Maxis Berhad

(6012 | Maxis MK) Main | Telecommunication

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Corporate Update

Operational Excellence Lifted 2QFY25 Earnings

BUY

Revised Target Price **RM4.19**
(from RM4.38)

Steady financial performance. We maintain our Buy recommendation on Maxis with a revised target price of RM4.19 post the 2QFY25 quarterly results announcement. Our revision in target price considers higher capex guidance which management undertake to drive revenue growth. Meanwhile, we see the continuous operational efficiency initiatives continue to yield positive results while service revenue was resilient. Moving forward, we expect the momentum for the fibre segment to pick up pace as the group announced a major fibre network deployment in Penang. The prepaid segment, which show slight disappointment in 1Q25, has shown better performance as the group continue to improve the product portfolio. On a medium-term note, the recent collaboration with China Mobile International would also lift the group's revenue higher.

Quarterly earnings surpassed RM400m mark. Maxis' 2QFY25 normalised earnings came in at RM401m, an improvement of +13%yoy. The service revenue was relatively resilient at RM2,171m (-0.5%yoy). Hence, higher profitability was mainly led by operational excellence and cost management. As at result, the profit margin improved to 16% from 14% a year ago.

Figure 1: Service revenue breakdown

	2QFY25	2QFY24	Variance (%)	
Consumer	**1,797**	**1,815**	**-1.0**	Impacted by new commercial arrangement for Maxis Device Care and reduced interconnect rates
Postpaid	933	916	1.9	
Prepaid	610	648	-5.9	
Home connectivity	254	251	1.2	Growing home connections through cusomer valution creation with stable ARPU
Enterprise				
Fixed & solutions	200	185	8.1	Digitalisation efforts amongst enterprises
Mobile	207	213	-2.8	

Source: Company, MBSBR

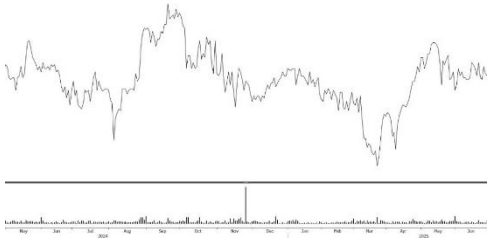
Prudent capex management. 2QFY25 capex amounted to RM165m, an increase of +42.2%yoy. These mainly cater for fibre infrastructure that enhances Maxis' integrated network capabilities. For 1HFY25, there is a slight uptick in capex to RM251 (+13.1%yoy). This should increase greatly in 2HFY25 inline with the seasonal trend.

In-line with expectation. On a cumulative basis, Maxis' 1HFY25 normalised earnings amounted to RM769m, an increase of +8%yoy. This was mainly driven by operational excellence as mentioned above. Notably, 1HFY25 depreciation and amortisation cost stay the same at RM887m, comparative to 1HFY24.

Revision to earnings and target price. We only increase our capex assumption higher to cater for the enterprise and fiber segment. As a result, FY25 to FY27 earnings have been adjusted marginally lower between -1.7% to 0.4%. We also roll forward our valuation-based year to FY26 and derived a new target price of RM4.19 while keeping our DCF parameters unchanged.

RETURN STATISTICS	
Price @ 21st August 2025 (RM)	3.44
Expected share price return (%)	+21.8
Expected dividend yield (%)	+4.9
Expected total return (%)	+26.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.1	-7.3
3months	-5.5	-10.4
12 months	-3.4	-0.8

INVESTMENT STATISTICS

FYE Dec (RM'm)	2025E	2026F	2027F
Revenue	10,749	11,144	11,565
Operating Profit	2491	2568	2667
Profit Before Tax	2079	2207	2356
Core PATAMI	1546	1611	1720
Core EPS	19.7	20.6	22.0
DPS	17.0	17.0	17.0
Dividend Yield (%)	4.9	4.9	4.9

KEY STATISTICS

FBM KLCI	1,592.87
Issue shares (m)	7,833
Estimated free float (%)	23.87
Market Capitalisation (RM'm)	26,717.64
52-wk price range	RM3.11 – RM4.00
3-mth average daily volume (m)	2.40
3-mth average daily value (RM'm)	8.56
Top Shareholders (%)	
Binariang GSM Sdn Bhd	62.22
Employees Provident Fund Board	11.95
Amanah Saham Nasional Bhd	10.39

Analyst
Foo Chuan Loong, **Martin**
martin.foo@midf.com.my
03-2173 8353

MAXIS BHD: 2QFY25 RESULTS SUMMARY

FYE 31st December (in RM'm, unless otherwise stated)	Quarterly			Cumulative		
	2Q25	% YoY	% QoQ	1HFY25	1HFY24	% YoY
Revenue	2,562	-1	-2	5,170	5,189	-0.4
EBITDA	1,093	6	4	2145	2077	3.3
Depreciation and amortisation	-446	2	1	-887	-887	0.0
EBIT/(LBIT)	647	9	6	1258	1190	5.7
Finance costs	-121	2	-1	-243	-244	-0.4
Finance income	11	57	0	22	16	37.5
PBT/(LBT)	537	11	7	1,037	962	7.8
Taxation	-139	9	8	-268	-253	5.9
PAT	398	12	7	769	709	8.5
PATAMI	398	12	7	769	709	8.5
Normalised PATAMI	401	13	8	769	709	8.5
Normalised EPS (sen)	5	12	7	9.8	9.1	8.5
		+/- ppts	+/- ppts			+/- ppts
EBITDA margin (%)	43	3	2	41	40	-1
EBIT margin (%)	25	2	2	24	23	-1
PATAMI margin (%)	16	2	1	15	14	-1
Effective tax rate (%)	26	0	0	26	26	0

Source: Company, MBSBR

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	2,491	2,568	2,667
PBT	1,444	1,877	2,079	2,207	2,356
Normalised PATAMI	1,353	1,396	1,546	1,611	1,720
EPS (sen)	17.27	17.82	19.74	20.56	21.96
EPS Growth (%)	14.38	3.18	10.77	4.16	6.78
PER (x)	19.92	19.30	17.43	16.73	15.67
Dividend Per Share (sen)	16.00	17.00	17.00	17.00	17.00
Dividend yield (%)	4.65	4.94	4.94	4.94	4.94

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Fixed assets	5,384	5,091	4,343	3,706	3,171
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	18,671	18,034	17,499
Cash	569	464	651	1,265	1,909
Trade debtors	2,435	2,415	2,464	2,554	2,651
Others	37	25	25	26	27
Current assets	3,041	2,904	3,140	3,845	4,587
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	3,522	3,801	4,189
Minority interest	1	1	1	1	1
Equity	5,744	5,906	6,120	6,399	6,787

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	1,444	1,877	2,079	2,207	2,356
Depreciation & amortisation	1,903	1,780	1,715	1,640	1,576
Changes in working capital	-820	-651	34	63	67
Others	326	51	-92	-184	-242
Operating cash flow	2,853	3,057	3,736	3,725	3,757
Capital expenditure	-1,141	-1,011	-967	-1,003	-1,041
Others	378	318	0	0	0
Investing cash flow	-763	-693	-967	-1,003	-1,041
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	198	614	644
Beginning cash flow	601	540	453	651	1,265
Ending cash flow	540	453	651	1,265	1,909

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

Source: Company, MBSBR

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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