Corporate Update

Maxis Berhad

(6012 | Maxis MK) Main | Telecommunication

3 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM4.38**

Supported by Better Operating Efficiencies

Steady earnings growth. We are keeping our **BUY** recommendation on Maxis with an unchanged target price of **RM4.38** post the 1QFY25 results announcement. Service revenue remains resilient if not for the change in principal vs agent accounting and revenue recognition (IFRS 15). Notwithstanding this, there was improvement in the profit margin owing to continued cost control efforts. This pushed up the profit margin above the 14% level which kept pace with our expectations. Meanwhile, the group announced quarterly dividend of 14sen as anticipated. However, given the improvement in the operating cashflow, we expect 4QFY25 dividend to be higher as seen in FY24.

Slight improvement in profit margin. 1QFY25 earnings came in at RM371m, an increase of +5.1%yoy. This was mainly attributable to lower traffic, device, commissions and other direct costs, depreciation and net finance costs. This led to better profit margin of 14.2% (vs 1QFY24: 13.6%).

Service revenue, on the other hand, saw a marginal decline of -0.9%yoy to RM2,171m. This resulted from the new changes in Maxis Device Care offering, primarily for the postpaid segment as well as lower interconnect rates.

Figure 1: Revenue breakdown

	1QFY25	1QFY24	Variance (%)	Remark
Consumer	**1,773**	**1,804**	**-1.7**	
Postpaid	924	911	1.4	New commercial arrangement for Maxis SafeDevice progrma and reduced regulated interconnect rates
Prepaid	595	649	-8.3	
Home connectivity	254	244	4.1	Increased in home connections due to tailored product propositions
Enterprise	**398**	**387**		
Fixed & solutions	185	187	-1.1	Increased mobile subscriptions and higher project deliveries
Mobile	213	200	6.5	

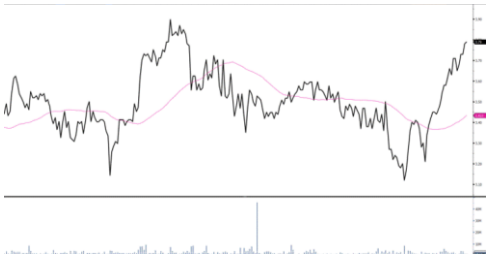
Source: Company, MIDFR

In-line with expectations. All in, Maxis 1QFY25 earnings came in within our expectations, making up 23.9% of FY25 earnings estimates. As such, we made no changes to our forecasts at this juncture.

Prudent capital spending. 1QFY25 capex came in below RM100m at RM86m, a decline of -18.9%yoy as the group focused on essential upgrades such as the SAP S/4 HANA, which is a next-generation enterprise resource planning (ERP) system and futureproofing its integrated network. The management maintained its guidance on FY5 capex of below RM1b. This was possible as the group gradually leverage on the 5G network.

RETURN STATISTICS	
Price @ 16th May 2025 (RM)	3.76
Expected share price return (%)	+16.5
Expected dividend yield (%)	+4.5
Expected total return (%)	+21.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	11.8	3.1
3months	11.8	9.0
12 months	5.0	6.6

INVESTMENT STATISTICS

FYE DEC (RM'm)	2025E	2026F	2027F
Revenue	10,749	11,144	11,565
Operating Profit	2,497	2,585	2,694
PBT	2,088	2,231	2,397
Core PATAMI	1,553	1,629	1,750
Core EPS (sen)	19.8	20.8	22.3
DPS (sen)	17.0	17.0	17.0
Dividend Yield (%)	4.5	4.5	4.5

KEY STATISTICS

FBM KLCI	1,571.75
Issue shares (m)	7,833
Estimated free float (%)	23.85
Market Capitalisation (RM'm)	29,687.53
52-wk price range (rm)	RM3.11 – RM4.00
3-mth average daily volume (m)	2.44
3-mth average daily value (RM'm)	8.39
Top Shareholders (%)	
Binariang GSM Sdn Bhd	62.24
Employees Provident Fund Board	12.08
Amanah Saham Nasional Bhd	10.39

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MAXIS BHD: 1QFY25 RESULTS SUMMARY

FYE 31st December (in RM'm, unless otherwise stated)	1Q25	1Q24	% YoY	4Q24	%QoQ
Revenue	2,608	2,603	0	2,711	-4
EBITDA	1,052	1,043	1	9,87	7
Depreciation and amortisation	-441	-448	-2	-450	-2
EBIT/(LBIT)	611	595	3	537	14
Finance costs	-122	-125	-2	-119	3
Finance income	11	9	22	10	10
PBT/(LBT)	500	479	4	428	17
Taxation	-129	-126	2	-107	21
PAT/LAT	371	353	5	321	16
MI	0	0	n.m.	0	n.m.
PATAMI	371	353	5	321	16
Normalised PATAMI	371	353	5	326	14
Normalised EPS (sen)	4.7	4.5	5	4.1	16
			+/- ppts		+/- ppts
EBITDA margin (%)	40	40	0	36	4
EBIT margin (%)	23	23	1	20	4
PATAMI margin (%)	14.2	13.6	1	12.0	2
Effective tax rate (%)	26	26	-1	25	1

Source: Company, MIDFR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	10,180	10,536	10,749	11,144	11,565
EBITDA	3,793	4,103	4,206	4,208	4,243
EBIT	1,890	2,323	2,497	2,585	2,694
PBT	1,444	1,877	2,088	2,231	2,397
Normalised PATAMI	1,353	1,396	1,553	1,629	1,750
EPS (sen)	17.27	17.82	19.82	20.79	22.34
EPS Growth (%)	14.38	3.18	11.22	4.91	7.43
PER (x)	21.77	21.10	18.97	18.08	16.83
Dividend Per Share (sen)	16.00	17.00	17.00	17.00	17.00
Dividend yield (%)	4.26	4.52	4.52	4.52	4.52

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Fixed assets	5,384	5,091	4,241	3,509	2,885
Intangible assets	11,193	11,042	11,042	11,042	11,042
Others	3,163	3,286	3,286	3,286	3,286
Non-current assets	19,740	19,419	18,569	17,837	17,213
Cash	569	464	759	1,486	2,250
Trade debtors	2,435	2,415	2,464	2,554	2,651
Others	37	25	25	26	27
Current assets	3,041	2,904	3,248	4,067	4,927
Trade creditors	4,126	4,111	4,194	4,348	4,513
Short-term debt	857	1,193	1,193	1,193	1,193
Others	439	297	297	297	297
Current liabilities	5,422	5,601	5,684	5,838	6,003
Long-term debt	8,915	8,096	7,286	6,922	6,576
Others	2,700	2,720	2,720	2,720	2,720
Non-current liabilities	11,615	10,816	10,006	9,642	9,296
Share capital	2,593	2,597	2,597	2,597	2,597
Retained earnings	3,150	3,308	3,529	3,826	4,244
Minority interest	1	1	1	1	1
Equity	5,744	5,906	6,127	6,424	6,842

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	1,444	1,877	2,088	2,231	2,397
Depreciation & amortisation	1,903	1,780	1,710	1,624	1,550
Changes in working capital	-820	-651	34	63	67
Others	326	51	-94	-191	-253
Operating cash flow	2,853	3,057	3,737	3,727	3,761
Capital expenditure	-1,141	-1,011	-860	-892	-925
Others	378	318	0	0	0
Investing cash flow	-763	-693	-860	-892	-925
Debt raised/(repaid)	-1,440	-800	-810	-364	-346
Equity raised/(repaid)	0	0	0	0	0
Dividends paid	-1,331	-1,253	-1,332	-1,332	-1,332
Others	620	-398	-430	-412	-394
Financing cash flow	-2,151	-2,451	-2,571	-2,108	-2,072
Net cash flow	-61	-87	306	728	763
Beginning cash flow	601	540	453	759	1,486
Ending cash flow	540	453	759	1,486	2,250

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBITDA margin	37	39	39	38	37
PBT margin	14	18	19	20	21
PATAMI margin	13	13	14	15	15

Source: Bloomberg, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology