

Chairman's Statement



“I am confident that we are on the right trajectory to achieve our ambition to be Malaysia’s Leading Converged Solutions Company.”

RAJA TAN SRI DATO' SERI
ARSHAD BIN RAJA TUN UDA

Chairman



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**Dear Valued Stakeholders,**

2019 was an important year for Maxis, where we have accelerated our efforts toward our ambition to become Malaysia's Leading Converged Solutions Company. This is underlined by our continuous delivery of the best fixed and mobile propositions for everyone in support of the nation's digital economy ambition.

I am pleased to present our Integrated Annual Report (IAR) to provide a more comprehensive and transparent disclosure of our objectives, strategies and performance, and illustrating the value we create for all of our stakeholders.

The Government's announcement of the National Fiberisation and Connectivity Plan (NFCP) targeting an average speed of 30Mbps in 98% of populated areas by 2023 is an important agenda for the country to improve national connectivity, accessibility and affordability. Maxis has a critical role in supporting this agenda by driving increased broadband connection nationwide and boosting digital adoption in Malaysia.

We continue to deliver the best 4G experience to the people and businesses in Malaysia. We are forging ahead with our commitment to build the best 5G network for the nation once the spectrum is made available. To this end, we applaud the efforts of the Malaysian Communication and Multimedia Commission (MCMC) for their instrumental role in 5G acceleration and for setting up the National 5G Task Force. Maxis has been involved in robust discussions with MCMC in providing feedback and recommendations, including leading one of the taskforce workgroups, and also been participating in every opportunity to create greater awareness on 5G and its potential. These include MCMC's #5GMalaysia showcase in Putrajaya and IDECS 2019 showcase in Kuching.

Business Strategy and Competition

Despite prevailing sectoral challenges that saw increased competition in mobile and fixed markets, I am pleased to note that we are on track with our growth strategy, which has been the foundation of our initiatives during the year. In rolling out our strategy, our core mobile business has remained resilient, our broadband growth very significant and this has been supported by strong momentum within each product segment that we are competing in, resulting from our unmatched personalised experience and best mobile and fixed network experience in the market.

Within our Enterprise segment, we are forging solid partnerships, scaling up our capabilities and introducing innovative and tailored products and services. We are also significantly building a strong momentum in the fibre segment as we remain fully committed to delivering the best experience in fibre connectivity to our customers.

As for our employees, we have reorganised structures within the Group to lay the foundations for a culture shift to enable an effective and supportive work environment, so that our people will be able to expend their best efforts towards achieving our long-term digital vision.

In a challenging year, we have maintained a healthy balance sheet, strong cash flow and are rewarding our shareholders with sustainable dividends. We are on the right trajectory to achieve our ambition to be Malaysia's Leading Converged Solutions Company.

Sustainability

Through our 1% profit-before-tax (PBT) pledge for corporate responsibility and sustainability initiatives, we continue to create positive and long-lasting impact for our stakeholders.

Our flagship community programme, eKelas, which champions digital learning for students in rural areas, is on a growth momentum, with over 13,000 students now benefitting through the programme and portal. Importantly, eKelas has been recognised by the Ministry of Education under its co-curriculum programme, which enables us to expand into schools. We now look forward to the prospect of how 5G can enhance eKelas further by exploring virtual reality applications, which could be a game-changer. This is a clear example of the immense possibilities of what technology can do for a more immersive learning experience.

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Even as we provide products and services that consume natural resources, we are also committed to reducing our impact on the environment. Our environmental priority is to improve our energy efficiency and reduce greenhouse gas emissions across all our network assets and business activities.

Aligning our existing sustainability programs with the United Nations Sustainable Development Goals (UN SDGs) is the obvious next step and a transformational part of the next phase of our sustainability journey. By embedding the UN SDGs within our business, Maxis will be able to uphold our corporate responsibility ambition of contributing towards a more sustainable future for all.

Outlook

While the global economic outlook remains uncertain due to trade tensions and Covid-19 health pandemic, among other factors, we are seeing a more positive local economic environment. While the telecommunications sector remains challenging in an increasingly competitive landscape that demands for innovation, efficiency and agility, we are encouraged by the 2020 budget which focuses on building more digital infrastructure and stimulating the digital economy, with an emphasis on further strengthening digital content, embracing digitalisation, enhancing e-commerce, and adopting 5G technology.

The impact of the 4th Industrial Revolution on the economy and society cannot be understated. That said, the opportunities to progress as an industry are virtually endless, and we want to leverage the conducive environment that the Government has built for new technologies to be harnessed for the future.

To this end, we firmly believe in close collaboration with the industry, Government and regulators, for better efficiency in rolling out new technologies and to deliver more value to consumers and businesses, ultimately supporting Malaysia's digital economy ambitions.

Corporate Governance

We strongly believe that good governance is essential for us to effectively deliver on our business strategy and generate sustainable value for all our stakeholders.

We continuously review our Board dynamics to ensure that the right balance of experience, expertise and fresh thinking is preserved. In 2019, we conducted an independent evaluation of the Board, its Committees and Directors to ensure we are delivering our best to all our stakeholders. We are committed to adherence to Bursa Malaysia's Main Market Listing Requirements, the Malaysian Code on Corporate Governance 2017 and all applicable laws. You can find more information

on our Board, and governance commitments in our Corporate Governance section on pages 70 to 78 of this IAR, and in our Corporate Governance Report 2019 that is available on our website.

On behalf of the Board, I welcome the new provision on corporate liability for corruption offences under the Malaysian Anti-Corruption Commission (MACC) Act 2009 which is expected to come into effect in June 2020. It is fundamentally important for Maxis to comply with, uphold and conduct its business in accordance with anti-bribery and corruption laws. In this regard, Maxis is working on sharpening its stance by putting in place a Maxis Anti-Bribery and Corruption (MABC) system which will be applicable to all Directors, employees as well as third parties. It will complement the current Maxis' Code of Business Practice – which itself contains prohibition on bribery and corrupt activities.

Acknowledgment

We could not have navigated a successful year in 2019 without the support of our customers and business partners, who have contributed to our achievements as well as product and service innovation efforts in an increasingly competitive marketplace.

In addition, I would like to thank the Government and Malaysian Communications and Multimedia Commission (MCMC) for continuing to support the industry with a sound regulatory framework that encourages healthy competition which will, ultimately, benefit all Malaysians.

To our shareholders, thank you for your confidence and belief in our strategy to be a strong converged solutions player. We remain optimistic that our new growth strategy will continue to reward you in the long-term future.

I would like to take this opportunity to acknowledge my fellow Board members' counsel, shared wisdom and guidance in steering our Group forward. On behalf of the Board, I would like to express my sincere gratitude to Robert Nason in taking up the challenge and ensuring a smooth transition for our management team during his time as our interim CEO.

Finally, I would like to put on record my confidence in our CEO, Gokhan Ogut, in leading the Group forward. He has achieved key wins for Maxis in his first year and I am confident he will keep us on track with our convergence strategy. Last but not least, my heartfelt gratitude to our employees, for their dedication and engagement as we continue to invest in developing and upskilling our talents.

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