

CEO's Statement

Dear Shareholders,

2018 has been an exceptional year for us, as we saw ourselves transition from being a mobile connectivity company to becoming the converged communications and digital services company that we have envisioned for Maxis.

Robert Alan Nason
CEO

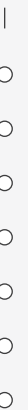


During the year, we consolidated our market position and worked hard to set ourselves up for a future in which we plan to embrace new and exciting market opportunities. Leveraging our digital capabilities, we responded well to the intensifying competition with cutting-edge products, improved speed to market and operational efficiency. We also regained our leadership in prepaid while sustaining our well-established pole position in the postpaid segment.

While we have been in the fixed broadband market for some time now, 2018 was a major turning point for Maxis. We led the market in new affordable offerings and aggressively pursued new access agreements to broaden our coverage across Malaysia. We strengthened our capabilities in converged offerings of both fixed and mobile, and shook the market with our Fibrenation campaign, which opened up a new era of accessible and affordable fibre broadband for even more Malaysian homes and businesses.

The challenging and highly competitive environment impacted our performance during the year. As the mobile market in Malaysia matures, there is a marked shift from prepaid to postpaid and SIM consolidation. This resulted in a reduction in our prepaid subscriber base. Nonetheless, we are pleased with our overall prepaid performance and the customer response to our well-executed and aggressive marketing initiatives. Our prepaid customers are craving for more personalisation of services and bundled solutions, and we are meeting these very specific needs through our technological capabilities in personalised offerings. This is important as we see dual benefits of stretching the average revenue per user (ARPU) while encouraging greater brand stickiness as more services are consumed.

In postpaid, we saw more consumers taking up our newly developed entry-level plans as well as family and device bundled propositions, with an increased appetite for value-added services. We were able to partially



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mitigate the aggressive price competition by driving customer value through our innovative solutions, thus stabilising our ARPU. At the same time, we saw a 10% increase in postpaid subscribers with these offerings.

Both our prepaid and postpaid customers have a high smartphone penetration and are IT savvy, so this is a strong foundation for additional services.

While the prepaid and postpaid segments for mobile are highly penetrated, the fixed broadband segment remains relatively untapped with only 42% of homes fiberised and only 26% of those fiberised homes connected. Lower regulated access prices presented an opportunity for Maxis to offer attractive broadband packages to ensure there is improved digital connectivity for the nation at affordable prices. As a result, we saw very good subscriber growth of 33% in home and business fibre in 2018 with customers enjoying price reductions of between 36% - 65% and improved speeds of up to 100Mbps.

We have been relentless in our commitment to high standards of service and a robust, high performing network, and are obsessed with continuously improving our processes and systems. These are important ingredients for the changing needs of our customers, where staying connected and having access to converged offerings are becoming increasingly sought after.

FINANCIAL PERFORMANCE

Overall, we are pleased with our performance for the financial year 2018, with service revenue and core EBITDA in line with our guidance.

We also delivered a normalised EBITDA of RM3.8 billion. We had a solid EBITDA margin on service revenue of 47.6%, driven by continued focus on profitable segments and cost optimisation initiatives.

We invested in maintaining a superior network, offering the best in coverage and quality. We continue to strengthen our lead as the fastest 4G LTE network, recognised by industry experts. Our free cash flow increased to RM1.5 billion, and we have declared a fourth interim dividend which brings the full dividend for the year to 20 sen.

OPERATIONAL REVIEW

We have placed great emphasis on value creation for all our stakeholders by differentiating our services with an unmatched customer experience and unrivalled products and solutions. Our worry-free, flexible and affordable propositions supported by our fastest 4G LTE and advanced high-speed fibre networks, are what sets us apart in the market. We have also now surged ahead in the convergence space by providing great mobile and fibre packages.

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Unprecedented demand for our services in the latter part of the year, combined with the need to establish new operating arrangements with access providers led to a backlog of orders and deterioration in our normally high service standards. We are working hard to improve this for our fixed broadband customers.

In developing our products and solutions, we are driven by what our customers want. It's obvious that they have a healthy appetite for data to access the Internet every single day. In fact, in Q4 2018, our customers were consuming almost 11GB per month on average, compared to 6.7GB in Q4 2017 – a rate that is climbing year after year. Our focus therefore has been all about adding value to their digital lifestyles, and providing an unmatched personalised experience which remains at our core. We are proud that our efforts have led to yet another all-time high in our overall customer satisfaction levels, recording a touchpoint Net Promoter Score (TNPS) of 56 in 2018, up from 53 in 2017.

Consumer Products

New products and solutions launched during the year were not only innovative and market leading, but importantly, built around affordability and relevance to our customers in a very crowded market place. We introduced Hotlink Postpaid Flex, the first-of-its-kind entry-level

postpaid plan that offers the best of prepaid and postpaid in one plan. We also added to our stable of family-focused propositions with FamilyRoam, an important plan for a segment that is seeing increased demand and growth potential. For our prepaid customers, we launched Hotlink Rewards to make it even easier and more convenient for them to get offers with real value. With devices being a big part of our customers' lives and our desire to offer flexibility, we launched Zerolution360, a completely new way of acquiring a device, worry-free.

The momentum of our fibre broadband journey continued when we refreshed our MaxisONE Prime product, offering unlimited data for both mobile and home fibre broadband, and thus, amplifying our leadership in converged offerings.



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Enterprise Solutions

Our ambitions for Enterprise are driven by the current business landscape in which technology has become the central enabler. Digital solutions, such as our eCommerce offerings, were designed to help SMEs build, amplify and optimise their eCommerce presence, while Maxis ONERetail, a complete suite of digital solutions, was specifically tailored for the retail industry. We have also been developing smart solutions to help businesses go digital, which include various offerings under our Internet of Things (IoT) portfolio. Meanwhile, our new business fibre proposition, part of our Fibrenation campaign, led the market in affordability and has received an overwhelming response from the business community.

During the year, we signed an agreement with Gamuda Land for network infrastructure and services to one of its key township developments. It was part of our ongoing efforts to co-invest with property developers, and a significant partnership that once again demonstrated our strong focus on converged propositions – with residents having the best of both worlds through home fibre and mobile coverage.

Community

We have been investing heavily in the community. Our flagship community outreach programme, eKelas, has made good progress. Delivered through MCMC-owned, Maxis-run Pusat Internet (Internet Centre), eKelas is now in 55 Internet Centres across 10 states, with over 6,000 students connecting with us. As a service provider, it makes sense for us to leverage technology and the Internet to bring digital learning to underserved communities.

In 2018, we were fortunate to play our part in connecting more Malaysians through sports, via our lead broadcast sponsorship for RTM's coverage of the 2018 FIFA World Cup Russia™. Massive sporting events have always been exciting platforms for Malaysians from all walks of life to come together as a nation, and we share the country's aspirations in making it accessible to everyone.



Disaster relief is also a big part of our ongoing community programmes. Following the tragedy that struck Palu, Sulawesi and the devastation that impacted its people, we teamed up with Astro to kickstart a campaign to help raise funds for Tabung Bencana Gempa Bumi & Tsunami Sulawesi. Our joint contribution of RM5 million was to aid in restoration works, in particular rebuilding schools and communities.

DRIVEN BY A STRONG NETWORK AND PASSIONATE PEOPLE

Our innovative offerings would not be as effective if not for the significant investments in our network, which in 2018 totalled RM1.0 billion. As a result, our industry-leading 4G LTE network now covers 93% of the Malaysian population. Our investments also ensure that we are able to handle the strain of exceptionally high data traffic on our network.

We are excited about the prospects of new technologies like 5G, for which we have already started trials. We foresee that this technology will not only bring a greater mobile experience to our customers but will also be the network that will power a future of smart solutions like IoT, Smart Infrastructure and Autonomous Vehicles.

Our achievements would not have been possible without our key asset – our people. Employee engagement and other initiatives to introduce innovation in the way we work, led to yet another high Voice of Maxis (VOM) engagement score of 87%. This high engagement level means a lot to us, because it is a testament to our ability to attract and retain the best talent available in the industry.

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EXPANDING OUR PRESENCE

To ensure easy access for our customers, we continued to expand our presence across the country, especially in high-traffic areas, such as malls. To support our expansion and deliver the best experiences to all our customers, we continued to invest in our network in the regions and strengthened our manpower both in the field and behind the scenes.

We digitalised more stores for a more immersive customer experience. We are going the extra mile to differentiate our services by offering premise visits by Maxperts, our fibre Internet experts, to ensure that our customers' fibre Internet setup is done right for the best experience for home or the office.

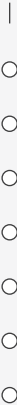
OUR DIGITAL JOURNEY

Two years ago, we set our sights on transforming Maxis from being a good mobile provider to being a leading digital company. This meant digitalising everything that we do, from our interactions with our customers, to

the solutions we provide, to how we run the Company. We embarked on this transformation with three main priorities: delivering more solutions to the home as well as businesses; revolutionising our channels; and equipping ourselves with the necessary digital capabilities.

Over the last few years, our employees have come up to speed with digital technologies to support our digital ambitions. We are proud that we have accomplished what we have set out to do on this front – namely to introduce a digital mindset within the workplace.

Because technologies are ever-evolving, we never intended this ambition to be a destination and it was always our journey towards becoming a more digital Maxis. We continue to improve the way we use technology and do things within the organisation, as well as the way we interact with our customers.



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OVERVIEW

THE FUTURE

While there are many external factors that we are watching closely, there is every reason to believe the local economy will continue to be robust. Such an environment bodes well for us in the medium to long term, but we recognise there is no room for complacency.

We have ambitions to grow into a leading converged communications and digital services company, and have developed a new strategy to ensure longterm success. This strategy calls for focus on our Enterprise business, convergence offerings, consumer mobile, evolving our internal MaxisWay culture and leveraging our digital mindset for future growth. We have spent the most part of 2018 laying the groundwork for these, as a result of which we are very excited about the future.

2018 was in many ways a year of transition. We identified and trained potential leaders from within the organisation, while bringing on board people with the right skills and talent to take us into the future. This has seen us welcome no less than four highly experienced members to our Executive team, led by our new Chief Operating Officer, Gokhan Ogut. From 1 May 2019, Gokhan will take over from me as CEO to help steer the company towards a new phase of

innovation and growth. He is highly qualified to take on and succeed in this role and I am confident he is supported by the best talent in the industry.

There is a lot to be done as we develop and prepare ourselves for a broader range of opportunities in the future. No doubt, the path we have charted will require more investment, but the long-term benefits are expected to far outweigh our initial costs, positioning us as a stronger market leader and creating value for our investors as well as other stakeholders.

With our new strategies, strong leadership team and digitally empowered employees, the future certainly looks exciting, broader and bolder as we position ourselves for a prominent role in the new Malaysia. I would like to thank the entire Maxis family for their hard work during the year, and call for us to continue to work together as an empowered, enlightened and earnest team. If we do so, I have no doubt we will reap the rewards offered by a brighter, even more exciting future.

ROBERT NASON



For the video interview, scan this QR code or go to www.maxis.my/CEO18