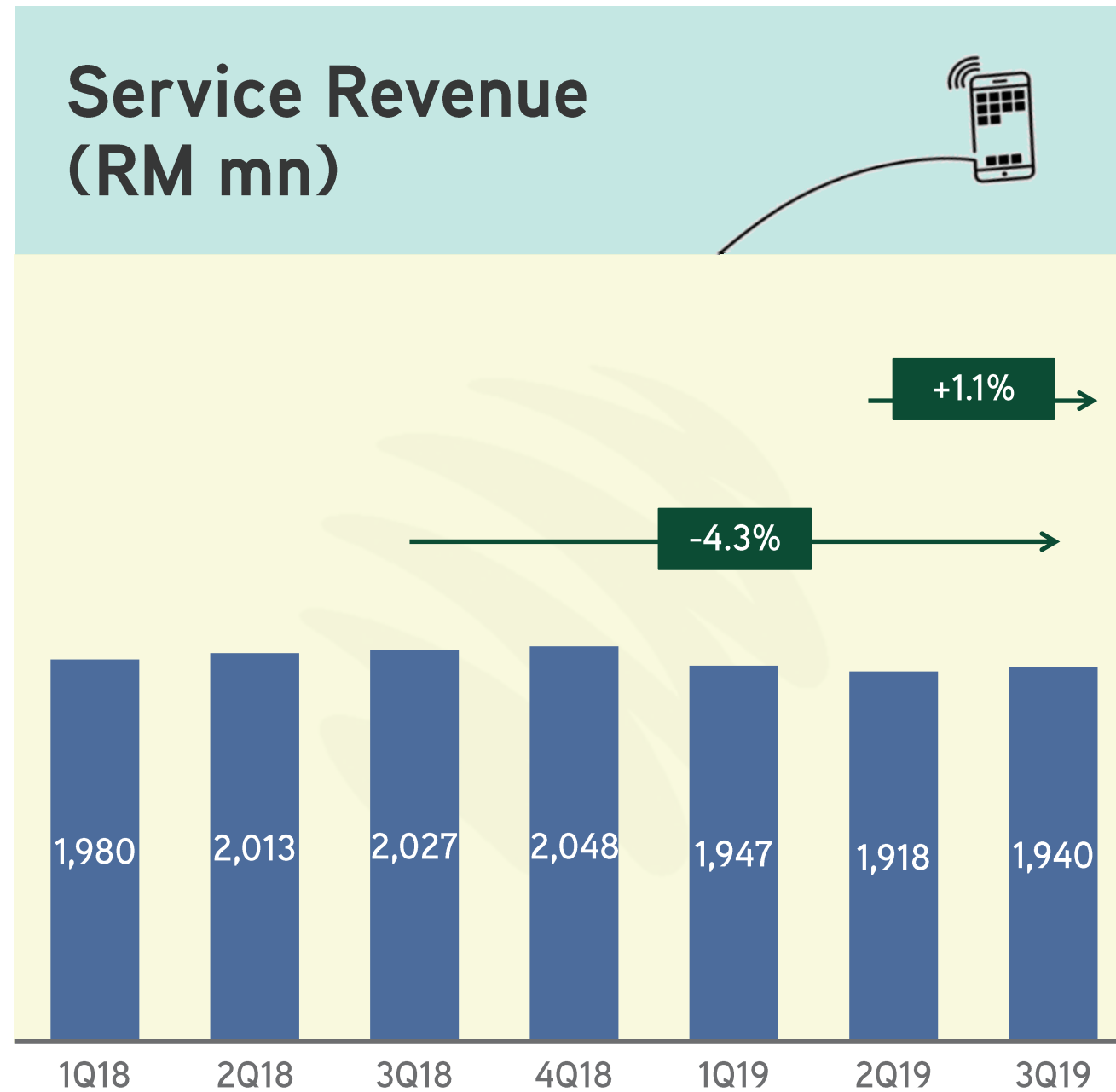


Dividends
Sustained dividends at
5 sen per share



3Q19 SERVICE REVENUE

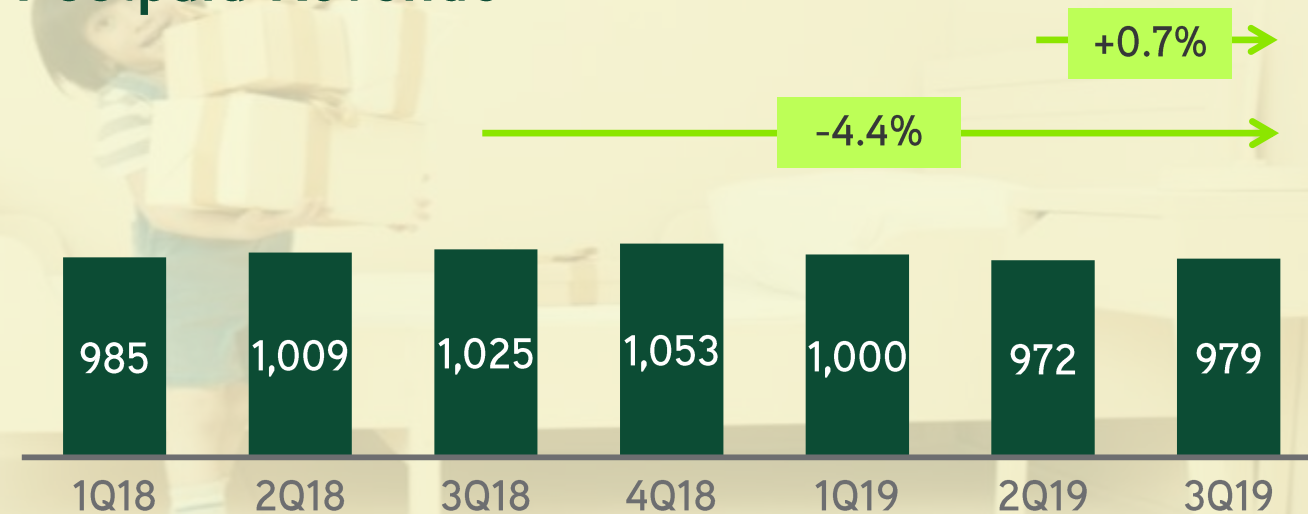
Service revenue in line with expectations,
QoQ and YoY growth



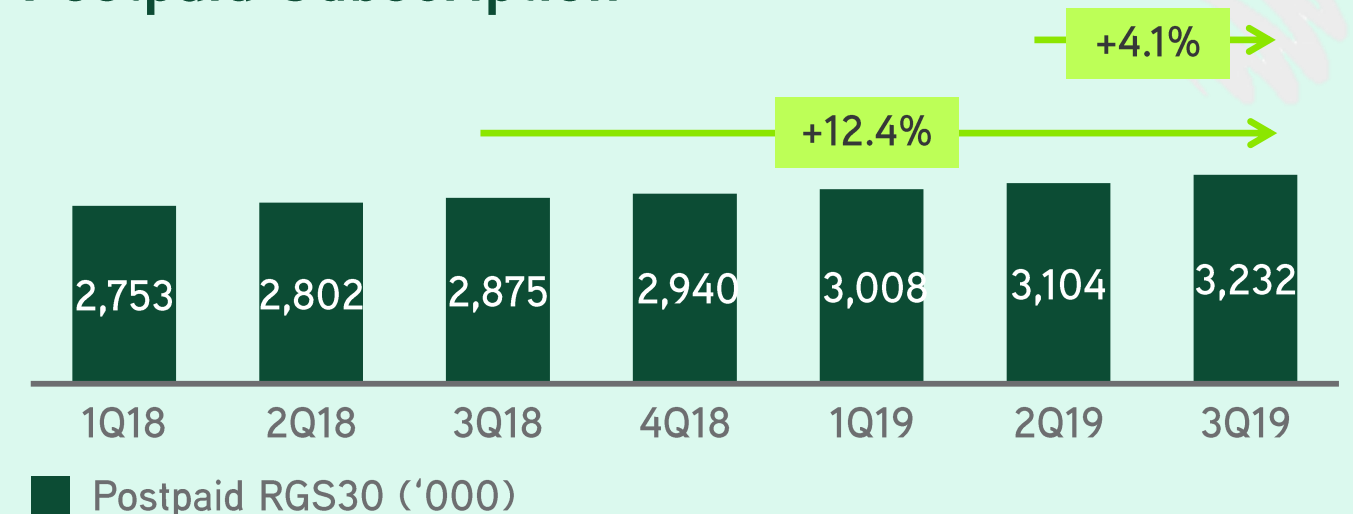
3Q19 POSTPAID

Strong subscriber growth QoQ and YoY
driven by family packages

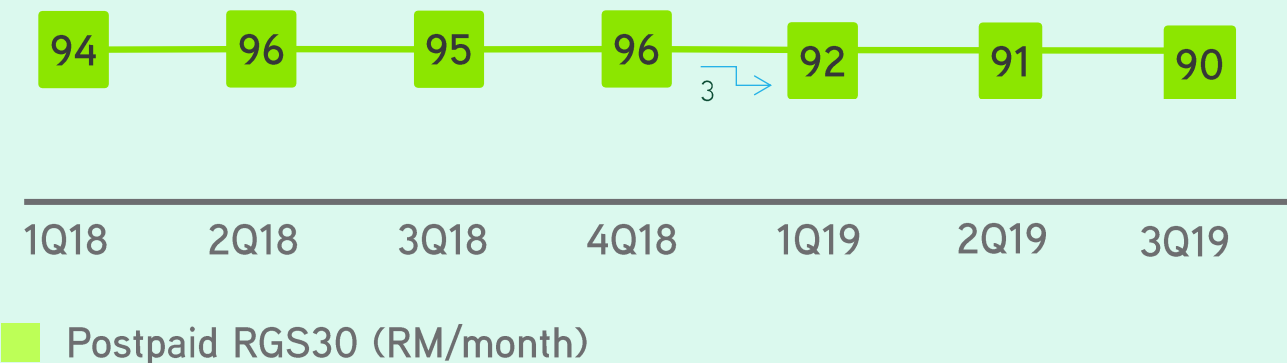
Postpaid Revenue¹



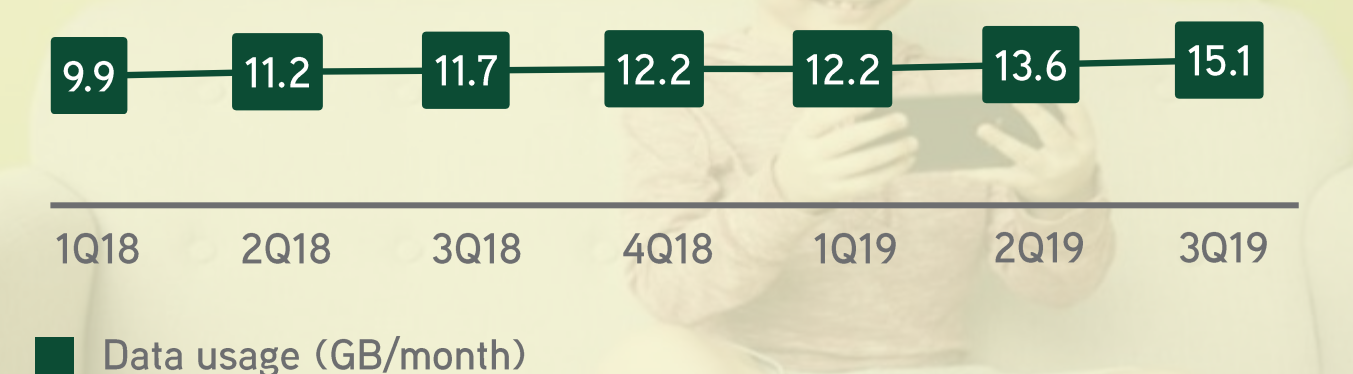
Postpaid Subscription²



ARPU²



Data usage



Note 1: include wholesale and M2M

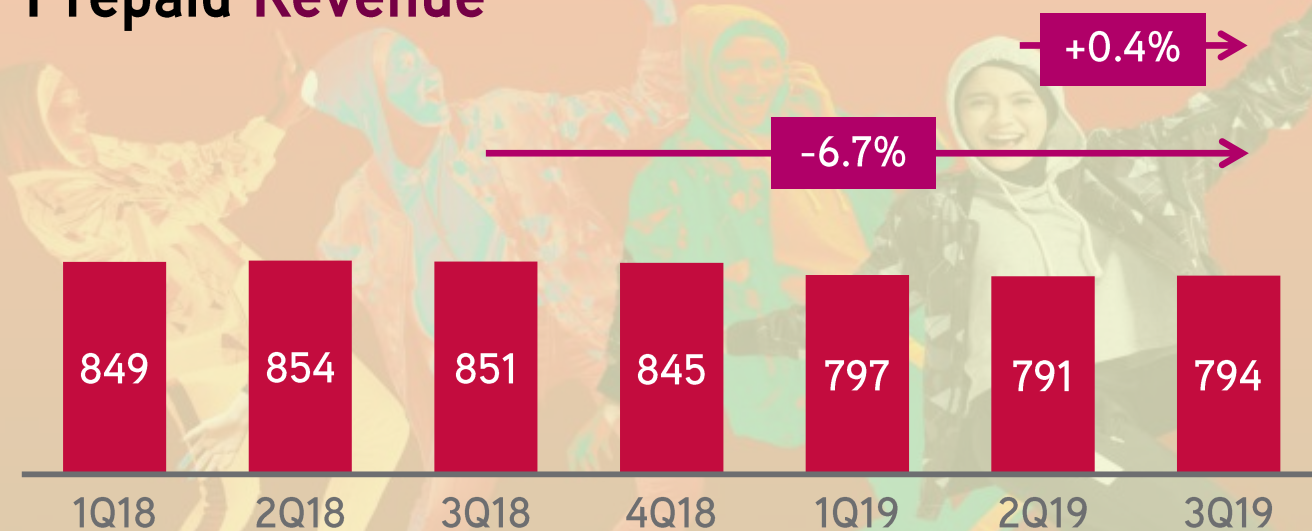
Note 2: exclude wholesale and M2M

Note 3: ARPU changed due to Mobile Termination Rate drop

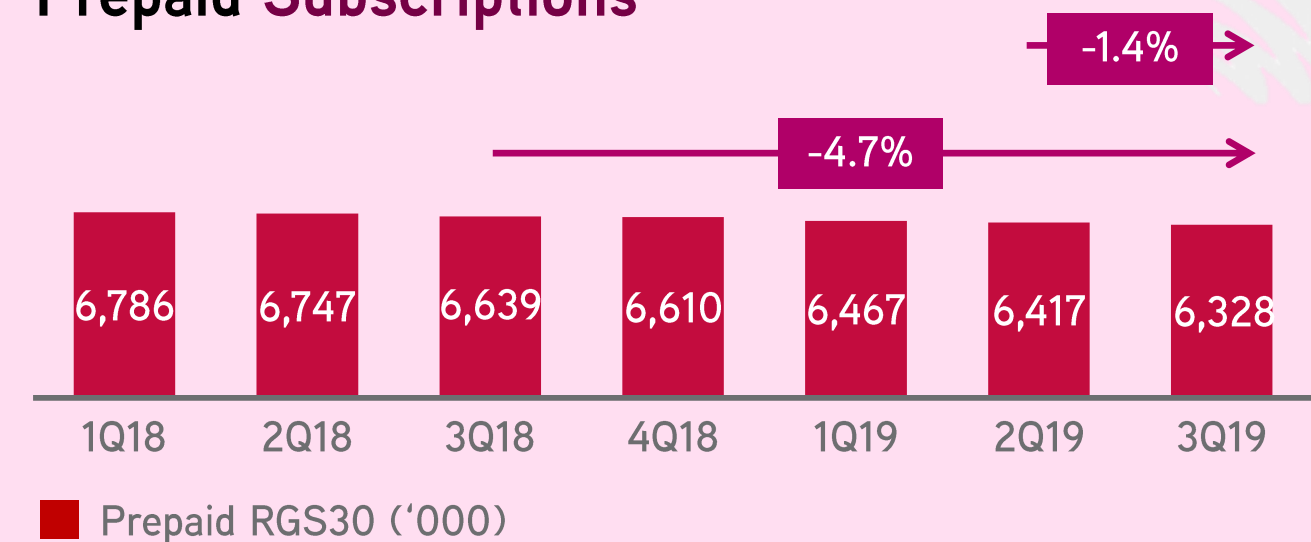
3Q19 PREPAID

ARPU stable, positive migration momentum to postpaid

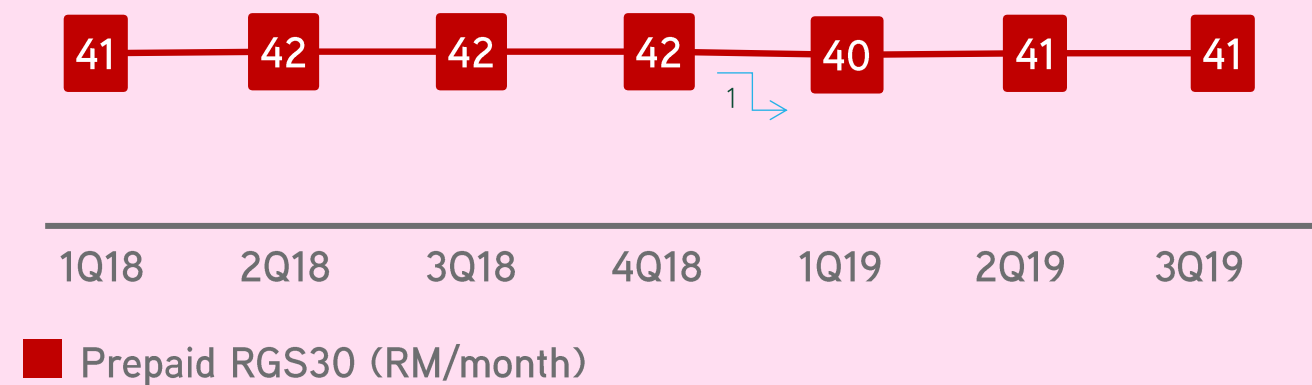
Prepaid Revenue



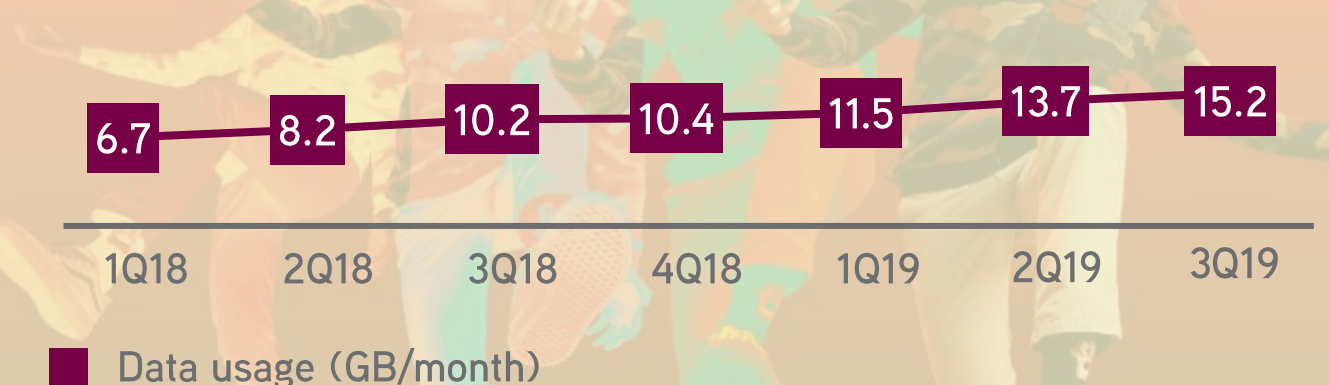
Prepaid Subscriptions



ARPU



Data usage



3Q19 FIBRE

Increasing rate of net adds and household adoption of converged solutions



Strong momentum recorded for growth in fibre

- Serving households better with MaxisONE Prime packages of shared lines, home fibre and device
- Strong take-up of Superfast fibre packages (300, 500 & 800Mbps)
- Co-marketing of fibre initiated with Astro

Fibre Connections

344 k

QoQ Net Adds

+34k

Home-fibre Revenue*

95 mn

QoQ Revenue*

+10.7%

Home-fibre ARPU*

108

QoQ ARPU*

+1.6%



3Q19 ENTERPRISE

Completed Phase 1 - Mobilised 350+ additional staff

New Opportunities – Strategic Partnerships

Local Partnerships



- Sarawak Multimedia Authority (SMA): Smart metering pilot
- AmBank: Joint go-to-market offering for SMEs
- Gamuda Land: Ongoing 5G pilots

Global Partnerships



- Cisco: Jointly deliver a wide range of technology, starting with Managed SD-WAN
- + More to come



New Solutions

Growing Traction

- Biz Fibre
- ONEBusiness Voice with Superfast
- ONEBusiness Smart

New Launches

- Managed SD-WAN
- Managed Internet for Government

NB-IoT Challenge



- Winners awarded for innovative solutions in agriculture and smart cities



New Capabilities – in place

Internal Capabilities

- Increased workforce across core areas of sales, delivery and operations

Enterprise Rebranding

- Positive testimonials from key business partners



**Convergence and growth
in Enterprise**

3Q19 CAPEX

Phasing of core capex in line with expectations

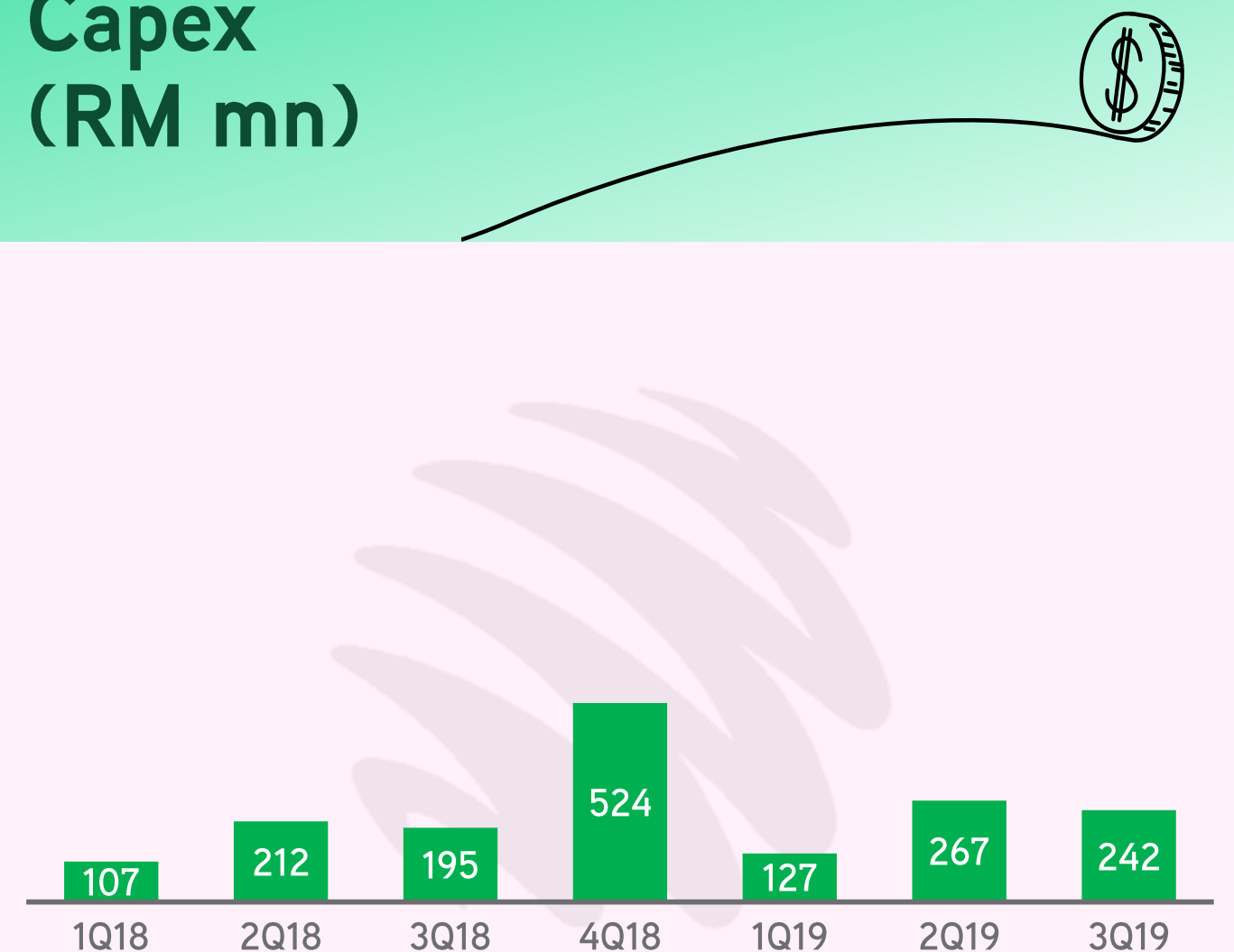
Future proofing our network

- Incremental Enterprise capex, driven by corporate deals
- Improving redundancy of fibre network for better quality and service
- Investment in network capacity rollout and 5G readiness
- YTD'19 is RM636mn vs YTD'18 of RM514mn, an increase of 23.7%

5G Pilots & Trials

- Awaiting spectrum assignment timeline from MCMC – indication of 2020/2021
- Corporate driven pilots and trials for corporate use-case verification
- Signed 5G provisioning agreement with Huawei

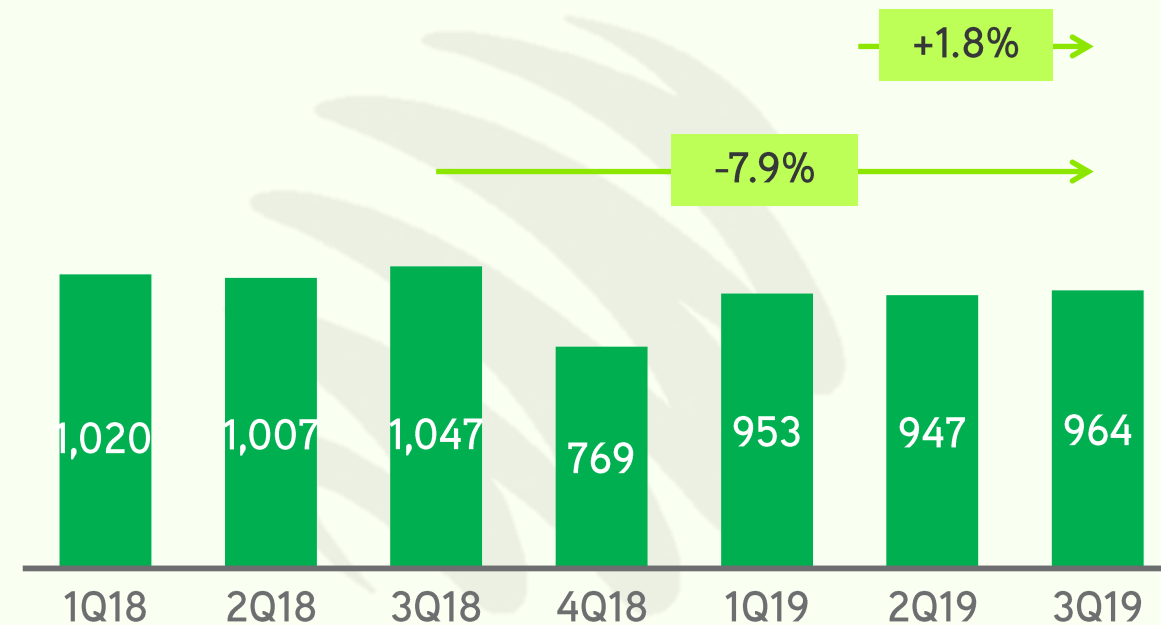
Capex (RM mn)



3Q19 Normalised EBITDA

EBITDA in line with expectations

Normalised EBITDA (RM mn)

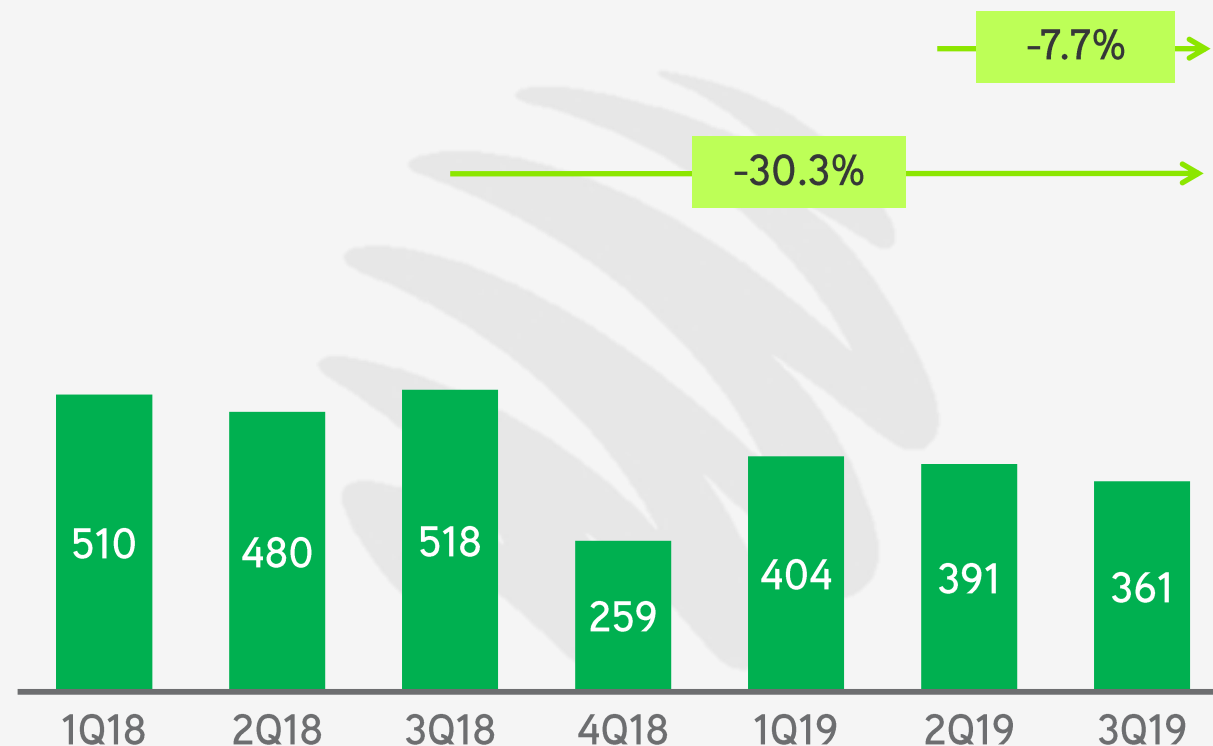


Rebasing EBITDA due to:

- Impact from termination of wholesale agreement, affecting YoY comparisons
- Mobilisation of Enterprise business growth opportunities
- Continued investment in Fibrenation
- YTD'19 is RM2,864mn vs YTD'18 of RM3,074mn



Normalised Profit after Tax (RM mn)



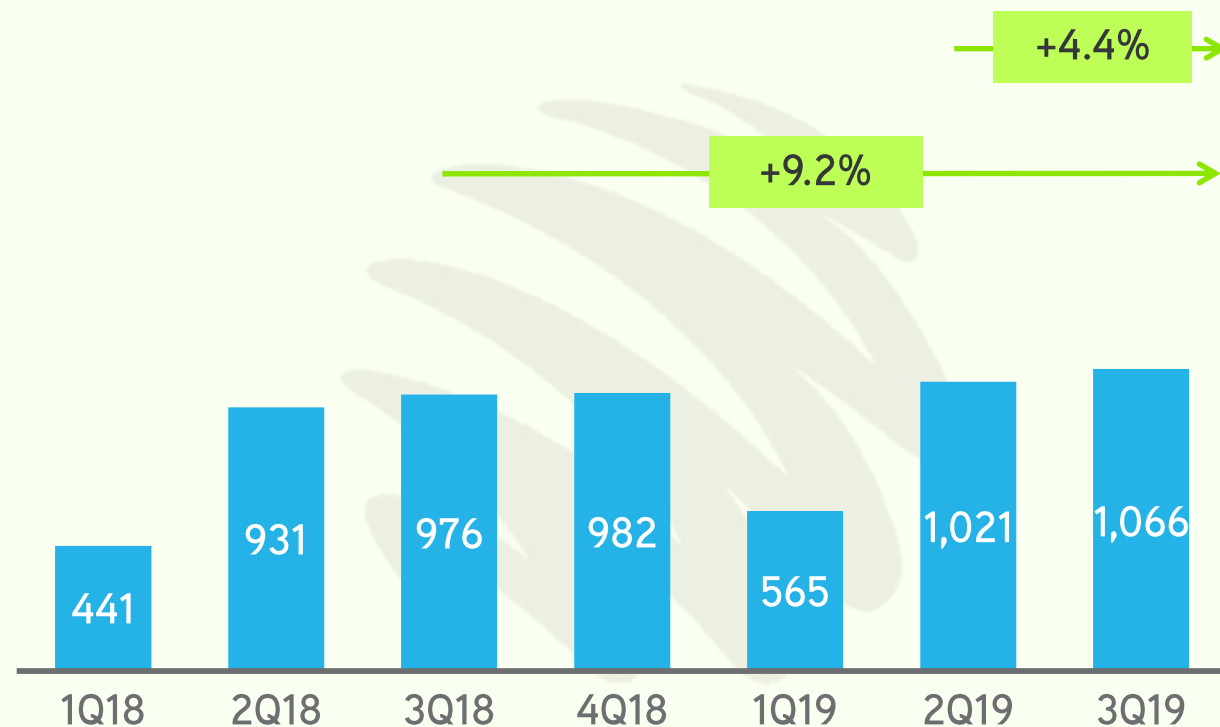
NPAT results:

- Wholesale agreement loss is driving PAT result, our rebasing year
- Investing for growth in Enterprise, fibre and customer experience
- YTD'19 is RM1,156mn vs YTD'18 of RM1,508mn
- 5 sen dividend payout

3Q19 Normalised OFCF

Strong operating free cash flow delivered

Operating Free Cash Flow (RM mn)



Driving sustainable OFCF:

- +9.2% YoY and +4.4% QoQ growth
- Retaining leadership in core mobile business
- Productivity and working capital programme delivering, improving capital efficiency
- RM304mn YTD increase (YTD'19 is RM2,652mn vs YTD'18 RM2,348mn)



Priorities

Executing our convergence growth strategy while maintaining leadership in mobile

- Offering customised products and services to individuals, homes and businesses
- Developing new Enterprise solutions with an expanded team in place
- Achieving differentiated and unmatched personalised experience
- Developing world class organisation through digitalisation and innovation



Outlook

Securing our current and future cash flows

- Mobilisation of productivity & cash management programmes
- Solid operational and financial performance
- Sustainable 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 1bn 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



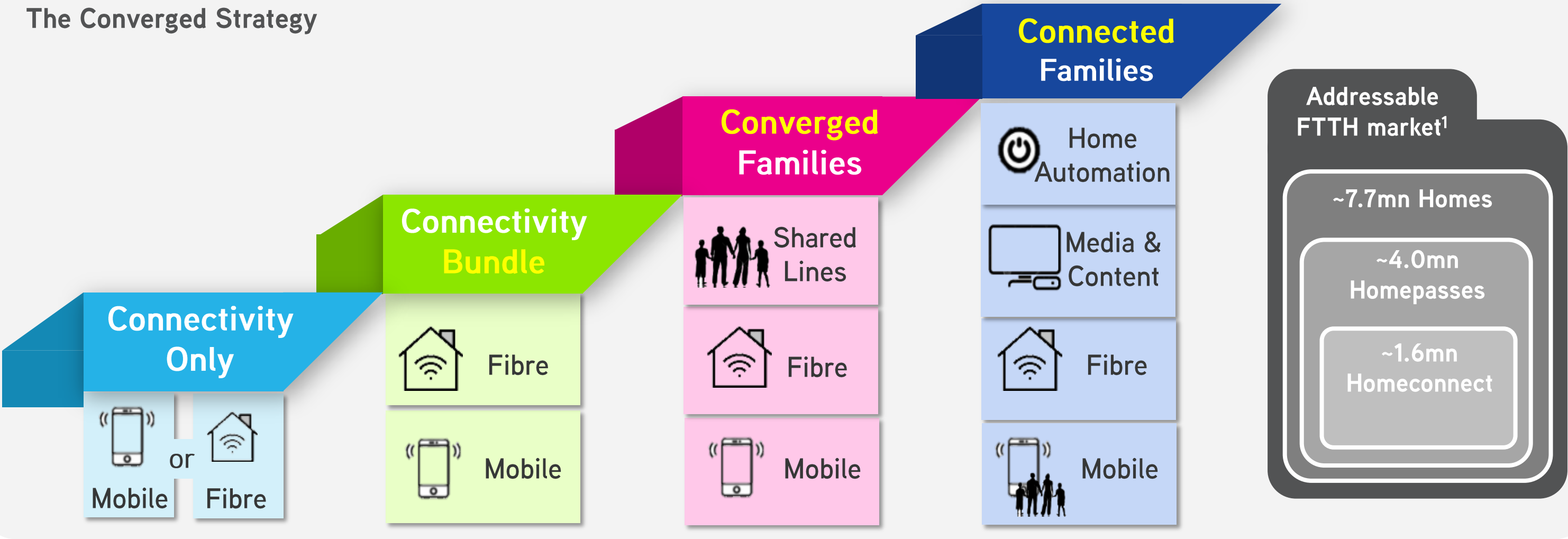
Appendix 1

MAXIS FOR ALL

Individuals, Homes and Businesses

Maxis to connect your
homes and families

The Converged Strategy



Maxis**ONE** Plan

Maxis**ONE** Share



18 Note 1: Maxis' estimation, external reports (October 2019)



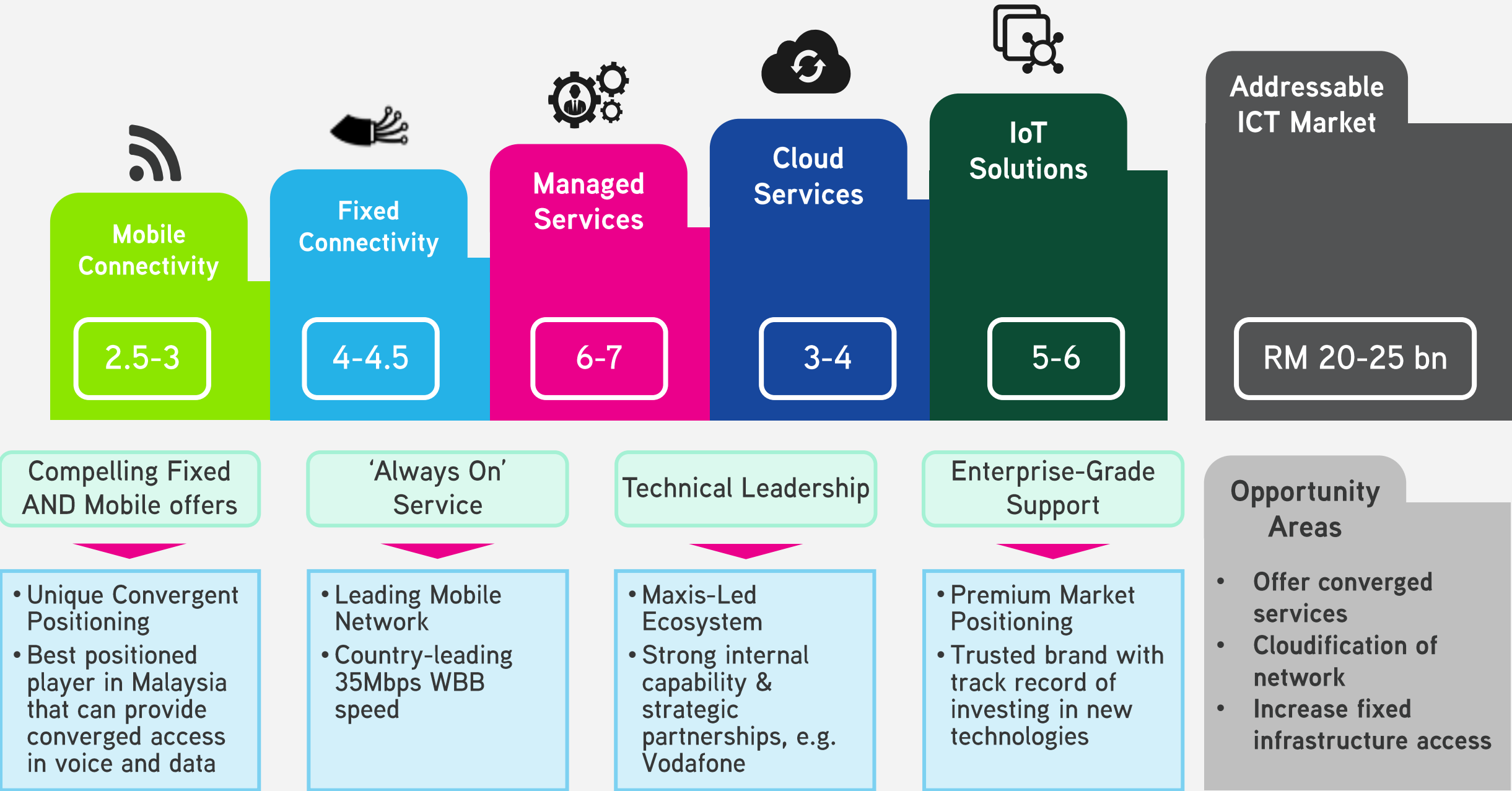
MAXIS FOR ALL

Individuals, Homes and Businesses

Value escalator strategy guides enterprise expansion

The Value Escalator

Malaysia's Market Size¹
at 2023 in RM bn



19 Note 1: Estimation based on Gartner Report and IDC



Appendix 2

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 or gains 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



Product list definitions/notations (1/2)

- **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)

- **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)	3Q18	2Q19	3Q19	QoQ	YoY
Service Revenue	2,027	1,918	1,940	+1.1%	-4.3%
EBITDA*	1,047	947	964	+1.8%	-7.9%
EBITDA margin on service revenue*	51.7%	49.4%	49.7%	+0.3pp	-2.0pp
Profit after tax*	518	391	361	-7.7%	-30.3%
Operating free cash flow	976	1,021	1,066	+4.4%	+9.2%
Prepaid Revenue	851	791	794	+0.4%	-6.7%
Postpaid Revenue	1,025	972	979	+0.7%	-4.4%
Capex	195	267	242	-9.4%	+24.1%
Dividend per share (sen)	5	5	5	-	-



Normalised Consolidated Income Statement

(RM mn)	3Q18	4Q18	1Q19	2Q19	3Q19	QoQ	YoY
Revenue	2,264	2,445	2,232	2,206	2,285	+3.6%	+0.9%
Expenses	(1,217)	(1,676)	(1,279)	(1,259)	(1,321)	+4.9%	+8.5%
EBITDA	1,047	769	953	947	964	+1.8%	-7.9%
EBITDA Margin	51.7%	37.5%	48.9%	49.4%	49.7%	+0.3pp	-2.0pp
Depreciation	(260)	(305)	(296)	(295)	(346)	+17.3%	+33.1%
Others	(4)	(14)	(5)	(6)	(23)	+>100%	+>100%
Upfront Spectrum Assignment	(15)	(15)	(15)	(15)	(15)	0.0%	0.0%
EBIT	776	434	637	631	580	-8.1%	-25.3%
Interest Expenses	(103)	(95)	(114)	(115)	(115)	0.0%	0.0%
Interest Revenue	11	16	15	15	20	33.3%	+81.8%
PBT	684	355	538	531	485	-8.7%	-29.1%
Tax	(166)	(96)	(134)	(140)	(124)	-11.4%	-25.3%
PAT	518	259	404	391	361	-7.7%	-30.3%



Reported Consolidated Income Statement

(RM mn)	3Q18	4Q18	1Q19	2Q19	3Q19	QoQ	YoY
Revenue	2,264	2,445	2,232	2,206	2,285	+3.6%	+0.9%
Expenses	(1,239)	(1,683)	(1,288)	(1,266)	(1,340)	+5.8%	+8.2%
EBITDA	1,025	762	944	940	945	+0.5%	-7.8%
EBITDA Margin	50.6%	37.2%	48.5%	49.0%	48.7%	-0.3pp	-1.9pp
Depreciation	(260)	(305)	(296)	(295)	(346)	+17.3%	+33.1%
Others	4	(14)	(5)	(6)	(23)	+>100%	->100%
EBIT	769	443	643	639	576	-9.9%	-25.1%
Interest Expenses	(103)	(95)	(114)	(115)	(115)	0.0%	+11.7%
Interest Revenue	11	16	15	15	20	+33.3%	+81.8%
PBT	677	364	544	539	481	-10.8%	-29.0%
Tax	(164)	(98)	(135)	(142)	(123)	-13.4%	-25.0%
PAT	513	266	409	397	358	-9.8%	-30.2%



Cash Flow Statement

(RM mn)	3Q18	4Q18	1Q19	2Q19	3Q19
Cash flow from operating activities	976	983	565	1,021	1,066
Cash flow used in investing activities	(263)	(680)	(140)	(331)	(257)
▪ Purchase of property, plant, equipment & intangible assets	(262)	(678)	(140)	(328)	(255)
▪ Proceeds from disposal of PPE	-	2	-	-	1
▪ Purchase of financial assets as fair value over comprehensive income	-	(4)	-	-	-
▪ Maturities of deposits	(1)	-	-	(3)	(3)
Cash flow before financing activities	713	303	425	690	809
Cash flow used in financing activities	(504)	(477)	(552)	(526)	(568)
• Dividends paid	(391)	(391)	(391)	(391)	(391)
• Payment of finance costs	(111)	(85)	(130)	(101)	(131)
• Others	(2)	(1)	(31)	(34)	(46)
Net change in cash & cash equivalents	209	(174)	(127)	164	241
Opening cash & cash equivalents	501	710	536	409	573
Closing cash & cash equivalents*	710	536	409	573	814



Financial Ratios

(RM mn)	2Q19	3Q19
Debt ¹	8,731	8,704
Deposits, cash & bank balances ²	600	844
Net Debt	8,131	7,860
Total Equity	7,135	7,104

(RM mn)	2Q19	3Q19
Net debt-to-EBITDA ³	2.14x	2.16x
Net debt-to-Equity	1.14x	1.11x

Note 1: Includes derivative financial instruments designated for hedging relationship on borrowings; excludes vendor financing

Note 2: 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

Note 3: EBITDA calculated using rolling 12 months EBITDA



Revenue Composition

(RM mn)	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Revenue	2,376	2,237	2,246	2,264	2,445	2,232	2,206	2,285
Service Revenue	2,036	1,980	2,013	2,027	2,048	1,947	1,918	1,940
▪ Mobile	1,897	1,834	1,863	1,876	1,898	1,797	1,763	1,773
▪ Enterprise Fixed*	69	71	71	71	70	70	69	72
▪ Home Fibre	70	75	79	80	80	80	86	95
Non-Service Revenue	340	257	233	237	397	285	288	345
▪ Device	319	236	212	216	371	264	268	322
▪ Hubbing	0	0	0	0	-	-	-	-
▪ Network Income	21	21	21	21	26	21	20	23

(RM mn)	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Mobile Revenue	1,897	1,834	1,863	1,876	1,898	1,797	1,763	1,773
▪ Prepaid	903	849	854	851	845	797	791	794
▪ Postpaid	994	985	1,009	1,025	1,053	1,000	972	979



Normalised Financials and Costs

(RM mn)	3Q18	4Q18	1Q19	2Q19	3Q19
Total revenue	2,264	2,445	2,232	2,206	2,285
Expenses	1,217	1,676	1,279	1,259	1,321
▪ Traffic, commissions & other direct costs	684	883	736	766	835
▪ Spectrum license fees	47	48	46	48	48
▪ Network	208	280	189	183	170
▪ Staff & resource	148	174	152	166	153
▪ Marketing	59	62	42	43	42
▪ Operation & maintenance	90	222	110	57	86
▪ Others	(19)	7	4	(4)	(13)
▪ Allowance for doubtful debts, net	22	42	33	28	30
▪ Government grants & other income, net	(41)	(35)	(29)	(32)	(43)
EBITDA	1,047	769	953	947	964
PBT	684	355	538	531	485
PAT	518	259	404	391	361
EBITDA Margin	51.7%	37.5%	48.9%	49.4%	49.7%
PAT Margin	22.9%	10.6%	18.1%	17.7%	15.8%



Reported Financials and Costs

(RM mn)	3Q18	4Q18	1Q19	2Q19	3Q19
Total revenue	2,264	2,445	2,232	2,206	2,285
Expenses	1,239	1,683	1,288	1,266	1,340
▪ Traffic, commissions & other direct costs	684	883	736	766	835
▪ Spectrum license fees	62	64	61	63	63
▪ Network	208	280	189	183	170
▪ Staff & resource	148	174	152	166	153
▪ Marketing	59	62	42	43	42
▪ Operation & maintenance	97	213	104	49	90
▪ Others	(19)	7	4	(4)	(13)
▪ Allowance for doubtful debts, net	22	42	33	28	30
▪ Government grants & other income, net	(41)	(35)	(29)	(32)	(43)
EBITDA	1,025	762	944	940	945
PBT	677	364	544	539	481
PAT	513	266	409	397	358
EBITDA Margin	50.6%	37.2%	48.5%	49.0%	48.7%
PAT Margin	22.7%	10.9%	18.3%	18.0%	15.7%



RGS30 and ARPU

	3Q18	4Q18	1Q19	2Q19	3Q19
Mobile Subscription ('000)					
Total	9,835	9,868	9,828	9,883	9,925
▪ Prepaid	6,639	6,610	6,467	6,417	6,328
▪ Postpaid (excl. M2M)	2,875	2,940	3,008	3,104	3,232
▪ Postpaid (M2M)	180	195	239	252	259
▪ WBB*	141	123	114	110	106
ARPU (RM/Month)					
Blended (excl. M2M)	58	59	57	58	58
▪ Prepaid	42	42	40	41	41
▪ Postpaid (excl. M2M)	95	96	92	91	90

* 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

	3Q18	4Q18	1Q19	2Q19	3Q19
Mobile Subscription ('000)					
Total (incl. M2M)	10,956	10,890	10,885	11,016	11,153
▪ Prepaid	7,703	7,571	7,444	7,463	7,461
▪ Postpaid (incl. M2M)	3,105	3,190	3,321	3,438	3,581
▪ WBB*	148	129	120	115	111
Mobile Internet Users ('000)	8,300	8,400	8,400	8,400	8,500
Home Fibre Connections ('000)	202	226	251	276	305
Biz Fibre Connections ('000)	16	23	29	34	39
ARPU (RM/Month)					
Blended (incl. M2M)	53	53	51	51	51
▪ Prepaid	36	37	35	35	35
▪ Postpaid (incl. M2M)	93	94	88	86	85
▪ Home Fibre	139	119	105	106	108



Data usage

	3Q18	4Q18	1Q19	2Q19	3Q19
Data usage (GB/Month)					
Blended	10.67	10.92	11.70	13.67	15.16
▪ Prepaid	10.24	10.36	11.47	13.72	15.21
▪ Postpaid	11.66	12.16	12.17	13.59	15.06



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