

MAXIS BERHAD

Maxis delivers resilient Q3 2018 results

MEDIA RELEASE

For immediate release

Kuala Lumpur, 18 October 2018

Maxis showed a resilient performance in Q3 2018 driven by surging data growth and positive results from cost optimisation and aggressive marketing initiatives. The Q3 performance also reflected the challenging market dynamics with intense price-focused competition.

Highlights: Year on Year (yoy) – Q3 2018 vs Q3 2017

- **Service revenue** dipped 3.0% to RM2,027 million due to the decline in Prepaid, which offset the growth in Postpaid and Home Fibre business.
- **Postpaid** continued to perform well with revenue growing 2.8% to RM1,025 million, driven by continued subscription growth with stable and high ARPU of RM93. We added 250k new subscriptions supported by the strong demand for our innovative device and value-accretive propositions:
 - This largely reflected an increase in smartphone usage as data allowances expand, with customers now using 10.7 GB on average (blended) each month, an increase of 90.9% from the same quarter last year. Our sustained investments have created a strong platform to capture this demand, and we continue to have the leading 4G network performance.
 - Hotlink Postpaid Flex has shown steady growth and together with MaxisONE Share, continued to attract entry level Postpaid subscribers as well as those migrating from Prepaid to Postpaid.
- **Prepaid** revenue fell 10.1% to RM851 million yoy reflecting intense on-going price competition in the market. Additionally, the Prepaid segment was also impacted by SIM consolidation and migration to Postpaid. Well executed marketing initiatives have helped us narrow the decline in the customer base and maintain a stable ARPU at RM42. Our mobile internet continued to grow, contributing 58.3% of Prepaid revenue for the quarter.
- **Home Fibre** revenue improved 14.3% to RM80 million and subscriber base grew to 202k this quarter. Since our new access arrangements with Telekom Malaysia Berhad (TM) were announced in August, we have received over 40k sign ups for the new services from existing and new customers which will be fulfilled in the coming months by our differentiating service team Maxperts.
- **Normalised EBITDA** declined 6.4% to RM1,047 million due to a lower service revenue.

- EBITDA margin (on service revenue) remained high at 51.7%, reflecting positive results from cost optimisation initiatives.
- Normalised Profit after Tax declined by 7.7% to RM518 million due to lower EBITDA.
- Declared a third interim dividend of five sen per share.

Quarter-on-Quarter (qoq) Summary:

	Q3 2018 RM'm	Q2 2018 RM'm	QoQ %
Service revenue	2,027	2,013	0.7
Normalised EBITDA	1,047	1,007	4.0
Normalised PAT	518	480	7.9
Capex	195	212	

Initiatives during the quarter:

- Launched our new fibre broadband plans for both consumers and businesses with speeds of up to 100Mbps and at prices up to 65% lower than previous similar plans. The new plans have further strengthened both our fixed and mobile propositions in providing total connectivity solutions and converged offerings.
- Introduced innovative and unique Zerolution360 'phone membership' programme to give our customers the freedom and flexibility to own a device with a worry-free experience and maintenance with an option to upgrade every year.
- Struck an exclusive partnership with Malaysia Airlines to offer our Postpaid and Prepaid customers exciting discounts on top of the Airline's Travelicious Deals, including free Business Class upgrades. Our apps are the centerpiece of our rewards programme so our customers have access to more than 250 deals to download, redeem and enjoy at their fingertips.
- Our Enterprise business remains a top priority, with our end-to-end digital solutions for businesses to improve their operational efficiency and stay relevant to their customers. Our 'Always On' and reliable 24/7 fibre connectivity proposition is the right solution for any business so that they can operate, expand and grow with complete confidence.
- We spent RM195 million in capex this quarter for network maintenance and capacity expansion. We expect to accelerate this investment in the coming quarter.
- We continue to place high priority on our customers as reflected by a high customer satisfaction score of +57.

Comment by Robert Nason, Chief Executive Officer, Maxis Berhad:

"We've had a good quarterly operating performance which was driven by data growth and demand for our innovative offerings from both consumers and businesses. We are pleased with our solid core performance and while it is tracking ahead of our expectations, we anticipate strong headwinds emerging with the tapering of our wholesale revenue, the impact of sales and services tax, investment in our new fibre offerings and continued intense price-focused competition."

Comment by Gökhan Ogut, Chief Operating Officer, Maxis Berhad:

“Our customers are at the heart of our operations, and we are working hard to ensure that our solutions remain highly relevant to their lifestyles, and provide them with the best value. Customers can see our commitment with the recent launch of our most affordable broadband plans during the quarter. Moving forward, we will continue to focus on enhancing our digital capabilities through our digital transformation programme, further expand our fibre and convergence offerings, and expand both the market coverage and service offerings in Enterprise solutions.”

To view Maxis’ Q3 2018 financial results video release, please click [here](#).

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We Are Maxis

We are the leading communications and internet service provider in Malaysia, enabling 11 million individuals, families and businesses to do more in an Always On world. As our customers increasingly immerse themselves in an ever expanding universe of connected applications, we are obsessed with providing an unmatched end-to-end internet experience – bringing together advanced always on connectivity and always great tech care. Beyond connecting people with our services, we are passionate about leveraging new technologies to make a positive impact in the community in which we operate.

For more information, please visit: maxis.com.my

For media enquiries, please contact:

<p>Keith Pereira Corporate Affairs Maxis Berhad Tel: 012-297 5662 Email: kpereira@maxis.com.my</p>
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