



MAXIS BERHAD

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

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 second quarter ended 30 June 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 30/6/2020 | QUARTER ENDED 30/6/2019 | + | PERIOD ENDED 30/6/2020 | PERIOD ENDED 30/6/2019 | + |
| | | RM'm | RM'm | % | RM'm | RM'm | % |
| Revenue | 3 | 2,151 | 2,206 | -2.5 | 4,492 | 4,438 | 1.2 |
| Traffic, device, commissions and other direct cost | | (650) | (766) | | (1,506) | (1,502) | |
| Spectrum licence fees | | (64) | (63) | | (131) | (124) | |
| Network costs | | (172) | (183) | | (325) | (372) | |
| Staff and resource costs | | (178) | (166) | | (336) | (318) | |
| Operation and maintenance costs | | (88) | (49) | | (198) | (153) | |
| Marketing costs | | (30) | (43) | | (70) | (85) | |
| Impairment of receivables and deposits, net | | (118) | (28) | | (217) | (61) | |
| Government grant and other income | | 45 | 41 | | 89 | 80 | |
| Other operating expenses | | (6) | (15) | | (10) | (30) | |
| Depreciation and amortisation | | (343) | (295) | | (677) | (591) | |
| Finance income | | 23 | 15 | | 46 | 30 | |
| Finance costs | | (112) | (115) | | (224) | (229) | |
| Profit before tax | 20 | 458 | 539 | -15.0 | 933 | 1,083 | -13.9 |
| Tax expenses | 21 | (115) | (142) | | (232) | (277) | |
| Profit for the period | | 343 | 397 | -13.6 | 701 | 806 | -13.0 |
| Attributable to: | | | | | | | |
| - equity holders of the Company | | 343 | 397 | -13.6 | 701 | 806 | -13.0 |
| Earnings per share attributable to equity holders of the Company (sen): | | | | | | | |
| - basic | 28 | 4.4 | 5.1 | | 9.0 | 10.3 | |
| - diluted | 28 | 4.4 | 5.1 | | 9.0 | 10.3 | |



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-------------------------------------------------------------------|-------------------------------|-------------------------------|------------------------------|------------------------------|
| | QUARTER ENDED 30/6/2020 | QUARTER ENDED 30/6/2019 | PERIOD ENDED 30/6/2020 | PERIOD ENDED 30/6/2019 |
| | RM'm | RM'm | RM'm | RM'm |
| Profit for the period | 343 | 397 | 701 | 806 |
| Other comprehensive expenses | | | | |
| Item that will be reclassified subsequently to profit or loss: | | | | |
| Net change in cash flow hedge | (10) | (3) | (12) | (6) |
| Total comprehensive income for the period | <u>333</u> | <u>394</u> | <u>689</u> | <u>800</u> |
| Attributable to equity holders of the Company | <u>333</u> | <u>394</u> | <u>689</u> | <u>800</u> |



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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Note | AS AT 30/6/2020 RM'm | AS AT 31/12/2019 RM'm |
|-----------------------------------------------------------------------------|------|----------------------------|-----------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 9 | 4,762 | 4,922 |
| Intangible assets ⁽¹⁾ | | 11,375 | 11,310 |
| Right-of-use assets | | 1,014 | 1,032 |
| Financial assets at fair value through other comprehensive income ("FVOCI") | | 4 | 4 |
| Receivables, deposits and prepayments | 25 | 1,071 | 1,183 |
| Deferred tax assets | | * | * |
| | | <u>18,226</u> | <u>18,451</u> |
| Current assets | | | |
| Inventories | | 1 | 3 |
| Receivables, deposits and prepayments | 25 | 2,414 | 2,390 |
| Amounts due from related parties | | 8 | 10 |
| Derivative financial instruments | 24 | 2 | * |
| Tax recoverable | | * | 1 |
| Deposits, cash and bank balances | | 693 | 582 |
| | | <u>3,118</u> | <u>2,986</u> |
| Total assets | | <u>21,344</u> | <u>21,437</u> |
| Current liabilities | | | |
| Provisions for liabilities and charges | | 71 | 127 |
| Payables and accruals | | 4,242 | 4,323 |
| Amounts due to related parties | | 18 | 26 |
| Borrowings | 23 | 657 | 1,053 |
| Derivative financial instruments | 24 | 2 | 3 |
| Taxation | | 310 | 125 |
| | | <u>5,300</u> | <u>5,657</u> |
| Net current liabilities | | <u>(2,182)</u> | <u>(2,671)</u> |

Notes:

⁽¹⁾ Includes telecommunications licenses with allocated spectrum rights and goodwill of RM10,707 million and RM249 million respectively, arising from business combinations.

* Less than RM1 million.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

| | | AS AT 30/6/2020 | AS AT 31/12/2019 |
|----------------------------------------|------|--------------------|---------------------|
| | Note | RM'm | RM'm |
| Non-current liabilities | | | |
| Provisions for liabilities and charges | | 324 | 311 |
| Payables and accruals | | 225 | 278 |
| Borrowings | 23 | 8,274 | 7,894 |
| Derivative financial instruments | 24 | 20 | 6 |
| Deferred tax liabilities | | 141 | 221 |
| | | <u>8,984</u> | <u>8,710</u> |
| Net assets | | <u>7,060</u> | <u>7,070</u> |
| Equity | | | |
| Share capital | | 2,547 | 2,532 |
| Reserves | | 4,513 | 4,538 |
| Total equity | | <u>7,060</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 SECOND QUARTER ENDED 30 JUNE 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| Period ended 30/6/2020 | Note | 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 | | - | - | - | - | 701 | 701 |
| Other comprehensive expenses for the period | | - | - | - | (12) | - | (12) |
| Total comprehensive (expenses)/income for the period | | - | - | - | (12) | 701 | 689 |
| Dividends provided for or paid | 7 | - | - | - | - | (704) | (704) |
| Long-term Incentive Plan ("LTIP") | | | | | | | |
| - share-based payment expense | | - | - | - | 11 | - | 11 |
| - shares issued | | 15 | - | - | (15) | - | - |
| - purchase of shares | | - | - | - | (6) | - | (6) |
| At 30/6/2020 | | 2,547 | 22,729 | (22,729) | 45 | 4,468 | 7,060 |

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 30/6/2019 | 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 | - | - | - | - | 806 | 806 |
| Other comprehensive expenses for the period | - | - | - | (6) | - | (6) |
| Total comprehensive (expense)/income for the period | - | - | - | (6) | 806 | 800 |
| Dividends provided for or paid | - | - | - | - | (782) | (782) |
| Employee Share Option Scheme ("ESOS") and LTIP: | | | | | | |
| - share-based payment expense | - | - | - | 10 | - | 10 |
| - shares issued | * | - | - | * | - | * |
| - share options lapsed | - | - | - | (1) | 1 | - |
| At 30/6/2019 | 2,509 | 22,729 | (22,729) | 122 | 4,504 | 7,135 |

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 SECOND QUARTER ENDED 30 JUNE 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | PERIOD ENDED 30/6/2020 | PERIOD ENDED 30/6/2019 |
|-----------------------------------------------------------------------------------|------------------------------|------------------------------|
| | RM'm | RM'm |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period | 701 | 806 |
| Adjustments for: | | |
| - non-cash items | 1,024 | 751 |
| - finance costs | 224 | 229 |
| - finance income | (46) | (30) |
| - tax expenses | 232 | 277 |
| Payments for provision for liabilities and charges | (106) | (94) |
| Operating cash flows before working capital changes | 2,029 | 1,939 |
| Changes in working capital | (263) | (208) |
| Cash flows from operations | 1,766 | 1,731 |
| Interest received | 9 | 13 |
| Tax paid | (127) | (158) |
| Tax refund | 1 | - |
| Net cash flows from operating activities | 1,649 | 1,586 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment and intangible assets | (527) | (468) |
| Acquisition of businesses and undertakings including assets and liabilities | (12) | - |
| Proceeds from disposal of property, plant and equipment | 2 | * |
| Placement of deposits with maturity of more than three months | (1) | (3) |
| Net cash flows used in investing activities | (538) | (471) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares pursuant to ESOS | - | * |
| Drawdown of borrowings | 400 | - |
| Repayment of borrowings | (400) | - |
| Repayment of lease financing | (79) | (65) |
| Payments of finance costs | (218) | (231) |
| Ordinary share dividends paid | (704) | (782) |
| Net cash flows used in financing activities | (1,001) | (1,078) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 110 | 37 |
| 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⁾ | 662 | 573 |

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.

* Less than RM1 million.



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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN 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 30/6/2020 | QUARTER ENDED 30/6/2019 | PERIOD ENDED 30/6/2020 | PERIOD ENDED 30/6/2019 |
| | RM'm | RM'm | RM'm | RM'm |
| Telecommunications and digital services | 1,922 | 1,938 | 3,887 | 3,907 |
| Sale of devices | 229 | 268 | 605 | 531 |
| Total | <u>2,151</u> | <u>2,206</u> | <u>4,492</u> | <u>4,438</u> |
| Goods or services transferred: | | | | |
| - at a point in time | 628 | 752 | 1,423 | 1,568 |
| - over time | 1,523 | 1,454 | 3,069 | 2,870 |
| Total | <u>2,151</u> | <u>2,206</u> | <u>4,492</u> | <u>4,438</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 six months ended 30 June 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 six months ended 30 June 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.



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

6. DEBT AND EQUITY SECURITIES

Save for below items, there were no other issuance, repurchase and repayment of debt and equity securities during the six months ended 30 June 2020:

- (a) The Group entered into an agreement for a Business Financing-i facility based on the Tawarruq arrangement of up to RM500 million. RM400 million was drawn down during the current quarter. This 7-year facility will expire on 4 June 2027, with 25% of the outstanding facility repayable at the end of year 6 and the balance repayable upon maturity.
- (b) The Group repaid RM400 million of its revolving credit facility during the current quarter using the facility as mentioned in (a) above.
- (c) 2,538,500 ordinary shares were issued under the LTIP.

7. DIVIDENDS PAID

The following single-tier tax exempt dividend payments were made during the six months ended 30 June 2020:

| | RM'm |
|--------------------------------------------------------------------------------|-------------|
| In respect of the financial year ended 31 December 2019: | |
| - Fourth interim dividend of 5.0 sen per ordinary share, paid on 16 April 2020 | 391 |
| In respect of the financial year ending 31 December 2020: | |
| - First interim dividend of 4.0 sen per ordinary share, paid on 25 June 2020 | 313 |
| | <hr/> |
| | 704 |
| | <hr/> <hr/> |

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 six months ended 30 June 2020. As at 30 June 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.



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

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the six months ended 30 June 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 | 339 |

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 <u>30/6/2020</u> RM'm | Balances due from/(to) as at <u>30/6/2020</u> RM'm | Commitments as at <u>30/6/2020</u> RM'm | Total balances due from/(to) and commitments as at <u>30/6/2020</u> RM'm |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------|
| (a) Sales of goods and services to: | | | | |
| - MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (telephony and broadband services) | 26 | 6 | - | 6 |
| - Saudi Telecom Company ⁽²⁾ (roaming and international calls) | 2 | - | - | - |
| | <u>28</u> | <u>6</u> | <u>-</u> | <u>6</u> |



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

14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

| | Transactions for the financial period ended <u>30/6/2020</u> RM'm | Balances due from/(to) as at <u>30/6/2020</u> RM'm | Commitments as at <u>30/6/2020</u> RM'm | Total balances due from/(to) and commitments as at <u>30/6/2020</u> RM'm |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------|
| (b) Purchases of goods and services | | | | |
| from: | | | | |
| - MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (customer acquisition and installation charges) | 2 | - | - | - |
| - MEASAT Global Berhad Group ⁽³⁾ (transponder and teleport lease rental) | 12 | (5) | (45) | (50) |
| - Tanjong City Centre Property Management Sdn. Bhd. ⁽⁴⁾ (rental, signage, parking and utility charges) | 21 | - | (161) | (161) |
| - UTSB Management Sdn. Bhd. ⁽⁴⁾ (corporate management services) | 14 | (4) | (64) | (68) |
| - SRG Asia Pacific Sdn. Bhd. ⁽⁵⁾ (call handling and telemarketing services) | 10 | (3) | - | (3) |
| - Saudi Telecom Company ⁽²⁾ (roaming and international calls) | 2 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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⁾ A major shareholder of BGSM, as described above

⁽³⁾ Indirect subsidiary of a company in which TAK has a 100% direct equity interest

⁽⁴⁾ Subsidiary of UTSB

⁽⁵⁾ Subsidiary of a company whereby a person connected to TAK has a deemed equity interest



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

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 30 June 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 | 4,143 | 4,227 |

(b) Financial instruments carried at fair value

The following table represents the assets measured at fair value, using the respective valuation techniques, as at 30 June 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 | 2 | - |
| - liabilities | (22) | - |



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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) | 2 nd Quarter 2020 (unaudited) | 1 st Quarter 2020 (unaudited) | 2 nd Quarter 2019 (unaudited) | Variance Q2'20 vs Q1'20 | | Variance Q2'20 vs Q2'19 | |
|------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|----------------------------|-------|----------------------------|--------|
| | | | | RM'm | % | RM'm | % |
| Revenue | 2,151 | 2,341 | 2,206 | (190) | (8.1) | (55) | (2.5) |
| Service revenue ⁽¹⁾ | 1,900 | 1,940 | 1,918 | (40) | (2.1) | (18) | (0.9) |
| EBITDA ⁽²⁾ | 895 | 902 | 940 | (7) | (0.8) | (45) | (4.8) |
| <i>Adjusted for:</i> | | | | | | | |
| <i>Unrealised foreign exchange (gains)/loss</i> | <i>(7)</i> | <i>3</i> | <i>(8)</i> | | | | |
| <i>Upfront spectrum assignment ("SA") fees charged out⁽³⁾</i> | <i>15</i> | <i>15</i> | <i>15</i> | | | | |
| Normalised EBITDA | 903 | 920 | 947 | (17) | (1.8) | (44) | (4.6) |
| Normalised EBITDA margin on service revenue (%) | 47.5 | 47.4 | 49.4 | NA | 0.1 | NA | (1.9) |
| Profit before tax | 458 | 475 | 539 | (17) | (3.6) | (81) | (15.0) |
| Profit for the period | 343 | 358 | 397 | (15) | (4.2) | (54) | (13.6) |
| <i>Adjusted for:</i> | | | | | | | |
| <i>Unrealised foreign exchange (gains)/loss</i> | <i>(7)</i> | <i>3</i> | <i>(8)</i> | | | | |
| <i>Tax effects of the normalisation adjustments</i> | <i>2</i> | <i>(1)</i> | <i>2</i> | | | | |
| Normalised profit for the period | 338 | 360 | 391 | (22) | (6.1) | (53) | (13.6) |
| Capital expenditure ("Capex") | 259 | 163 | 267 | 96 | 58.9 | (8) | (3.0) |
| Operating free cash flow | 936 | 713 | 1,021 | 223 | 31.3 | (85) | (8.3) |

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.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

| Operational indicators | 2 nd Quarter 2020 | 1 st Quarter 2020 | 2 nd Quarter 2019 | Variance Q2'20 vs Q1'20 | | Variance Q2'20 vs Q2'19 | |
|---------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------------------------------------|--------------|----------------------------|--------|
| | | | | '000 | % | '000 | % |
| | | | | Revenue generating subscriptions ("RGS") ('000) | 9,478 | 9,397 | 9,631 |
| - <i>Postpaid</i> | 3,405 | 3,420 | 3,104 | (15) | (0.4) | 301 | 9.7 |
| - <i>Prepaid</i> | 5,975 | 5,883 | 6,417 | 92 | 1.6 | (442) | (6.9) |
| - <i>Wireless Broadband</i> | 98 | 94 | 110 | 4 | 4.3 | (12) | (10.9) |
| ARPU (Monthly) (RM) | | | | | | | |
| - <i>Postpaid</i> | 85 | 86 | 91 | (1) | (1.2) | (6) | (6.6) |
| - <i>Prepaid</i> | 40 | 39 | 41 | 1 | 2.6 | (1) | (2.4) |
| - <i>Wireless Broadband</i> | 102 | 101 | 99 | 1 | 1.0 | 3 | 3.0 |
| - <i>Blended</i> | 57 | 56 | 58 | 1 | 1.8 | (1) | (1.7) |
| Market definition subscriptions ('000) | | | | | | | |
| - <i>Home Connections</i> | 366 | 348 | 276 | 18 | 5.2 | 90 | 32.6 |
| - <i>Biz Fibre Connections</i> | 45 | 44 | 34 | 1 | 2.3 | 11 | 32.4 |
| ARPU (Monthly) (RM) | | | | | | | |
| - <i>Home Fibre</i> | 106 | 109 | 106 | (3) | (2.8) | - | - |

(A) Performance of the current quarter against the preceding quarter (Q2'20 vs Q1'20)

For the quarter ended 30 June 2020, service revenue decreased by 2.1% that is RM40 million to RM1,900 million from RM1,940 million for quarter ended 31 March 2020. Service revenue, excluding wholesale revenue, decreased by 2.1% that is RM41 million to RM1,887 million in Q2'20 compared to Q1'20 of RM1,928 million.

Postpaid service revenue for Q2'20 decreased by 1.0%, that is by RM10 million to RM974 million compared to Q1'20 of RM984 million mainly due to lower APRU. The Postpaid RGS for Q2'20 decreased by 15k, a 0.4% decrease to 3,405k compared to Q1'20 of 3,420k due to disconnections not fully offset by growth in MaxisONE Plan and Hotlink Postpaid subscriber base and due to closure of retail points during the MCO. Our Hotlink Postpaid and MaxisONE Share offering continued to attract entry level Postpaid subscribers, as well as those migrating from Prepaid to Postpaid. Postpaid ARPU for Q2'20 declined to RM85 from RM86 for Q1'20 due to initial COVID-19 impact and dilution from increasing Hotlink Postpaid entry level subscribers. The Malaysian Government's Movement Control Order ("MCO") started on 18 March 2020 and this then became Recovery MCO ("RMCO") on 10 June 2020. Postpaid data usage per month in Q2'20 grew by 11.4% to 18.6GB due to increase in data usage at home during the MCO and free 1GB/day community offering (Q1'20: 16.7GB).



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (Q2'20 vs Q1'20) (continued)

Prepaid service revenue for Q2'20 decreased by 3.9%, that is RM28 million to RM686 million (Q1'20: RM714 million). Prepaid RGS increased by 92k, a 1.6% increase to 5,975k (Q1'20: 5,883k) subscribers. Despite loss of sales due to MCO, Prepaid was able to show a positive subscriber base development supported by the launch of Hotlink Prepaid Unlimited in June. Prepaid ARPU for Q2'20 increased by 2.6% to RM40 per month (Q1'20: RM39). Prepaid data usage per month increased by 33.1% to 22.5GB (Q1'20: 16.9GB). This is in-line with the burst in data usage arising from MCO / RMCO and the stay-at-home and work-from-home requirements and free 1GB/day community offering.

The Group retained its network superiority in 4G LTE, delivering download speed of more than 5 Mbps for 83.4% 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 19k home and biz fibre connections in Q2'20 and the Home Fibre ARPU decreased 2.8% to RM106 per month (Q1'20: RM109). Due to MCO, fibre field installation work was restricted, so Maxis provided customers a temporary Fixed Wireless Access 4G/LTE dongle and router service and during late June under RMCO this backlog was largely cleared.

Normalised EBITDA for Q2'20 decreased by 1.8% that is RM17 million to RM903 million (Q1'20: RM920 million). However, the normalised EBITDA margin on service revenue increased slightly to 47.5% (Q1'20: 47.4%) due to reduction in device sales and related device costs, lower roaming revenue, higher network and staff costs and impairment of receivables.

The Group reported for Q2'20 a normalised profit of RM338 million, a decrease of 6.1% that is RM22 million compared to RM360 million in Q1'20, the preceding quarter. This is due to slightly increasing depreciation on new plant, property and equipment. Capex for the current quarter Q2'20 was RM259 million (Q1'20: RM163 million), in-line with our normal phasing of capex, lower in Q1 and progressively higher towards 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 Q2'20 increased by 31.3% or RM223 million to RM936 million (Q1'20: RM713 million) due to a proactive productivity and working capital management.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (2nd Quarter 2020 versus 2nd Quarter 2019)

The Group recorded a total revenue for Q2'20 of RM2,151 million compared to corresponding Q2'19 of RM2,206 million which represents a 2.5% decrease, that is RM55 million. The service revenue for Q2'20 of RM1,900 million compared to corresponding period of Q2'19 of RM1,918 million which represents a 0.9% decrease, that is RM18 million, contributed by the loss in Prepaid and the loss of the wholesale business largely offset by the growth in Postpaid and fibre business. The service revenue excluding wholesale revenue for Q2'20 of RM1,887 million compares to Q2'19 of RM1,887 million with no material difference.

Postpaid service revenue for Q2'20 increased by RM2 million, that is 0.2%, to RM974 million (Q2'19: RM972 million). The Group grew the postpaid RGS subscriber base by 301k which represents a 9.7% increase on Q2'20: 3,405k versus Q2'19: 3,104k subscribers. The Postpaid APRU decreased by 6.6% year-on-year from Q2'19: RM91 to Q2'20: RM85 per month, largely due to Mobile Termination Rate ("MTR") reduction, initial COVID-19 impact and the dilution effect from Hotlink Postpaid.

Prepaid service revenue for Q2'20 declined by RM105 million, that is 13.3%, to RM686 million (Q2'19: RM791 million). The Group's prepaid subscription base was lower by 442k, that is a 6.9% 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 Q2'20: RM40 per month (Q2'19: RM41) especially as there was a MTR reduction since January 2020.

The Group is proud of its fibre connections growth, adding 101k that is 32.6% Q2'20 versus Q2'19 consisting of additional home (90k) and additional business fibre connections (11k) respectively in the past one year.

The Group continued to lead the market in terms of quality and best digital experience. For Q2'20 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 22.5GB and Postpaid of 18.6GB for Q2'20. This represents a 64% increase of data demand for Prepaid from 13.7GB and 37% increase for Postpaid from 13.6GB from a year ago.

Normalised EBITDA and normalised EBITDA margin on service revenue for Q2'20 was RM903 million (Q2'19: RM947 million) and 47.5% (Q2'19: 49.4%) respectively. Consequently, Q2'20 normalised profit was lower by 13.6% or RM53 million, at RM338 million (Q2'19: RM391 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 Q2'20 was RM259 million versus Q2'19 of RM267 million, that is RM8 million or 3.0% lower than the preceding year, with the capex focus on protecting the network performance and rebalancing capacity, 5G readiness and Enterprise business, although MCO/RMCO restricted some capex activities.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (2nd Quarter 2020 versus 2nd Quarter 2019) (continued)

Operating free cash flow for the Q2'20 was RM936 million compared to Q2'19 of RM1,021 million in the preceding year, a decrease of 8.3% that is RM85 million mainly due to high payment in current quarter.

(C) Performance of the current year against the preceding year (year-to-date "YTD" June 2020 versus YTD June 2019)

| Financial indicators (RM'm unless otherwise indicated) | YTD 2020 | YTD 2019 | Variance | % Variance |
|-----------------------------------------------------------|------------|-------------|----------|------------|
| Revenue | 4,492 | 4,438 | 54 | 1.2 |
| Service revenue ⁽¹⁾ | 3,840 | 3,865 | (25) | (0.6) |
| EBITDA ⁽²⁾ | 1,797 | 1,884 | (87) | (4.6) |
| <i>Adjusted for:</i> | | | | |
| <i>Unrealised foreign exchange gains</i> | <i>(4)</i> | <i>(14)</i> | | |
| <i>Upfront SA fees charged out⁽³⁾</i> | <i>30</i> | <i>30</i> | | |
| Normalised EBITDA | 1,823 | 1,900 | (77) | (4.1) |
| Normalised EBITDA margin on service revenue (%) | 47.5 | 49.2 | NA | (1.7) |
| Profit before tax | 933 | 1,083 | (150) | (13.9) |
| Profit for the year | 701 | 806 | (105) | (13.0) |
| <i>Adjusted for:</i> | | | | |
| <i>Unrealised foreign exchange gains</i> | <i>(4)</i> | <i>(14)</i> | | |
| <i>Tax effects of the normalisation adjustments</i> | <i>1</i> | <i>3</i> | | |
| Normalised profit for the year | 698 | 795 | (97) | (12.2) |
| Capex | 422 | 394 | 28 | 7.1 |
| Operating free cash flow | 1,649 | 1,586 | 63 | 4.0 |

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.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (YTD June 2020 versus YTD June 2019)
(continued)

| Operational indicators | YTD 2020 | YTD 2019 | Variance | % Variance |
|-----------------------------------------------|--------------|----------|----------|------------|
| RGS ('000) | 9,478 | 9,631 | (153) | (1.6) |
| - Postpaid | 3,405 | 3,104 | 301 | 9.7 |
| - Prepaid | 5,975 | 6,417 | (442) | (6.9) |
| - Wireless Broadband | 98 | 110 | (12) | (10.9) |
| ARPU (Monthly) (RM) | | | | |
| - Postpaid | 86 | 91 | (5) | (5.5) |
| - Prepaid | 39 | 41 | (2) | (4.9) |
| - Wireless Broadband | 101 | 99 | 2 | 2.0 |
| - Blended | 57 | 57 | - | - |
| Market definition subscriptions ('000) | | | | |
| - Home Connections | 366 | 276 | 90 | 32.6 |
| - Biz Fibre Connections | 45 | 34 | 11 | 32.4 |
| ARPU (Monthly) (RM) | | | | |
| - Home Fibre | 108 | 106 | 2 | 1.9 |

The Group recorded a total revenue for YTD 2020 of RM4,492 million compared to corresponding YTD 2019 of RM4,438 million which represents a 1.2% increase, that is RM54 million, due to higher device sales. The service revenue for YTD 2020 of RM3,840 million compared to corresponding YTD 2019 of RM3,865 million which represents a 0.6% decrease, that is RM25 million, contributed by the decline in MTR, Prepaid revenue and loss of the wholesale business offset by the growth in fibre business.

Postpaid service revenue, including wholesale business, for YTD 2020 decreased by RM14 million, that is 0.7%, to RM1,958 million (YTD 2019: RM1,972 million). The Group grew the postpaid RGS subscriber base by 301k which represents a 9.7% increase, YTD 2020: 3,405k compared to YTD 2019: 3,104k subscribers. The Postpaid ARPU decreased by 5.5% year-on-year from RM91 to RM86 per month, largely due to MTR reduction, MCO impact on roaming and the dilution effect from Hotlink Postpaid.

Prepaid service revenue for YTD 2020 declined by RM188 million, that is 11.8%, to RM1,400 million (YTD 2019: RM1,588 million). The Group's prepaid subscription base was lower by 442k, that is a 6.9% reduction, YTD 2020: 5,975k compared to YTD 2019: 6,417k subscribers. This was due to the continued SIM consolidation and successful migration to the Hotlink entry point Postpaid service. Prepaid ARPU declined 4.9% from RM41 to RM39 per month, the decline was largely due to the reduction in MTR.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (YTD June 2020 versus YTD June 2019) (continued)

The Group is proud of its fibre connections growth, adding 101k that is 32.6% YTD 2020 versus YTD 2019 with 90K additional home and 11K additional business fibre connections.

The Group continued to lead the market in terms of quality and best digital experience. For YTD 2020 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 19.7GB; Postpaid of 17.7GB and blended of 18.9GB for YTD 2020. This represents a 56% increase of data demand for Prepaid from 12.6GB; a 37% increase for Postpaid from 12.9GB; and a 49% increase in blended from 12.7GB, from a year ago.

Normalised EBITDA and normalised EBITDA margin on service revenue for YTD 2020 was RM1,823 million (YTD 2019: RM1,900 million) and 47.5% (YTD 2019: 49.2%) respectively. Consequently, YTD 2020 normalised profit for the year was lower by 12.2% or RM97 million, at RM698 million (YTD 2019: RM795 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 YTD 2020 was RM422 million versus YTD 2019 of RM394 million, that is RM28 million or 7.1% higher than the preceding year due to higher investment for growth, 5G readiness and Enterprise business.

Operating free cash flow for YTD 2020 was RM1,649 million compared to YTD 2019 of RM1,586 million in the preceding year, an increase of 4.0% that is RM63 million mainly due to improved productivity and working capital management.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(D) STATEMENT OF FINANCIAL POSITION

| Financial indicators (RM'm unless otherwise indicated) | AS AT 30/6/2020 | AS AT 31/12/2019 |
|-----------------------------------------------------------|--------------------|---------------------|
| Total assets | 21,344 | 21,437 |
| Total equity | 7,060 | 7,070 |
| Debt ⁽¹⁾ | 8,951 | 8,953 |
| Deposits, cash and bank balances | (693) | (582) |
| Net debt | 8,258 | 8,371 |
| Net debt-to-EBITDA | 2.26 | 2.24 |

Note:

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

Total equity and net debt-to-EBITDA of the Group remained stable.



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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 Malaysian 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 RMC0. Furthermore increased unemployment in May to 5.6%, the downward revisions in Malaysia's GDP by the World Bank and IMF in June 20, the potential for a second COVID-19 outbreak and the ending of the loan moratorium on 30 September 20, create an unpredictable environment for our business. Given these uncertainties, the Group considered it prudent not to disclose a new outlook, since in April the Group withdrew 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 Safe, 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.

Internally, 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 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 30/6/2020 | QUARTER ENDED 30/6/2019 | PERIOD ENDED 30/6/2020 | PERIOD ENDED 30/6/2019 |
| | RM'm | RM'm | RM'm | RM'm |
| Fair value gains on forward foreign exchange contracts | (6) | (3) | (10) | (2) |
| Losses/(gain) on foreign exchange (net) | 1 | 4 | 6 | (3) |
| Property, plant and equipment: - write-offs/impairment losses | 6 | 6 | 9 | 11 |

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 30 June 2020.

21. TAX EXPENSES

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|----------------------------------------------------------------------|-------------------------|-------------------------|------------------------|------------------------|
| | QUARTER ENDED 30/6/2020 | QUARTER ENDED 30/6/2019 | PERIOD ENDED 30/6/2020 | PERIOD ENDED 30/6/2019 |
| | RM'm | RM'm | RM'm | RM'm |
| Current tax | 159 | 155 | 312 | 305 |
| Deferred tax: - origination and reversal of temporary differences | (44) | (13) | (80) | (28) |
| Total | 115 | 142 | 232 | 277 |



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21. TAX EXPENSES (CONTINUED)

The Group's effective tax rates for the current quarter and six months ended 30 June 2020 were 25.1% and 24.9% respectively, 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 30 JUNE 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 | 153 | 944 | 1,097 | 148 | 960 | 1,108 |
| Unsecured | | | | | | |
| Revolving credit | - | - | - | 401 | - | 401 |
| Term loan ⁽¹⁾ | - | 1,398 | 1,398 | - | 1,000 | 1,000 |
| Commodity Murabahah | | | | | | |
| Term Financing | - | 2,293 | 2,293 | - | 2,295 | 2,295 |
| Islamic Medium | | | | | | |
| Term Notes | 504 | 3,639 | 4,143 | 504 | 3,639 | 4,143 |
| | 657 | 8,274 | 8,931 | 1,053 | 7,894 | 8,947 |
| Excluding lease liabilities: | | | | | | |
| - weighted average interest rate | | | 4.27% | | | 4.65% |
| - proportion of borrowings between fixed and floating interest rates | | | 59% : 41% | | | 59% : 41% |

Note:

⁽¹⁾ Partially hedged using Interest Rate Swap ("IRS") as disclosed in Note 24.

Material changes to borrowings for the financial period ended 30 June 2020 are disclosed in Note 6(a) & (b).



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24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Details of derivative financial instruments outstanding as at 30 June 2020 are set out below:

| <u>TYPE OF DERIVATIVE</u> | <u>CONTRACT/ NOTIONAL VALUE</u> | <u>FAIR VALUE</u> |
|-------------------------------------------------------------------|-------------------------------------|-------------------|
| | RM'm | RM'm |
| Derivatives designated in hedging relationship (cash flow hedge): | | |
| IRS: | | |
| - one to two years | 500 | (20) |
| Forward foreign exchange contracts: | | |
| - less than one year | 133 | 2 |
| | <u>633</u> | <u>(18)</u> |
| Derivatives not designated in hedging relationship: | | |
| Forward foreign exchange contracts: | | |
| - less than one year | 42 | (2) |
| | <u>675</u> | <u>(20)</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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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | AS AT 30/6/2020 | AS AT 31/12/2019 |
|-------------------------------------------|---------------------|---------------------|
| | RM'm | RM'm |
| <u>Non-current assets</u> | | |
| At net of impairment: | | |
| - Trade receivables | 208 | 282 |
| - Finance lease receivables | 15 | 15 |
| - Contract assets | 39 | 44 |
| Prepayments | 693 | 724 |
| Contract cost assets, net of amortisation | 116 | 118 |
| | <u>1,071</u> | <u>1,183</u> |
| <u>Current assets</u> | | |
| At net of impairment: | | |
| - Trade receivables | 1,186 | 1,207 |
| - Other receivables and deposits | 768 | 743 |
| - Finance lease receivables | 28 | 24 |
| - Contract assets | 129 | 155 |
| Prepayments | 179 | 157 |
| Contract cost assets, net of amortisation | 124 | 104 |
| | <u>2,414</u> | <u>2,390</u> |
| | <u><u>3,485</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 30 June 2020 is as follows:

| | RM'm |
|-------------------------|--------------|
| Current | 1,379 |
| 1 to 90 days past due | 122 |
| 91 to 180 days past due | 165 |
| | <u>1,666</u> |



MAXIS BERHAD

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

26. MATERIAL LITIGATION

There is no material litigation as at 16 July 2020.

27. DIVIDENDS

The Board of Directors has declared a second 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 24 September 2020. The entitlement date for the dividend payment is 28 August 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 28 August 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 six months ended 30 June 2020 is 8.0 sen per ordinary share (2019: 10.0 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.



MAXIS BERHAD

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

28. EARNINGS PER SHARE

| | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|----------------------------------------------------------|--------|-------------------------------|-------------------------------|------------------------------|------------------------------|
| | | QUARTER ENDED 30/6/2020 | QUARTER ENDED 30/6/2019 | PERIOD ENDED 30/6/2020 | PERIOD ENDED 30/6/2019 |
| (a) Basic earnings per share | | | | | |
| Profit attributable to the equity holders of the Company | (RM'm) | <u>343</u> | <u>397</u> | <u>701</u> | <u>806</u> |
| Weighted average number of issued ordinary shares | ('m) | <u>7,821</u> | <u>7,817</u> | <u>7,821</u> | <u>7,817</u> |
| Basic earnings per share | (sen) | <u>4.4</u> | <u>5.1</u> | <u>9.0</u> | <u>10.3</u> |
| (b) Diluted earnings per share | | | | | |
| Profit attributable to the equity holders of the Company | (RM'm) | <u>343</u> | <u>397</u> | <u>701</u> | <u>806</u> |
| Weighted average number of issued ordinary shares | ('m) | <u>7,821</u> | <u>7,817</u> | <u>7,821</u> | <u>7,817</u> |
| Adjusted for LTIP (2019: and share options) | ('m) | <u>-</u> | <u>12</u> | <u>-</u> | <u>12</u> |
| Adjusted weighted average number of ordinary shares | ('m) | <u>7,821</u> | <u>7,829</u> | <u>7,821</u> | <u>7,829</u> |
| Diluted earnings per share | (sen) | <u>4.4</u> | <u>5.1</u> | <u>9.0</u> | <u>10.3</u> |

By order of the Board

Dipak Kaur

SSM PC No. 201908002620

(LS 5204)

Company Secretary

23 July 2020

Kuala Lumpur