

MAXIS BERHAD

Maxis convergence ambition gaining strong momentum in mobile, fibre and enterprise solutions in Q2

- *Resilient core performance in mobile with consistent growth in postpaid subscribers and fibre connections now over 300k*
- *Aggressively growing the enterprise services market with partnerships and developing the local IoT ecosystem*
- *Always at the forefront of new technologies, taking the lead in 5G and forging ahead for readiness*
- *Strong operating free cash flow growth supported a second interim dividend of 5 sen net per share for the quarter*

MEDIA RELEASE

For immediate release

Kuala Lumpur, 2 August 2019

Maxis Berhad (Maxis) delivered a steady performance driven by a resilient core mobile business, with its convergence strategy firmly mobilised and gaining momentum towards its next phase of growth. For the quarter ended 30 June 2019, the Company reported a healthy profit after tax on the back of strong EBITDA and EBITDA margin, and is on track to deliver on guidance for the year.

The resilient performance of its core business reflects Maxis' relentless focus on delivering superior network and customer experience to drive customer growth and engagement. The quarter saw consistent growth in postpaid and fibre subscribers, as well as continued stabilisation in the prepaid segment. Growth was primarily driven by the strong demand for attractive and value-accretive share line propositions, as well as the Company's innovative device ownership plan.

Financial highlights Quarter-on-Quarter (qoq) – Q2 2019 vs Q1 2019

- **Backed by resilient core performance** (excluding wholesale revenue), service revenue was up 0.6% to RM1,887 million from RM1,876 million. Overall service revenue, including wholesale, stood at RM1,918 million, 1.5% lower from RM1,947 million in Q1 2019.
- **Continued to lead the Postpaid market**, registering consistent growth in subscribers with a high monthly ARPU of RM91. Our Hotlink Postpaid Flex and MaxisONE Share offering continued to attract entry level postpaid subscribers, as well as those migrating from prepaid to postpaid. This contributed to growth of postpaid subscribers by 96k, bringing the total base to 3,104k. With a larger base and strong engagement of customers with a MyMaxis app

adoption at 43% and monthly data usage of 13.3GB, postpaid revenue, including wholesale, was steady at RM972 million, slightly down from RM1,000 million in Q1 2019.

- **Prepaid continued to stabilise with a high monthly ARPU of RM41 and strong data growth.** Prepaid subscribers declined slightly to 6,417k this quarter, largely due to continued SIM consolidation and migration from prepaid to postpaid. Nevertheless, the Hotlink Red Prepaid pack continued to show positive traction, attracting high mobile Internet users. High monthly ARPU, engaged customers with a strong Hotlink RED app adoption of 59% and data usage of 13.7GB, helped to keep revenue at similar levels at RM791 million, compared to RM797 million in Q1 2019.
- **Another quarter of strong growth in fibre subscribers, adding 30k new fibre connections, bringing the total to 310k.** Solid home fibre and business fibre growth with continued strong performance of MaxisONE Prime. With continuous improvement and unmatched personalised experienced by Maxperts, Net Promoter Score for our home fibre service improved to +40 from +15 at the beginning of the year.
- **Healthy normalised EBITDA at RM947 million,** with a slight dip of 0.6% from RM953 million in Q1 2019. Normalised EBITDA margin on service revenue remained high at 49.4% against 48.9%.
- **Normalised profit after tax was RM391 million,** trimmed 3.2% from RM404 million in Q1 2019.
- **Operating free cash flow increased to RM1,021 million** from RM565 million in Q1 2019 as a result of lower payments in the current quarter as well as the productivity and working capital programmes capturing results.
- **Declared a second interim dividend of 5 sen net per share.**

Key highlights in Q2 2019:

- **Scaled the business to capture opportunities in converged solutions across all segments:**
 - Launch of Malaysia's first commercial NB-IoT service in key IoT market centres and partnered with MDEC to promote the development of the local IoT ecosystem
 - Elevated fibre broadband experience with three new superfast speeds – 300Mbps, 500Mbps and 800Mbps, for both consumer and businesses as well as better WiFi experience with 1st ever WiFi mesh device
- **Continued investment in network capacity to support planned data traffic growth,** including Home Fibre and Enterprise growth. Capex for the current quarter was RM267 million.
- **Delivering best value, digitalised and unmatched personalised experiences:**
 - Launch of Maxis' brand new concept store at The Gardens, Mid Valley. The store elevates customer experience to a brand new level, setting benchmarks in retail and helping Malaysian retailers digitalise both their online and offline experience through digitally-driven physical retail solutions. The store is a testament to Maxis' converged solutions leadership ambition.
 - Overall, efforts in delivering differentiated and unmatched personalised experiences resulted in increased customer satisfaction with Touch Point Net Promoter Score improving further to +58 points.

Comment by Gökhan Ogut, CEO, Maxis:

“We are making very good progress in executing our five year growth plan to be Malaysia’s leading converged communications and digital services company, while maintaining our leadership in our core mobile business. This quarter saw us making headway in our converged ambitions with the launch of new fibre speeds, delivering smart solutions for enterprises and championing Industry 4.0 initiatives in line with the government’s digital economy agenda. The potential of 5G in a future of smart solutions is tremendous. To this end, our 5G live trials are progressing well. We continue to be at the forefront of introducing new technologies to Malaysia. Overall, we will stay focused on our priorities – offering customised solutions and services for individuals, homes and businesses and achieving a differentiated and unmatched personalised experience through our digital capabilities and technology innovation.”

To watch Maxis’ Q2 2019 financial results video release, please click <https://youtu.be/wAYOV1j564>

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We Are Maxis

We are the leading converged communications and digital services company 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

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