



MAXIS BERHAD

Company No. (200901024473 (867573-A))
(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

ANNOUNCEMENT

The Board of Directors of Maxis Berhad (“Maxis” or “the Company”) is pleased to announce the following condensed consolidated financial statements for the first quarter ended 31 March 2020 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the audited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		QUARTER ENDED 31/3/2020	QUARTER ENDED 31/3/2019	+	PERIOD ENDED 31/3/2020	PERIOD ENDED 31/3/2019	+
		RM'm	RM'm	%	RM'm	RM'm	%
Revenue	3	2,341	2,232	5	2,341	2,232	5
Traffic, device, commissions and other direct cost		(856)	(736)		(856)	(736)	
Spectrum licence fees		(67)	(61)		(67)	(61)	
Network costs		(153)	(189)		(153)	(189)	
Staff and resource costs		(158)	(152)		(158)	(152)	
Operation and maintenance costs		(110)	(104)		(110)	(104)	
Marketing costs		(40)	(42)		(40)	(42)	
Impairment of receivables and deposits, net		(99)	(33)		(99)	(33)	
Government grant and other income		44	39		44	39	
Other operating expenses		(4)	(15)		(4)	(15)	
Depreciation and amortisation		(334)	(296)		(334)	(296)	
Finance income		23	15		23	15	
Finance costs		(112)	(114)		(112)	(114)	
Profit before tax	20	475	544	-13	475	544	-13
Tax expenses	21	(117)	(135)		(117)	(135)	
Profit for the period		358	409	-12	358	409	-12
Attributable to:							
- equity holders of the Company		358	409	-12	358	409	-12
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	4.6	5.2		4.6	5.2	
- diluted	28	4.6	5.2		4.6	5.2	



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2020	QUARTER ENDED 31/3/2019	PERIOD ENDED 31/3/2020	PERIOD ENDED 31/3/2019
	RM'm	RM'm	RM'm	RM'm
Profit for the period	358	409	358	409
Other comprehensive expenses				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	(2)	(3)	(2)	(3)
Total comprehensive income for the period	<u>356</u>	<u>406</u>	<u>356</u>	<u>406</u>
Attributable to equity holders of the Company	<u>356</u>	<u>406</u>	<u>356</u>	<u>406</u>



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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 31/3/2020 RM'm	AS AT 31/12/2019 RM'm
Non-current assets			
Property, plant and equipment	9	4,799	4,922
Intangible assets ⁽¹⁾		11,322	11,310
Right-of-use assets		1,070	1,032
Financial assets at fair value through other comprehensive income ("FVOCI")		4	4
Receivables, deposits and prepayments	25	1,170	1,183
Deferred tax assets		*	*
		<u>18,365</u>	<u>18,451</u>
Current assets			
Inventories		8	3
Receivables, deposits and prepayments	25	2,514	2,390
Amounts due from related parties		20	10
Derivative financial instruments	24	9	*
Tax recoverable		*	1
Deposits, cash and bank balances		948	582
		<u>3,499</u>	<u>2,986</u>
Total assets		<u>21,864</u>	<u>21,437</u>
Current liabilities			
Provisions for liabilities and charges		40	127
Payables and accruals		4,419	4,323
Dividend payable		391	-
Amounts due to related parties		32	26
Borrowings	23	1,065	1,053
Derivative financial instruments	24	-	3
Taxation		151	125
		<u>6,098</u>	<u>5,657</u>
Net current liabilities		<u>(2,599)</u>	<u>(2,671)</u>

Notes:

⁽¹⁾ Includes telecommunications licenses with allocated spectrum rights and goodwill of RM10,707 million and RM219 million respectively, arising from acquisition of subsidiaries.

* Less than RM1 million.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		AS AT 31/3/2020	AS AT 31/12/2019
	Note	RM'm	RM'm
Non-current liabilities			
Provisions for liabilities and charges		320	311
Payables and accruals		302	278
Borrowings	23	7,907	7,894
Derivative financial instruments	24	18	6
Deferred tax liabilities		185	221
		<u>8,732</u>	<u>8,710</u>
Net assets		<u>7,034</u>	<u>7,070</u>
Equity			
Share capital		2,532	2,532
Reserves		4,502	4,538
Total equity		<u>7,034</u>	<u>7,070</u>
Net assets per share (RM)		<u>0.90</u>	<u>0.90</u>



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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Period ended 31/3/2020	Share capital	Merger relief ⁽²⁾	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
At 31/12/2019	2,532	22,729	(22,729)	67	4,471	7,070
Profit for the period	-	-	-	-	358	358
Other comprehensive expenses for the period	-	-	-	(2)	-	(2)
Total comprehensive (expenses)/income for the period	-	-	-	(2)	358	356
Dividends for the financial year ended 31 December 2019	-	-	-	-	(391)	(391)
Long-term Incentive Plan ("LTIP")						
- Share-based payment expense	-	-	-	5	-	5
- Purchase of shares	-	-	-	(6)	-	(6)
At 31/3/2020	2,532	22,729	(22,729)	64	4,438	7,034

Note:

⁽²⁾ Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of subsidiaries during the financial year ended 31 December 2009 is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Period ended 31/3/2019	Share capital	Merger relief ⁽²⁾	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
At 1/1/2019	2,509	22,729	(22,729)	119	4,479	7,107
Profit for the period	-	-	-	-	409	409
Other comprehensive expenses for the period	-	-	-	(3)	-	(3)
Total comprehensive (expense)/income for the period	-	-	-	(3)	409	406
Dividends for the financial year ended 31 December 2018	-	-	-	-	(391)	(391)
Employee Share Option Scheme ("ESOS") and LTIP:						
- share-based payment expense	-	-	-	1	-	1
- shares issued	*	-	-	*	-	*
- share options lapsed	-	-	-	(1)	1	-
At 31/3/2019	<u>2,509</u>	<u>22,729</u>	<u>(22,729)</u>	<u>116</u>	<u>4,498</u>	<u>7,123</u>

Notes:

⁽²⁾ Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of subsidiaries during the financial year ended 31 December 2009 is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.

* Less than RM1 million.



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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 31/3/2020 RM'm	PERIOD ENDED 31/3/2019 RM'm
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	358	409
Adjustments for:		
- non-cash items	494	376
- finance costs	112	114
- finance income	(23)	(15)
- tax expenses	117	135
Payments for provision for liabilities and charges	(105)	(93)
Operating cash flows before working capital changes	953	926
Changes in working capital	(118)	(289)
Cash flows from operations	835	637
Interest received	4	7
Tax paid	(127)	(79)
Tax refund	1	-
Net cash flows from operating activities	713	565
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(178)	(140)
Proceeds from disposal of property, plant and equipment	*	*
Placement of deposits with maturity of more than three months	*	-
Net cash flows used in investing activities	(178)	(140)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to ESOS	-	*
Repayment of lease financing	(37)	(31)
Payments of finance costs	(132)	(130)
Ordinary share dividends paid	-	(391)
Net cash flows used in financing activities	(169)	(552)
NET CHANGE IN CASH AND CASH EQUIVALENTS	366	(127)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	552	536
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD⁽³⁾	918	409

Notes:

⁽³⁾ The difference between the cash and cash equivalents and deposits, cash and bank balances represent deposits with financial institutions that carry maturity periods of more than three months.

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PART A - EXPLANATORY NOTES PURSUANT TO MALYSIAN FINANCIAL REPORTING STANDARD 134

1. BASIS OF PREPARATION

The quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Bursa Securities Listing Requirements”) and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The significant accounting policies and methods adopted for the unaudited condensed consolidated financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2019.

The Group has also adopted the following amendments to MFRS that came into effect on 1 January 2020 which did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 101 and MFRS 108 Definition of Material

The Group is in the process of assessing the impact of IFRIC Agenda Decision on “Lease Term and Useful Life of Leasehold Improvements” to its financial statements.

Amendments to MFRS that is applicable to the Group but not yet effective

The Malaysian Accounting Standards Board had issued the following amendments to MFRS of which are effective for the financial period beginning on or after 1 January 2021. The Group did not early adopt these amendments to MFRS and they are not expected to have a significant effect on its consolidated financial statements:

- Amendments to MFRS 101 Classification of liabilities as current or non-current

2. SEASONAL / CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonality and cyclical factors.



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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)

3. REVENUE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2020	QUARTER ENDED 31/3/2019	PERIOD ENDED 31/3/2020	PERIOD ENDED 31/3/2019
	RM'm	RM'm	RM'm	RM'm
Telecommunications and digital services	1,965	1,969	1,965	1,969
Sale of devices	376	263	376	263
Total	<u>2,341</u>	<u>2,232</u>	<u>2,341</u>	<u>2,232</u>
Goods or services transferred:				
- at a point in time	795	816	795	816
- over time	1,546	1,416	1,546	1,416
Total	<u>2,341</u>	<u>2,232</u>	<u>2,341</u>	<u>2,232</u>

4. UNUSUAL ITEMS

Save for those disclosed in Note 5 and 16, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows for the three months ended 31 March 2020.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the three months ended 31 March 2020 except for the change in expected loss rates used to derive the impairment of trade receivables. The Directors are of the view that the COVID-19 pandemic and its impact on economies worldwide has caused a significant increase in credit risk. Consequently, the expected loss rates are now determined based on the historical ageing profile and the corresponding historical credit losses experienced since the outbreak of COVID-19. The impact of this change is as disclosed on the face of statement of profit or loss.

6. DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayment of debts and equity securities by the Group and the Company during the three months ended 31 March 2020.



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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)

7. DIVIDENDS PAID

During the three months ended 31 March 2020, fourth interim single-tier tax-exempt dividend of 5.0 sen per ordinary share totaling to RM391 million in respect of the financial year ended 31 December 2019 was declared on 20 February 2020 and subsequently paid on 16 April 2020.

8. SEGMENT REPORTING

Segment reporting is not presented as the Group is primarily engaged in providing converged telecommunication services and solutions in Malaysia.

9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the three months ended 31 March 2020. As at 31 March 2020, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the financial period up to the date of this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the three months ended 31 March 2020.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the normal course of business, there are contingent liabilities arising from legal recourse sought by the Group's customers or vendors and indemnities given to financial institutions on bank guarantees. There were no material losses anticipated as a result of these transactions.

13. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of reporting date but not recognised as liabilities is as follows:

	RM'm
Property, plant and equipment	<u>355</u>



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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)

14. SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related party transactions, balances and commitments described below were carried out in the ordinary course of business and on agreed commercial terms with the related parties.

	Transactions for the financial period ended 31/3/2020 RM'm	Balances due from/(to) as at 31/3/2020 RM'm	Commitments as at 31/3/2020 RM'm	Total balances due from/(to) and commitments as at 31/3/2020 RM'm
(a) Sales of goods and services to:				
- MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (telephony and broadband services)	13	15	-	15
(b) Purchases of goods and services from:				
- MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (customer acquisition and installation charges)	2	(2)	-	(2)
- MEASAT Global Berhad Group ⁽²⁾ (transponder and teleport lease rental)	9	(11)	(52)	(63)
- Tanjong City Centre Property Management Sdn. Bhd. ⁽³⁾ (rental, signage, parking and utility charges)	10	-	(164)	(164)
- UTSB Management Sdn. Bhd. ⁽³⁾ (corporate management services)	7	(7)	(72)	(79)
- SRG Asia Pacific Sdn. Bhd. ⁽⁴⁾ (call handling and telemarketing services)	6	(6)	-	(6)



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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)

14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Notes:

The Group has entered into the above related party transactions with parties whose relationships are set out below.

Usaha Tegas Sdn. Bhd. ("UTSB"), Saudi Telecom Company and Harapan Nusantara Sdn. Bhd. are parties related to the Company, by virtue of having joint control over Binariang GSM Sdn. Bhd. ("BGSM"), pursuant to a shareholders' agreement in relation to BGSM. BGSM is the ultimate holding company of the Company.

The ultimate holding company of UTSB is PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean is deemed to have an interest in all of the shares of the Company in which UTSB has an interest, PanOcean does not have any economic or beneficial interest in the shares of the Company, as such interest is held subject to the terms of the discretionary trust.

- ⁽¹⁾ Subsidiary of a company which is an associate of UTSB
- ⁽²⁾ Indirect subsidiary of a company in which TAK has a 100% direct equity interest
- ⁽³⁾ Subsidiary of UTSB
- ⁽⁴⁾ Subsidiary of a company whereby a person connected to TAK has a deemed equity interest

15. FAIR VALUE MEASUREMENTS

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group approximated their fair values as at 31 March 2020 except as set out below, measured using Level 3 valuation technique:

	<u>CARRYING AMOUNT</u> RM'm	<u>FAIR VALUE</u> RM'm
Financial liability:		
Borrowings		
- Islamic Medium Term Notes	<u>4,125</u>	<u>4,186</u>



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PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)

15. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Financial instruments carried at fair value

The following table represents the assets measured at fair value, using the respective valuation techniques, as at 31 March 2020:

	<u>Level 2</u> RM'm	<u>Level 3</u> RM'm
Financial assets at FVOCI	-	4
Derivative financial instruments (interest rate swap and forward foreign exchange contracts):		
- assets	9	-
- liabilities	(18)	-



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS

16. ANALYSIS OF PERFORMANCE

Financial indicators (RM'm unless otherwise indicated)	1 st Quarter 2020 (unaudited)	4 th Quarter 2019 (unaudited)	1 st Quarter 2019 (unaudited)	Variance Q1'20 vs Q4'19		Variance Q1'20 vs Q1'19	
				RM'm	%	RM'm	%
Revenue	2,341	2,590	2,232	(249)	(10)	109	5
Service revenue ⁽¹⁾	1,940	1,992	1,947	(52)	(3)	(7)	*
EBITDA ⁽²⁾	902	904	944	(2)	*	(42)	(4)
<i>Adjusted for:</i>							
<i>Unrealised foreign exchange loss/(gains)</i>	3	(15)	(6)				
<i>Upfront spectrum assignment ("SA") fees charged out⁽³⁾</i>	15	15	15				
Normalised EBITDA	920	904	953	16	2	(33)	(3)
Normalised EBITDA margin on service revenue (%)	47.4	45.4	48.9	NA	2.0	NA	(1.5)
Profit before tax	475	472	544	3	*	(69)	(13)
Profit for the period	358	355	409	3	1	(51)	(12)
<i>Adjusted for:</i>							
<i>Unrealised foreign exchange loss/(gains)</i>	3	(15)	(6)				
<i>Tax effects of the normalisation adjustments</i>	(1)	4	1				
Normalised profit for the period	360	344	404	16	5	(44)	(11)
Capital expenditure ("Capex")	163	577	127	(414)	(72)	36	28
Operating free cash flow	713	727	565	(14)	(2)	148	26

Notes:

⁽¹⁾ Service revenue is defined as Group revenue excluding device and network income.

⁽²⁾ Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.

⁽³⁾ Charge out of SA renewal costs prepaid for license period.

* Less than 1%.



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)

16. ANALYSIS OF PERFORMANCE (CONTINUED)

Operational Indicators	1 st Quarter 2020	4 th Quarter 2019	1 st Quarter 2019	Variance Q1'20 vs Q4'19		Variance Q1'20 vs Q1'19	
				'000	%	'000	%
				Revenue generating subscriptions ("RGS") ('000)	9,397	9,698	9,589
- <i>Postpaid</i>	3,420	3,372	3,008	48	1	412	14
- <i>Prepaid</i>	5,883	6,227	6,467	(344)	(6)	(584)	(9)
- <i>Wireless Broadband</i>	94	99	114	(5)	(5)	(20)	(18)
ARPU (Monthly) (RM)							
- <i>Postpaid</i>	86	90	92	(4)	(4)	(6)	(7)
- <i>Prepaid</i>	39	42	40	(3)	(7)	(1)	(3)
- <i>Wireless Broadband</i>	101	105	98	(4)	(4)	3	3
- <i>Blended</i>	56	59	57	(3)	(5)	(1)	(2)
Market definition subscriptions ('000)							
- <i>Home Connections</i>	348	327	251	21	6	97	39
- <i>Biz Fibre Connections</i>	44	42	29	2	5	15	52
ARPU (Monthly) (RM)							
- <i>Home Fibre</i>	109	109	105	-	-	4	4

(A) Performance of the current quarter against the preceding quarter (Q1'20 vs Q4'19)

For the quarter ended 31 March 2020, service revenue decreased by 2.6% that is RM52 million to RM1,940 million from RM1,992 million for quarter ended 31 December 2019. Service revenue, excluding wholesale revenue, decreased by 2.5% that is RM50 million to RM1,928 million in Q1'20 compared to Q4'19 of RM1,978 million.

Postpaid service revenue for Q1'20 decreased by 0.5%, that is by RM5 million to RM984 million compared to Q4'19 of RM989 million mainly due to lower APRU. The Postpaid RGS for Q1'20 grew by 48k, a 1.4% increase to 3,420k compared to Q4'19 of 3,372k contributed mainly by growth in MaxisONE Plan and Hotlink Postpaid Flex subscriber base. Our Hotlink Postpaid Flex and MaxisONE Share offering continued to attract entry level Postpaid subscribers, as well as those migrating from Prepaid to Postpaid. Postpaid ARPU for Q1'20 declined to RM86 from RM90 for Q4'19 due to Mobile Termination Rate ("MTR") reduction and initial COVID-19 impact. The Malaysian Government's Movement Control Order ("MCO") started on 18 March 2020 and this means that all people should stay at home, except for workers in essential service areas. Postpaid data usage per month grew by 8.4% to 16.7GB due to increase in data usage at home (Q4'19: 15.4GB).



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (Q1'20 vs Q4'19) (continued)

Prepaid service revenue for Q1'20 decreased by 8.8%, that is RM69 million to RM714 million (Q4'19: RM783 million). Prepaid RGS declined by 344k, a 5.5 % reduction to 5,883k (Q4'19: 6,227k) subscribers. We continue to see SIM consolidation and migration from Prepaid to Postpaid. Both the Hotlink Red and Superrr Prepaid pack showed positive traction, attracting high mobile internet users, as we enhanced our use of data analytics to create value for our customers. Prepaid ARPU for Q1'20 decreased by 7.1% to RM39 per month (Q4'19: RM42). Prepaid data usage per month increased by 15.0% to 16.9GB (Q4'19: 14.7GB). This is in-line with the burst in data usage arising from MCO and the stay-at-home and work-from-home requirements.

The Group retained its network superiority in 4G LTE, delivering download speed of more than 5 Mbps for 81.7% of the time in key market centres on a comparable peer basis, and achieving 93% population coverage. Both these factors are key differentiators for digital lifestyle seekers. Maxis has accelerated network capacity build, in response to the burst in data usage in March, as Maxis is committed to delivering superior network performance.

On fibre, the Group added 23k connections in Q1'20 and maintaining its Home Fibre ARPU at RM109 per month.

Normalised EBITDA for Q1'20 increased by 1.8% that is RM16 million to RM920 million with a normalised EBITDA margin on service revenue of 47.4% (Q4'19: RM904 million, and a normalised EBITDA margin on service revenue of 45.4%).

The Group reported for Q1'20 a normalised profit of RM360 million, an increase of 4.7% that is RM16 million compared to RM344 million in Q4'19, the preceding quarter. Capex for the current quarter Q1'20 was RM163 million (Q4'19: RM577 million), in-line with our normal phasing of capex, lower in Q1 and higher in Q4, for the ongoing continued investment in network capacity to support the data traffic growth, investment in Home Fibre and Enterprise growth.

Operating free cash flow for Q1'20 decreased slightly by 1.9% or RM14 million to RM713 million (Q4'19: RM727 million) despite higher profits mainly for slower collections as the implementation of MCO has impacted the operations of most of our collection channels.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter/year-to-date (“YTD”) against the preceding year corresponding quarter/YTD (Q1/YTD 2020 versus Q1/YTD 2019)

The Group recorded a total revenue for Q1'20 of RM2,341 million compared to corresponding Q1'19 of RM2,232 million which represents a 4.9% increase, that is RM109 million. The service revenue for Q1'20 of RM1,940 million compared to corresponding period of Q1'19 of RM1,947 million which represents a 0.4% decrease, that is RM7 million, contributed by the decline in Prepaid and loss of the wholesale business offset by the growth in Postpaid and fibre business.

Postpaid service revenue for Q1'20 decreased by RM16 million, that is 1.6%, to RM984 million (Q1'19: RM1,000 million). The Group grew the postpaid RGS subscriber base by 412k which represents a 13.7% increase on Q1'20 versus Q1'19. The Postpaid APRU decreased by 6.5% year-on-year from RM92 to RM86 per month, largely due to MTR reduction, initial COVID-19 impact and the dilution effect from Hotlink Postpaid Flex.

Prepaid service revenue for Q1'20 declined by RM83 million, that is 10.4%, to RM714 million (Q1'19: RM797 million). The Group's prepaid subscription base was lower by 584k, that is a 9.0% reduction, which was due to the continued SIM consolidation and successful migration to the Hotlink entry point Postpaid service. Prepaid ARPU remained relatively high and stable at RM39 per month (Q1'19: RM40).

The Group is proud of its fibre connections growth, adding 97k that is 38.6% and 15k which is 51.7% new home and business fibre connections respectively in the past one year.

The Group continued to lead the market in terms of quality and best digital experience. For Q1'20 we achieved a TP-NPS score of 56.

Demand for data increased across the Group's customer base with an average per month data usage in Prepaid of 16.9GB and Postpaid of 16.7GB for Q1'20. This represents a 47% increase of data demand for Prepaid from 11.5GB and 37% increase for Postpaid from 12.2GB from a year ago.

Normalised EBITDA and normalised EBITDA margin on service revenue for Q1'20 was RM920 million (Q1'19: RM953 million) and 47.4% (Q1'19: 48.9%) respectively. Consequently, Q1'20 normalised profit for the year was lower by 10.9% or RM44 million, at RM360 million (Q1'19: RM404 million). The decline in normalised profit was mainly due to loss of wholesale business and higher impairment made to receivables as the Group revised the expected loss rates as disclosed in Note 5.

Capex for Q1'20 was RM163 million versus Q1'19 of RM127 million, that is RM36 million or 28.3% higher than the preceding year due to higher investment for growth, 5G readiness and Enterprise business.

Operating free cash flow for the Q1'20 was RM713 million compared to Q1'19 of RM565 million in the preceding year, an increase of 26.2% that is RM148 million mainly due to improved productivity and working capital management.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) STATEMENT OF FINANCIAL POSITION

Financial indicators (RM'm unless otherwise indicated)	AS AT 31/3/2020	AS AT 31/12/2019
Total assets	21,864	21,437
Total equity	7,034	7,070
Debt ⁽¹⁾	8,990	8,953
Deposits, cash and bank balances	(948)	(582)
Net debt	8,042	8,371
Net debt-to-EBITDA	2.18	2.24

Note:

⁽¹⁾ Debt includes derivative financial instruments designated for hedging relationship on borrowings.

Total equity of the Group remained stable. Net debt-to-EBITDA decreased from 2.24x as at 31 December 2019 to 2.18x as at 31 March 2020 as a result of increased in deposits, cash and bank balances.



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17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 ("FY20")

Withdrawal of FY20 financial outlook

On 20 February 2020, the Group released its quarterly report for the fourth quarter ended 31 December 19 which included guidance on the financial outlook for FY20.

The COVID-19 pandemic continues to raise concern. At this stage, it is hard to reliably predict how long it will take to contain the virus, the impact it has on Malaysia and the global economy, the impact on the demand for the services and solutions provided by the Group, locally and internationally and hence the Group's business operations throughout and following the MCO. Given these uncertainties, the Group considered it prudent to withdraw its previously advised FY20 guidance until there is more clarity around the longevity and impact of the pandemic. The Group is closely monitoring and assessing the impact of COVID-19 and when it becomes appropriate to disclose any material information, it will be made in accordance with the Main Market Listing Requirements.

Confident in our Convergence Strategy

We remain confident in our convergence strategy, driven by our strong differentiated network and the resilience of our people despite the unprecedented social and economic challenges brought by COVID-19. We continue to offer converged solutions to individuals, homes and businesses; and delivering differentiated and unmatched personalised experience.

Strong Financial Position

The Group remains in a strong financial position to weather the crisis created by the COVID-19 pandemic.

Our balance sheet remains strong and our funding and liquidity are well positioned. The Group has taken action to protect the safety of its employees, customers, the broader Malaysian economy and its core operations and remains alert to opportunities to strengthen and grow its business during this period of uncertainty.

Stay Home, Stay Connected

The Group is conscious of the importance of its connectivity network when movements are restricted and people are separated. As an essential service provider, Maxis remains open for business, executing our business continuity plan. Measures have been put in place to ensure both fixed and mobile networks remain uninterrupted despite a dramatic increase in demand. We maintain our network performance leadership that our customers expect. As Malaysia's leading mobile operator, we are in a strong position to fully support our customers, our suppliers, our communities and our staff throughout this pandemic and beyond.

Our Priority is to support our People

Our employees who are in customer facing and critical functions such as network field staff are supported with best practice safety measures and all have the correct personal protective equipment. To mitigate the spread of COVID-19 virus, we open limited number of stores, 3 days a week with reduced hours and limit the number of staff to 3 as well as the number of customers in a shop to ensure safe physical-social distancing. Internal and external physical meetings are replaced by virtual alternatives as we are developing a world class organisation through digitalisation.



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18. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Group did not publish any profit forecast.

19. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2019.

20. PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at the profit before tax:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2020 RM'm	QUARTER ENDED 31/3/2019 RM'm	PERIOD ENDED 31/3/2020 RM'm	PERIOD ENDED 31/3/2019 RM'm
Fair value (gains)/losses on forward foreign exchange contracts	(4)	1	(4)	1
Losses/(gains) on foreign exchange (net)	5	(7)	5	(7)
Property, plant and equipment: - write-offs/impairment losses	3	5	3	5

Other than as presented in the statements of profit or loss and as disclosed above, there were no material gains/losses on disposal of quoted and unquoted investments or properties and other exceptional items for the current quarter ended 31 March 2020.

21. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2020 RM'm	QUARTER ENDED 31/3/2019 RM'm	PERIOD ENDED 31/3/2020 RM'm	PERIOD ENDED 31/3/2019 RM'm
Current tax	153	150	153	150
Deferred tax: - origination and reversal of temporary differences	(36)	(15)	(36)	(15)
Total	117	135	117	135



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21. TAX EXPENSES (CONTINUED)

The Group's effective tax rates for the current quarter was 24.6%, higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

23. BORROWINGS

RM denominated	AS AT 31 MARCH 2020			AS AT 31 DECEMBER 2019		
	CURRENT LIABILITIES RM'm	NON-CURRENT LIABILITIES RM'm	TOTAL RM'm	CURRENT LIABILITIES RM'm	NON-CURRENT LIABILITIES RM'm	TOTAL RM'm
Secured						
Lease liabilities	155	996	1,151	148	960	1,108
Unsecured						
Revolving credit	401	-	401	401	-	401
Term loan ⁽¹⁾	-	1,000	1,000	-	1,000	1,000
Commodity Murabahah						
Term Financing	-	2,295	2,295	-	2,295	2,295
Islamic Medium						
Term Notes	509	3,616	4,125	504	3,639	4,143
	1,065	7,907	8,972	1,053	7,894	8,947
Excluding lease liabilities:						
- weighted average interest rate			4.47%			4.65%
- proportion of borrowings between fixed and floating interest rates			59% : 41%			59% : 41%

Note:

⁽¹⁾ The term loan facility has been partially hedged using Interest Rate Swap ("IRS") as disclosed in Note 24.

There were no material changes to borrowings for the financial period ended 31 March 2020.



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24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Details of derivative financial instruments outstanding as at 31 March 2020 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
Derivatives designated in hedging relationship (cash flow hedge):		
IRS:		
- one and two years	500	(18)
Forward foreign exchange contracts:		
- less than one year	163	7
	<u>663</u>	<u>(11)</u>
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	47	2
	<u>710</u>	<u>(9)</u>

There have been no changes since the end of the previous financial year ended 31 December 2019 in respect of the following:

- (i) the market risk and credit risk associated with the derivatives;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (iv) the related accounting policies.

(b) Gains/losses arising from fair value changes of financial liabilities

The Group determines the fair values of the derivative financial instruments relating to the IRS and forward foreign exchange contracts using a valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair values of IRS are calculated as the present value of estimated future cash flow using an appropriate market-based yield curve. The fair values of forward foreign exchange contracts are determined using the forward exchange rates as at each reporting date.



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25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	AS AT 31/3/2020	AS AT 31/12/2019
	RM'm	RM'm
<u>Non-current assets</u>		
At net of impairment:		
- Trade receivables	280	282
- Finance lease receivables	15	15
- Contract assets	41	44
Prepayments	709	724
Contract cost assets, net of amortisation	125	118
	<u>1,170</u>	<u>1,183</u>
<u>Current assets</u>		
At net of impairment:		
- Trade receivables	1,263	1,207
- Other receivables and deposits	738	743
- Finance lease receivables	29	24
- Contract assets	142	155
Prepayments	225	157
Contract cost assets, net of amortisation	117	104
	<u>2,514</u>	<u>2,390</u>
	<u><u>3,684</u></u>	<u><u>3,573</u></u>

The Group's credit policy provides trade receivables with credit periods of up to 60 days. In addition, selected eligible customers are allowed to purchase devices on monthly installment scheme up to 24 months.

The ageing analysis of the Group's gross trade receivables as at 31 March 2020 is as follows:

	RM'm
Current	1,405
1 to 90 days past due	224
91 to 180 days past due	112
	<u>1,741</u>



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26. MATERIAL LITIGATION

There is no material litigation as at 17 April 2020.

27. DIVIDENDS

The Board of Directors has declared a first interim single-tier tax-exempt dividend of 4.0 sen per ordinary share in respect of the financial year ending 31 December 2020, to be paid on 25 June 2020. The entitlement date for the dividend payment is 29 May 2020.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares transferred to the depositor's securities account before 4.30 pm on 29 May 2020 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends declared for the three months ended 31 March 2020 is 4.0 sen per ordinary share (2019: 5.0 sen).

The Board of Directors fully recognises the importance of dividends to the Group's equity shareholders. However, given the level of uncertainty and challenges created by COVID-19 pandemic, the Board of Directors is of the view that lowering shareholder distributions at this time will allow the Group to maximise its support for Malaysian individuals, businesses and communities and at the same time preserving an optimal capital structure during the time of uncertainty.



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28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/3/2020	QUARTER ENDED 31/3/2019	PERIOD ENDED 31/3/2020	PERIOD ENDED 31/3/2019
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	<u>358</u>	<u>409</u>	<u>358</u>	<u>409</u>
Weighted average number of issued ordinary shares	('m)	<u>7,820</u>	<u>7,814</u>	<u>7,820</u>	<u>7,814</u>
Basic earnings per share	(sen)	<u>4.6</u>	<u>5.2</u>	<u>4.6</u>	<u>5.2</u>
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	<u>358</u>	<u>409</u>	<u>358</u>	<u>409</u>
Weighted average number of issued ordinary shares	('m)	<u>7,820</u>	<u>7,814</u>	<u>7,820</u>	<u>7,814</u>
Adjusted for LTIP (2019: and share options)	('m)	<u>3</u>	<u>18</u>	<u>3</u>	<u>18</u>
Adjusted weighted average number of ordinary shares	('m)	<u>7,823</u>	<u>7,832</u>	<u>7,823</u>	<u>7,832</u>
Diluted earnings per share	(sen)	<u>4.6</u>	<u>5.2</u>	<u>4.6</u>	<u>5.2</u>

By order of the Board

Dipak Kaur

SSM PC No. 201908002620

(LS 5204)

Company Secretary

24 April 2020

Kuala Lumpur