MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

ANNOUNCEMENT

The Board of Directors of Maxis Berhad ("Maxis" or "the Company") is pleased to announce the following condensed consolidated financial statements for the fourth quarter ended 31 December 2019 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		QUARTER ENDED 31/12/2019 (Unaudited)	QUARTER ENDED 31/12/2018 (Unaudited)	+ -	**YEAR ENDED 31/12/2019 (Audited)**	YEAR ENDED 31/12/2018 (Audited)	+ -
	Note	**RM'm**	RM'm	%	**RM'm**	RM'm	%
Revenue	3	**2,590**	2,445	+6	**9,313**	9,192	+1
Traffic, device, commissions and other direct costs		**(1,146)**	(883)		**(3,483)**	(3,010)	
Spectrum licence fees		**(68)**	(64)		**(255)**	(244)	
Network costs		**(146)**	(280)		**(688)**	(884)	
Staff and resource costs		**(180)**	(174)		**(651)**	(606)	
Operation and maintenance costs		**(114)**	(213)		**(357)**	(470)	
Marketing costs		**(46)**	(62)		**(173)**	(211)	
Impairment of receivables and deposits, net		**(29)**	(42)		**(120)**	(120)	
Government grant and other income		**53**	66		**191**	226	
Other operating expenses		**(9)**	(45)		**(77)**	(92)	
Depreciation and amortisation		**(328)**	(305)		**(1,265)**	(1,068)	
Finance income		**20**	16		**70**	45	
Finance costs		**(125)**	(95)		**(469)**	(389)	
Profit before tax	20	**472**	364	+30	**2,036**	2,369	-14
Tax expenses	21	**(117)**	(98)		**(517)**	(589)	
Profit for the period/year		**355**	266	+33	**1,519**	1,780	-15
Attributable to:							
- equity holders of the Company		**355**	266	+33	**1,519**	1,780	-15
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	**4.5**	3.4		**19.4**	22.8	
- diluted	28	**4.5**	3.4		**19.4**	22.7	

MAXIS BERHAD

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2019 (Unaudited)	QUARTER ENDED 31/12/2018 (Unaudited)	YEAR ENDED 31/12/2019 (Audited)	YEAR ENDED 31/12/2018 (Audited)
	RM'm	RM'm	RM'm	RM'm
Profit for the period/year	355	266	1,519	1,780
Other comprehensive expenses				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	(3)	(1)	(10)	(1)
Total comprehensive income for the period/year	352	265	1,509	1,779
Attributable to equity holders of the Company	352	265	1,509	1,779

MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 31/12/2019 RM'm	AS AT 31/12/2018 RM'm
Non-current assets			
Property, plant and equipment	9	**4,922**	5,190
Intangible assets [(1)]		**11,310**	10,926
Right-of-use assets		**1,032**	-
Financial assets at fair value through other comprehensive income ("FVOCI")		**4**	4
Receivables, deposits and prepayments	25	**1,183**	1,018
Derivative financial instruments	24	**-**	1
Deferred tax assets		*****	*
		18,451	17,139
Current assets			
Inventories		**3**	16
Receivables, deposits and prepayments	25	**2,390**	2,056
Amounts due from related parties		**10**	30
Derivative financial instruments	24	*****	-
Tax recoverable		**1**	4
Deposits, cash and bank balances		**582**	560
		2,986	2,666
Total assets		**21,437**	19,805
Current liabilities			
Provisions for liabilities and charges		**127**	116
Payables and accruals		**4,323**	4,020
Amounts due to related parties		**26**	5
Borrowings	23	**1,053**	201
Derivative financial instruments	24	**3**	*
Taxation		**125**	199
		5,657	4,541
Net current liabilities		**(2,671)**	(1,875)

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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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	AS AT 31/12/2019 RM'm	AS AT 31/12/2018 RM'm
Non-current liabilities			
Provisions for liabilities and charges		311	312
Payables and accruals		278	168
Borrowings	23	7,894	7,439
Derivative financial instruments	24	6	-
Deferred tax liabilities		221	196
		8,710	8,115
Net assets		7,070	7,149
Equity			
Share capital		2,532	2,509
Reserves		4,538	4,640
Total equity		7,070	7,149
Net assets per share (RM)		0.90	0.91

MAXIS BERHAD
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(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31/12/2019	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
Balance as at 31/12/2018, as previously reported	2,509	22,729	(22,729)	119	4,521	7,149
Opening balance adjustments from adoption of MFRS 16	-	-	-	-	(42)	(42)
Restated balance as at 1/1/2019	2,509	22,729	(22,729)	119	4,479	7,107
Profit for the year	-	-	-	-	1,519	1,519
Other comprehensive expense for the year	-	-	-	(10)	-	(10)
Total comprehensive (expense)/income for the year	-	-	-	(10)	1,519	1,509
Dividends for the financial year ended 31 December 2018	-	-	-	-	(391)	(391)
Dividends for the financial year ended 31 December 2019	-	-	-	-	(1,173)	(1,173)
Employee Share Option Scheme ("ESOS") and Long-term Incentive Plan ("LTIP"):						
- share-based payment expense	-	-	-	18	-	18
- shares issued	23	-	-	(23)	-	*
- share options lapsed/expired	-	-	-	(37)	37	-
Balance as at 31/12/2019	2,532	22,729	(22,729)	67	4,471	7,070

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 FOURTH QUARTER ENDED 31 DECEMBER 2019

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Year ended 31/12/2018	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
Balance as at 31/12/2017, as previously reported	2,469	22,729	(22,729)	151	4,422	7,042
Adjustments from adoption of MFRS 15	-	-	-	-	(97)	(97)
Restated balance as at 31/12/2017	2,469	22,729	(22,729)	151	4,325	6,945
Opening balance adjustments from adoption of MFRS 9	-	-	-	-	(27)	(27)
Restated balance as at 1/1/2018	2,469	22,729	(22,729)	151	4,298	6,918
Profit for the year	-	-	-	-	1,780	1,780
Other comprehensive income for the year	-	-	-	(1)	-	(1)
Total comprehensive income for the year	-	-	-	(1)	1,780	1,779
Dividends for the financial year ended 31 December 2017	-	-	-	-	(390)	(390)
Dividends for the financial year ended 31 December 2018	-	-	-	-	(1,173)	(1,173)
ESOS and LTIP:						
- share-based payment expense	-	-	-	19	-	19
- shares issued	40	-	-	(39)	-	1
- share options lapsed	-	-	-	(6)	6	-
Incentive arrangement:						
- share-based payment expense	-	-	-	(1)	-	(1)
- shares acquired	-	-	-	(4)	-	(4)
Balance as at 31/12/2018	2,509	22,729	(22,729)	119	4,521	7,149

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.

MAXIS BERHAD

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED 31/12/2019	YEAR ENDED 31/12/2018
	RM'm	RM'm
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,519	1,780
Adjustments for:		
- non-cash items	1,615	1,417
- finance costs	469	389
- finance income	(70)	(45)
- tax expenses	517	589
Payments for provision for liabilities and charges	(94)	(105)
Operating cash flows before working capital changes	3,956	4,025
Changes in working capital	(57)	137
Cash flows from operations	3,899	4,162
Interest received	27	25
Tax paid	(549)	(856)
Tax refund	2	-
Net cash flows from operating activities	3,379	3,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(1,371)	(1,413)
Proceeds from disposal of property, plant and equipment	1	2
Purchase of financial assets at FVOCI	-	(4)
Placement of deposits with maturity of more than three months	(6)	(1)
Net cash flows used in investing activities	(1,376)	(1,416)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowing	200	-
Proceeds from issuance of shares pursuant to ESOS	*	1
Shares acquired pursuant to incentive arrangement	-	(4)
Repayment of lease liabilities	(154)	(6)
Payments of finance costs	(469)	(386)
Ordinary share dividends paid	(1,564)	(1,563)
Net cash flows used in financing activities	(1,987)	(1,958)
NET CHANGE IN CASH AND CASH EQUIVALENTS	16	(43)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	536	579
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR[(3)]	552	536

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.

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 2018 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

The significant accounting policies and methods adopted for the condensed consolidated financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2018, except for changes arising from the adoption of MFRS 16 "Leases" as described below:

Adoption of MFRS 16 "Leases" ("MFRS 16")

The Group has adopted MFRS 16 in the current financial year, where MFRS 16 supersedes MFRS 117 "Leases" and the related interpretations. Under MFRS 16, a lease is a contract (or part of contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases.

MFRS 16 requires the lessee to recognise in the statements of financial position, a 'right-of-use' of the underlying asset and a lease liability reflecting future lease payment for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the statement of profit or loss.

On the date of initial application, the Group applied the simplified transition approach and did not restate comparative amounts for the period prior to first adoption. Right-of-use assets were measured on transition as if the new rules had always been applied.

The adoption of MFRS 16 impacts the Group's financial performance in the current financial year as below:

(a) On the statements of profit or loss, expenses which previously included operating lease rentals within EBITDA as defined in Note 16, were replaced by interest expense on lease liabilities (included within 'finance costs') and amortisation of the right-of-use assets (included within 'depreciation and amortisation').

(b) On the statements of cash flows, operating lease rental outflows previously recorded within 'net cash flows from operating activities' were reclassified as 'net cash flows used in financing activities' for repayment of the principal and interest of lease liabilities.

1. BASIS OF PREPARATION (CONTINUED)

The Group has also adopted the following amendments to MFRS and Issues Committee ("IC") Interpretation that came into effect on 1 January 2019 which did not have any significant impact on the condensed consolidated financial statements upon their initial application.

• Amendments to MFRS 9	Prepayment Features with Negative Compensation
• Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
• Annual Improvements to MFRSs 2015 – 2017 Cycle	
• IC Interpretation 23	Uncertainty over Income Tax Treatments

Amendments to MFRSs and International Financial Reporting Interpretations Committee ("IFRIC") Agenda Decision that are applicable to the Group but not yet effective

The below amendments and improvements to MFRSs and IFRIC Agenda Decision are effective for the financial year beginning on or after 1 January 2020. The Group did not early adopt these new amendments to MFRSs and IFRIC Agenda Decision and is in the process of assessing their impact on its consolidated financial statements:

• Amendments to MFRS 3	Definition of a Business
• Amendments to MFRS 101 and MFRS 108	Definition of Material
• IFRIC Agenda decision	Lease term and Useful life of Leasehold Improvements

2. SEASONAL / CYCLICAL FACTORS

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

3. REVENUE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2019	QUARTER ENDED 31/12/2018	YEAR ENDED 31/12/2019	YEAR ENDED 31/12/2018
	RM'm	RM'm	RM'm	RM'm
Telecommunications services and solutions	2,014	2,074	7,884	8,157
Sale of devices	576	371	1,429	1,035
Total	2,590	2,445	9,313	9,192
Goods or services transferred:				
- at a point in time	1,036	1,005	3,380	3,703
- over time	1,554	1,440	5,933	5,489
Total	2,590	2,445	9,313	9,192

4. UNUSUAL ITEMS

Save for those disclosed in Note 16, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows for the financial year ended 31 December 2019.

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 for the financial year ended 31 December 2019.

6. DEBT AND EQUITY SECURITIES

Save for below items, there were no other issuance, repurchase and repayment of debts and equity securities by the Group and the Company during the financial year ended 31 December 2019:

(a) The Group drew down RM200 million of its revolving credit facility for capital expenditure, working capital and other general funding requirements; and

(b) 3,815,310 and 33,000 ordinary shares were offered and issued under the Maxis LTIP and ESOS respectively.

7. DIVIDENDS PAID

The following single-tier tax exempt dividend payments were made during the financial year ended 31 December 2019:

	RM'm
In respect of the financial year ended 31 December 2018:	
- Fourth interim dividend of 5.0 sen per ordinary share, paid on 28 March 2019	**391**
In respect of the financial year ending 31 December 2019:	
- First interim dividend of 5.0 sen per ordinary share, paid on 27 June 2019	**391**
- Second interim dividend of 5.0 sen per ordinary share, paid on 26 September 2019	**391**
- Third interim dividend of 5.0 sen per ordinary share, paid on 27 December 2019	**391**
	1,564

8. SEGMENT REPORTING

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

9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the financial year ended 31 December 2019. As at 31 December 2019, 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 YEAR

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

11. CHANGES IN THE COMPOSITION OF THE GROUP

On 12 September 2019, Maxis Online Sdn. Bhd. ("MOSB") and Maxis Multimedia Sdn. Bhd. ("MMUL"), companies incorporated in Malaysia and wholly-owned subsidiaries of the Company were fully wound up. The dissolution of MOSB and MMUL are not expected to have any material impact or effect on the business operations, earnings and net tangible assets of Maxis and its Group for the financial year ended 31 December 2019.

Save for the above, there were no changes in the composition of the Group during the financial year ended 31 December 2019.

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	323

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 year ended 31/12/2019	Balances due from/(to) as at 31/12/2019	Commitments as at 31/12/2019	Total balances due from/(to) and commitments as at 31/12/2019
	RM'm	RM'm	RM'm	RM'm
(a) Sales of goods and services to:				
- MEASAT Broadcast Network Systems Sdn. Bhd. [1] (telephony and broadband services)	52	6	-	6
(b) Purchases of goods and services from:				
- MEASAT Global Berhad Group[2] (transponder and teleport lease rental)	50	(7)	(26)	(33)
- Tanjong City Centre Property Management Sdn. Bhd.[3] (rental, signage, parking and utility charges)	35	-	(171)	(171)
- UTSB Management Sdn. Bhd.[3] (corporate management services)	29	(7)	(79)	(86)
- SRG Asia Pacific Sdn. Bhd.[4] (call handling and telemarketing services)	19	(6)	-	(6)
- MEASAT Broadcast Network Systems Sdn. Bhd. [1] (services)	3	-	-	-

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 December 2019 except as set out below, measured using Level 3 valuation technique:

	CARRYING AMOUNT	FAIR VALUE
	RM'm	RM'm
Financial liability:		
Borrowings		
- Islamic Medium Term Notes	4,143	4,199

(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 December 2019:

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

* Less than RM1 million.

16. ANALYSIS OF PERFORMANCE

Financial indicators (RM'm unless otherwise indicated)	4th Quarter 2019 (unaudited)	3rd Quarter 2019 (unaudited)	4th Quarter 2018 (unaudited)	Variance Q4'19 vs Q3'19		Variance Q4'19 vs Q4'18	
				RM'm	%	RM'm	%
Revenue	**2,590**	2,285	2,445	305	13	145	6
Service revenue[1]	**1,992**	1,940	2,048	52	3	(56)	(3)
EBITDA[2]	**904**	945	762	(41)	(4)	142	19
Adjusted for:							
(Unrealised foreign exchange (gain)/losses	***(15)***	*4*	*(9)*				
Upfront spectrum assignment ("SA") fees charged out[3]	***15***	*15*	*15*				
Normalised EBITDA	**904**	964	768	(60)	(6)	136	18
Normalised EBITDA margin on service revenue (%)	**45.4**	49.7	37.5	NA	(4.3)	NA	7.9
Profit before tax	**472**	481	364	(9)	(2)	108	30
Profit for the period	**355**	358	266	(3)	(1)	89	33
Adjusted for:							
Unrealised foreign exchange (gain)/losses	***(15)***	*4*	*(9)*				
Tax effects of the normalisation adjustments	***4***	*(1)*	*2*				
Normalised profit for the period	**344**	361	259	(17)	(5)	85	33
Capital expenditure ("Capex")	**577**	242	524	335	>100	53	10
Operating free cash flow	**727**	1,066	983	(339)	(32)	(256)	(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.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

Operational indicators	4th Quarter 2019	3rd Quarter 2019	4th Quarter 2018(1)	Variance Q4'19 vs Q3'19		Variance Q4'19 vs Q4'18	
				'000	%	'000	%
Revenue generating subscriptions ("RGS") ('000)	***9,698***	9,666	9,673	32	*	25	*
- Postpaid	***3,372***	3,232	2,940	140	4	432	15
- Prepaid	***6,227***	6,328	6,610	(101)	(2)	(383)	(6)
- Wireless Broadband	***99***	106	123	(7)	(7)	(24)	(20)
ARPU (Monthly) (RM)							
- Postpaid	***90***	90	96	-	-	(6)	(6)
- Prepaid	***42***	41	42	1	2	-	-
- Wireless Broadband	***105***	100	92	5	5	13	14
- Blended	***59***	58	59	1	2	-	-

Note:
(1) The comparative information of Postpaid has been restated to exclude non-phone based subscriptions.
* Less than 1%.

(A) Performance of the current quarter against the preceding quarter (Q4'19 vs Q3'19)

For the quarter ended 31 December 2019, service revenue increased by 2.7% that is RM52 million to RM1,992 million from RM1,940 million for quarter ended 30 September 2019. Service revenue, excluding wholesale revenue, increased by 3.0% to RM1,978 million in Q4'19 compared to Q3'19 of RM1,920 million.

Postpaid service revenue for Q4'19 increased by 1.0%, that is by RM10 million to RM989 million compared to Q3'19 of RM979 million on account of a higher RGS base. The Postpaid RGS for Q4'19 grew by 140k, a 4.3% increase to 3,372k compared to Q3'19 of 3,232k 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 was stable at RM90 for Q4'19. Postpaid data usage grew slightly by 2.0% to 15.4GB (Q3'19: 15.1GB).

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (Q4'19 vs Q3'19) (continued)

Prepaid service revenue for Q4'19 decreased by 1.4%, that is RM11 million to RM783 million (Q3'19: RM794 million). Prepaid RGS declined by 101k, a 1.6% reduction to 6,227k (Q3'19: 6,328k) 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 Q4'19 remained stable, increasing slightly by 2.4% at RM42 per month (Q3'19: RM41). Prepaid data usage decreased by 3.3% to 14.7GB (Q3'19: 15.2GB), in line with the successful strategy to migrate high mobile internet users to postpaid.

The Group retained its network superiority in 4G LTE, delivering download speed of more than 5 Mbps for 91.6% 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.

Normalised EBITDA for Q4'19 decreased by 6.2% that is RM60 million to RM904 million with a normalised EBITDA margin on service revenue of 45.4% (Q3'19: RM964 million, and a normalised EBITDA margin on service revenue of 49.7%).

The Group reported for Q4'19 a normalised profit of RM344 million, a decrease of 4.7% that is RM17 million compared to RM361 million in the preceding quarter. Capex for the current quarter was RM577 million (Q3'19: RM242 million), due to normal phasing of capex for the ongoing continued investment in network capacity to support our planned data traffic growth, investment in Home Fibre and Enterprise growth.

Operating free cash flow for Q4'19 decreased by 31.8% or RM339 million to RM727 million (Q3'19: RM1,066 million) due to high regulatory payments offsetting cash flow gains from our productivity and working capital programs Fuel4Growth.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (Q4'19 vs Q4'18)

Service revenue for Q4'19 of RM1,992 million was 2.7% lower, that is lower by RM56 million, compared year-on-year ("YoY") than RM2,048 million recorded in Q4'18. This was largely contributed by the termination of a network sharing agreement, decline in Prepaid RGS offset by the growth in Postpaid and Home Fibre subscribers. Service revenue, excluding wholesale revenue was RM1,978 million in Q4'19, an increase of RM48 million, 2.5% compared to RM1,930 million in Q4'18, showing the underlying core mobile business plus new areas of fibre and enterprise are delivering growth and so are doing well.

Postpaid service revenue for Q4'19 decreased by RM64 million, 6.1% to RM989 million compared to RM1,053million in Q4'18 mainly due to the termination of a network sharing agreement which ended in December 2018 with limited rollover and final completion in September 2019. Postpaid ARPU at Q4'19 decreased to RM90 (Q4'18: RM96), largely due to the change in the Mobile Termination Rates ("MTR") and ARPU dilution from Hotlink Postpaid Flex offerings. ARPU decrease was offset by a strong 14.7% increase in subscriber base of 432k to 3,372k (Q4'18: 2,940k). Hotlink Postpaid Flex and MaxisONE Share continue to be strong catalysts driving incremental port-ins of entry-level Postpaid subscribers.

Prepaid service revenue declined YoY by RM62 million, 7.3% to RM783 million from RM845 million on the back of a lower subscription base which was due to continued SIM consolidation, successful migration from Prepaid to Postpaid, and reduced MTR. Subscribers decreased by 5.8% that is 383k from 6,610k at Q4'18 to 6,227k at Q4'19. Mobile internet revenue contributed to the stable underlying ARPU of RM42 per month. This was supported by our enhanced and expanded use of data analytics for segmental and personalised offerings.

Data consumption continued to increase YoY in Postpaid and Prepaid by 30% and 41% respectively, with both stabilising at around 15GB per month data usage at the end of Q4'19 (Q4'18: Postpaid 12.2GB, Prepaid 10.4GB). This reflects the competitive nature of the mobile business and the bundling of more data and more value.

Normalised EBITDA for Q4'19 increased by 17.8% that is RM136 million to RM904 million from RM768 million in Q4'18. The normalised EBITDA margin on service revenue was 45.4% for Q4'19, compared with 37.5% in Q4'18. These statistics are driven by the strength of our core mobile business, coupled by the growth in fibre and enterprise businesses and delivery of our Fuel4Growth savings. Q4'18 normalised EBITDA was low as there were additional costs associated with Group's Fibrenation mobilization and launch, accelerated investments in Enterprise's resources and network improvement efforts.

Normalised profit for Q4'19 increased by 32.8% that is RM85 million to RM344 million (Q4'18: RM259 million). Like, normalised EBITDA, this was due to both strength of our business in Q4'19 as well as a lower profit due to additional costs in Q4'18 as mentioned above.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (Q4'19 vs Q4'18) (continued)

Capex for the current quarter was higher at RM577 million (Q4'18: RM524 million), mainly due to incremental investment for 5G readiness, Home Fibre and Enterprise business growth.

Operating free cash flow for the current quarter was lower by 26.0%, at RM727 million, compared to RM983 million in Q4'18 due to unexpected adverse timing of Universal Service Provision payments.

(C) Performance of the current year against the preceding year (Financial Year ("FY") 2019 vs FY'2018)

Financial indicators (RM'm unless otherwise indicated)	FY'2019	FY'2018	Variance	% Variance
Revenue	**9,313**	9,192	121	1
Service revenue[1]	**7,797**	8,068	(271)	(3)
EBITDA[2]	**3,733**	3,799	(66)	(2)
Adjusted for:				
Unrealised foreign exchange gains	***(25)***	*(16)*		
Upfront SA fees charged out[3]	***60***	*60*		
Normalised EBITDA	**3,768**	3,843	(75)	(2)
Normalised EBITDA margin on service revenue (%)	**48.3**	47.6	NA	0.7
Profit before tax	**2,036**	2,369	(333)	(14)
Profit for the year	**1,519**	1,780	(261)	(15)
Adjusted for:				
Unrealised foreign exchange gains	***(25)***	*(16)*		
Tax effects of the normalisation adjustments	***6***	*4*		
Normalised profit for the year	**1,500**	1,768	(268)	(15)
Capex	**1,213**	1,038	175	17
Operating free cash flow	**3,379**	3,331	48	1

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.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (FY'2019 vs FY'2018) (continued)

Operational indicators	FY'2019	FY'2018[(1)]	Variance	% Variance
RGS ('000)	***9,698***	9,673	25	*
- Postpaid	***3,372***	*2,940*	*432*	*15*
- Prepaid	***6,227***	*6,610*	*(383)*	*(6)*
- Wireless Broadband	***99***	*123*	*(24)*	*(20)*
ARPU (Monthly) (RM)				
- Postpaid	***91***	*96*	*(5)*	*(5)*
- Prepaid	***41***	*42*	*(1)*	*(2)*
- Wireless Broadband	***101***	*86*	*15*	*17*
- Blended	***58***	*58*	*-*	*-*

Note:
(1) The comparative information of Postpaid has been restated to exclude non-phone based subscriptions.
* Less than 1%.

The Group recorded a total revenue for FY'19 of RM9,313 million compared to corresponding FY'18 of RM9,192 million which represents a 1.3% increase, that is RM121 million. The service revenue for FY'19 of RM7,797 million compared to corresponding year of RM8,068 million which represents a 3.4% decrease, that is RM271 million, contributed by the termination of a network sharing agreement and decline in Prepaid that offset the growth in Postpaid and Home Fibre business.

Postpaid service revenue for FY'19 declined by 3.3% that is RM134 million to RM3,939 million (FY'18: RM4,073 million). The Group grew the subscriber base by 432k which represents a 14.7% increase on FY'19 versus FY'18. The APRU decreased by 5.2% YoY from RM96 to RM91, largely due to the change in the MTR and dilution effect of migrating Prepaid to Postpaid with an entry level subscription plan.

Prepaid service revenue for FY'19 declined by 6.9% to RM3,166 million (FY'18: RM3,399 million) was mainly attributed to a lower subscription base of 383k, that is a 5.8% reduction, which was due to the continued SIM consolidation and successful migration to Postpaid. ARPU remained relatively high and stable at RM41 per month (FY'18: RM42).

The Group continued to lead the market in terms of quality and best digital experience. For FY19 we achieved a TP-NPS score of 56.

Demand for data was stable across the Group's customer base with an average per month data usage in Prepaid of 13.8GB and Postpaid of 14.1GB for FY'19. This represents a 55% increase of demand for Prepaid from 8.9GB and 26% for Postpaid from 11.2GB a year ago. Smart-phone penetration being over 80% on a blended basis.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (FY'19 versus FY'18) (continued)

Normalised EBITDA and EBITDA margin on service revenue for FY'19 was respectively RM3,768 million (FY'18: RM3,843 million) and 48.3% (FY'18: 47.6%). Consequently, FY'19 normalised profit for the year was lower by 15.2% or RM 268 million, at RM1,500 million (FY'18: RM1,768 million). The decline in normalised profit was driven by the termination of a network sharing agreement in September 2019.

Capex for FY'19 was RM1,213 million versus FY'18 of RM1,038 million, that is RM175 million or 16.9% higher than the preceding year due to higher investment for growth, 5G readiness and Enterprise business.

Operating free cash flow for the FY'19 was RM3,379 million compared to RM3,331 million in the preceding year, an increase of 1.4% that is RM48 million mainly due to improved productivity and working capital management.

(D) STATEMENT OF FINANCIAL POSITION

Financial indicators (RM'm unless otherwise indicated)	AS AT 31/12/2019	AS AT 31/12/2018
Total assets	21,437	19,805
Total equity	7,070	7,149
Debt [(1)]	8,953	7,639
Less: Deposits, cash and bank balances	(582)	(560)
Net debt	8,371	7,079
Net debt-to-EBITDA	2.24	1.86

Note:

(1) Debt includes derivative financial instruments designated for hedging relationship on borrowings but excludes payables under deferred payment scheme.

The increase in total assets was mainly due to the recognition of right-of-use assets, arising from the adoption of MFRS 16 and higher receivables from the Maxis Zerolution device programme. MFRS 16 adoption has caused a corresponding increase in debt which includes lease liabilities.

Total equity of the Group remained stable. Net debt-to-EBITDA increased from 1.86x as at 31 December 2018 to 2.24x as at 31 December 2019 mainly due to the increase in lease liabilities as explained above.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

Our guidance is as follows for the full year ending 31 December 2020 (FY'20).

The market is expected to remain competitive and Maxis continues to focus on its long term ambition being Malaysia's leading converged solutions company, leveraging on its strong 4G/LTE Network and expanding its presence in the Fixed Broadband market in both Consumer and Enterprise, together with expansion of business solution offerings.

In the mobile market we will focus on building upon our core offerings in the Consumer and Enterprise segments with innovative new products, services and business solutions. The Group entered into a strategic partnership with Measat Broadcast Network Systems Sdn. Bhd. ("Astro") for cross-selling Maxis Fibre and Astro TV and the early results in FY'19 are encouraging for FY'20. In the Fixed Broadband market we will focus on executing our established access agreements with access providers, providing new innovative solutions to both Consumer and Enterprise customers and increased packing of value adding services.

Our priorities remain to execute our growth strategy and preparing our network for 5G whilst maintaining leadership in the core mobile business and leveraging our network leadership in 4G/LTE which can support all of the current consumer services and our enterprise solution offerings in access, managed services, cloud services and narrowband Internet of things.

Notwithstanding the above actions and strong fundamentals in our core mobile business, there are a few key items impacting the Group's performance in FY'20:
- The regulated change in the MTR from 1 January 2020 will adversely affect Prepaid and Postpaid ARPU; and
- Increasing depreciation due to increased capital expenditure in FY'19.

After incorporating the effects above, our guidance for FY'20 is as follows:
- service revenue and EBITDA to be flat to a low single digit increase;
- core network capital expenditure to be around RM1 billion plus capex supporting new growth opportunities in Broadband and Enterprise business (around RM1 billion over 3 years, 2019 to 2021) and
- operating free cash flow (excluding upfront spectrum assignment fee) at a similar level to FY'19.

The Group is implementing its strategic direction building on its strong mobile base to deliver its internal annual service revenue target in excess of RM10 billion by year 2023. The Group's vision is to be Malaysia's leading converged communications and digital services company; achieved through maintaining its leadership in core Consumer mobile, taking advantage of its first mover position in Fibre and offering differentiated and customised solutions to both Consumer and Enterprise Business segment.

Although we are in active engagement with MCMC on the 5G consortium proposal, the process is at a preliminary stage. Therefore, we have not factored this into our FY'20 guidance at this juncture. Similarly, any impact from the Covid-19 coronavirus outbreak on our performance is too preliminary to determine.

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 2018.

20. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2019	QUARTER ENDED 31/12/2018	**YEAR ENDED 31/12/2019**	YEAR ENDED 31/12/2018
	RM'm	RM'm	**RM'm**	RM'm
Fair value loss/(gains) on forward foreign exchange contracts	**1**	(1)	**(3)**	*
(Gains)/losses on foreign exchange (net)	**(2)**	4	**(2)**	12
Property, plant and equipment:				
- gains on disposal	*****	(2)	*****	(2)
- (impairment reversal)/ write-offs/impairment losses	**(1)**	17	**33**	21

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 and financial year ended 31 December 2019.

Note:
* Less than RM1 million.

21. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2019	QUARTER ENDED 31/12/2018	**YEAR ENDED 31/12/2019**	YEAR ENDED 31/12/2018
	RM'm	RM'm	**RM'm**	RM'm
Income tax:				
- current tax	**21**	132	**491**	782
- (over)/under accrual in prior years	**-**	-	**(14)**	1
Deferred tax:				
- origination and reversal of temporary differences	**96**	(34)	**29**	(191)
- recognition and reversal of prior years' temporary differences	**-**	-	**11**	(3)
Total	**117**	98	**517**	589

The Group's effective tax rate for both current quarter and financial year ended 31 December 2019 were 24.8% and 25.4% respectively, higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes and reversal of temporary difference previously recognised.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

23. BORROWINGS

	AS AT 31 DECEMBER 2019			AS AT 31 DECEMBER 2018		
RM denominated	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	148	960	1,108	1	-	1
Unsecured						
Revolving credit	401	-	401	200	-	200
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	504	3,639	4,143	-	4,144	4,144
	1,053	7,894	8,947	201	7,439	7,640
Excluding lease liabilities:						
- weighted average interest rate			4.63%			4.77%
- proportion of borrowings between fixed and floating interest rates			59% : 41%			61% : 39%

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

Save for the increase in lease liabilities arising from the adoption of MFRS 16 and loan drawdown as explained in Note 6(a), there were no other material changes to borrowings for the financial year ended 31 December 2019.

24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Details of derivative financial instruments outstanding as at 31 December 2019 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:		
- less than three years	500	(6)
Forward foreign exchange contracts:		
- less than one year	111	(2)
	611	(8)
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	60	(1)
	671	(9)

There have been no changes since the end of the previous financial year ended 31 December 2018 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.

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	AS AT 31/12/2019	AS AT 31/12/2018
	RM'm	RM'm
Non-current assets		
At net of impairment:		
- Trade receivables	**282**	101
- Finance lease receivables	**15**	14
- Contract assets	**44**	64
Prepayments	**724**	786
Contract cost assets, net of amortisation	**118**	53
	1,183	1,018
Current assets		
At net of impairment:		
- Trade receivables	**1,207**	906
- Other receivables and deposits	**743**	709
- Finance lease receivables	**24**	7
- Contract assets	**155**	207
Prepayments	**157**	159
Contract cost assets, net of amortisation	**104**	68
	2,390	2,056
	3,573	3,074

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 December 2019 is as follows:

	RM'm
Current	1,418
1 to 90 days past due	120
91 to 180 days past due	95
	1,633

26. MATERIAL LITIGATION

There is no material litigation as at 13 February 2020.

27. DIVIDENDS

(a) Interim dividend

The Board of Directors has declared a fourth interim single-tier tax-exempt dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2019, to be paid on 16 April 2020. The entitlement date for the dividend payment is 18 March 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 18 March 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.

(b) Final dividend

The Board of Directors do not recommend payment of any final dividend in respect of financial year ended 31 December 2019.

The total dividends for the financial year ended 31 December 2019 is 20.0 sen per ordinary share (2018: 20.0 sen).

28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/12/2019	QUARTER ENDED 31/12/2018	**YEAR ENDED 31/12/2019**	YEAR ENDED 31/12/2018
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**355**	266	**1,519**	1,780
Weighted average number of issued ordinary shares	('m)	**7,820**	7,814	**7,819**	7,812
Basic earnings per share	(sen)	**4.5**	3.4	**19.4**	22.8
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**355**	266	**1,519**	1,780
Weighted average number of issued ordinary shares	('m)	**7,820**	7,814	**7,819**	7,812
Adjusted for share options and LTIP	('m)	**3**	19	**3**	19
Adjusted weighted average number of ordinary shares	('m)	**7,823**	7,833	**7,822**	7,831
Diluted earnings per share	(sen)	**4.5**	3.4	**19.4**	22.7

By order of the Board

Dipak Kaur
SSM PC No. 201908002620
(LS 5204)
Company Secretary
20 February 2020
Kuala Lumpur