Corporate Update

Maxis Berhad

(6012 | Maxis MK) Main | Telecommunication

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Downgrade to NEUTRAL (from BUY)

Revised Target Price **RM3.90** (from RM4.19)

Sustained Demand for Services

Bearing more responsibility? We are downgrading our recommendation for Maxis to **NEUTRAL** from BUY previously with a lower DCF-derived target price of **RM3.90** (previously RM4.19). This is in conjunction with the release of the group's 3QFY25 results announcement. We continue to see sustained earnings performance in 3QFY25. Improvement in revenue continue to be led by more favourable postpaid and fixed & solutions segments. These made up for the weakness in the prepaid segment which remain a competitive market segment. Moving forward, there seems to be greater focus on the enterprise side to further improve the contribution from fixed & solutions. From cost perspective, the strict cost discipline has boded well for the group as EBITDA margin and ultimately net profit margin saw a healthy expansion. However, our concern primarily lies with the group's potentially higher responsibility towards DNB should MOF exercise the put option towards the year end.

Double-digit earnings growth. Maxis' 3QFY25 normalised earnings came in at RM414m, an improvement of +13%yoy. The service revenue was relatively resilient at RM2,598m (+1.0%yoy), supported by higher postpaid and fixed & solutions segments. Coupled with strict cost management initiative, the net profit margin improved to 16% from 14% a year ago.

Figure 1: Service revenue breakdown

	3QFY25	3QFY24	Variance (%)	
Consumer	**1,823**	**1,817**	**0.3**	Increase in subscriber base especially for postpaid (+3.2%yoy)
Postpaid	952	925	2.9	
Prepaid	616	641	-3.9	
Home connectivity	255	251	1.6	Higher home connections with stable ARPU
Enterprise	**418**	**396**	**5.6**	Higher revenue from netowrk solutions, cloud solutions and wholesale
Fixed & solutions	211	187	12.8	
Mobile	207	209	-1.0	

Source: Company, MBSBR

In-line with expectation. On a cumulative basis, Maxis' 9MFY25 normalised earnings amounted to RM1,183m, an increase of +10%yoy. All in, Maxis' 9MFY25 financial performance came in within our expectation at 76.5% of our full year FY25 earnings estimate.

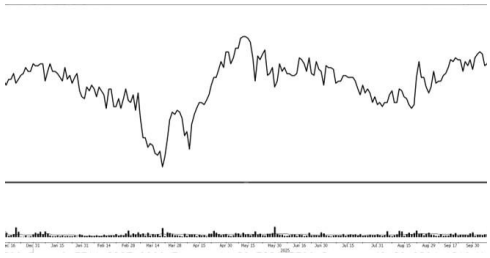
Prudent capex management. 3QFY25 capex amounted to RM224m, an increase of +60.0%yoy. These mainly used to upgrade the mobile network infrastructure and expansion in fibre footprint. On a cumulative basis, 9MFY25 capex amounted to RM475m, up by +31.2%yoy as the group continues to futureproof. Premised on the group FY25 capex guidance, there should be a steep ram up in 4QFY25 capex which could be similar to the cumulative capex spent for FY25 so far.

Revision to target price. We made no changes to our earnings estimates at this juncture. However, we reduce our terminal growth assumption to 1% from 1.5% while maintaining other DCF parameters. This is in consideration of potentially greater financial commitment for DNB. As a result, our DCF-derived target price has been reduced to **RM3.90** from RM4.19 previously.

RETURN STATISTICS

Price @ 7th November 2025 (RM)	3.95
Expected share price return (%)	-1.3
Expected dividend yield (%)	+4.3
Expected total return (%)	+3.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.0	4.3
3months	5.5	5.2
12 months	5.8	5.2

INVESTMENT STATISTICS

FYE Dec (RM'm)	2025E	2026F	2027F
Revenue	10,749	11,144	11,565
Operating Profit	2,491	2,568	2,667
Profit Before Tax	2,079	2,207	2,356
Core PATAMI	1,546	1,611	1,720
Core EPS	19.7	20.6	22.0
DPS	17.0	17.0	17.0
Dividend Yield (%)	4.3	4.3	4.3

KEY STATISTICS

FBM KLCI	1,619.13
Issue shares (m)	7,833
Estimated free float (%)	23.88
Market Capitalisation (RM'm)	29,930.02
52-wk price range	RM3.11 – RM3.90
3-mth average daily volume (m)	2.84
3-mth average daily value (RM'm)	10.30
Top Shareholders (%)	
Binariang GSM Sdn Bhd	62.22
Employees Provident Fund Board	12.43
Amanah Saham Nasional Bhd	10.39

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MAXIS BHD: 3QFY25 RESULTS SUMMARY

FYE 31st December (in RM'm, unless otherwise stated)	Quarterly			Cumulative		
	3QFY25	% YoY	% QoQ	9MFY25	9MFY24	% YoY
Revenue	2,589	1	1	7,759	7,765	0
EBITDA	1,099	6	1	3244	3117	4
Depreciation and amortisation	-448	1	0	-1,335	-1,330	0
EBIT/(LBIT)	651	9	1	1909	1787	7
Finance costs	-115	-3	-5	-358	-362	-1
Finance income	8	0	-27	30	24	25
PBT/(LBT)	544	12	1	1,581	1,449	9
Taxation	-132	9	-5	-400	-374	7
PAT	412	13	4	1181	1075	10
PATAMI	412	13	4	1181	1075	10
Normalised PATAMI	414	13	3	1,183	1,073	10
Normalised EPS (sen)	5	13	3	15.1	13.7	10
		+/- ppts	+/- ppts			+/- ppts
EBITDA margin (%)	42	2	0	42	40	2
EBIT margin (%)	25	2	0	25	23	2
PATAMI margin (%)	16	2	0	15	14	1
Effective tax rate (%)	24	-1	-2	25	26	1

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)	22.87	22.17	20.01	19.21	17.99
Dividend Per Share (sen)	16.00	17.00	17.00	17.00	17.00
Dividend yield (%)	4.05	4.30	4.30	4.30	4.30

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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MBSB INVESTMENT BANK (formerly known MIDF 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