Corporate Update

Maxis Berhad

(6012 | Maxis MK) Main | Telecommunication

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Sustained Earnings Performance

Maintain **BUY**

Revised Target Price **RM4.31**
(from RM4.05)

Commendable earnings traction. We are keeping our **BUY** recommenditon on Maxis with a higher DCF-derived **target price of RM4.31** (previously RM4.05). The group continues to show resilient service revenue performance. Almost all revenue sub-segment continues to trend higher with the exception of the home revenue segment which experienced slight contraction in ARPU. Meanwhile, the group continues to display sustained discipline in cost management which translate into gradual expansion on profit margin. In the immediate term, this should be sufficient to made up for the potential inclusion of contribution from DNB. However, for FY27 onwards, we anticipate the group to execute earnings accretive M&A, potentially to further boost the enterprise business. On another note, dividend yield of close to 5% remains an additional appeal to the stock.

Quarterly earnings regaining momentum. Maxis' 2QFY26 normalised earnings came in at RM440m, an improvement of +10%yoy. The improvement in earnings was supported by better consumer and enterprise revenue, both which grew at +2.2%yoy. In addition, the profit margin also expanded to 16.6% from 15.7% in 2QFY25.

Figure 1: Service revenue breakdown

	2QFY26	2QFY25	Variance (%)	
Consumer	**1,836**	**1,797**	**2.2**	Stable increase in mobile subscribers, especially postpaid (+4.9%yoy)
Postpaid	972	933	4.2	
Prepaid	612	610	0.3	
Home connectivity	252	254	-0.8	Slight dilution in ARPU
Enterprise	**416**	**407**	**2.2**	Continued focus on managed services, cloud connectivity and digital solutions
Fixed & solutions	209	207	1.0	
Mobile	209	200	4.5	

Source: Company, MBSBR

Slightly above expectations. On a cumulative basis, 1HFY26 normalised earnings amounted to RM861m, an increase of + 12%yoy. This was premised on commendable growth in postpaid (+4.2%yoy) and fixed and solutions revenue (+7.8%yoy).

All in, Maxis' 1HFY26 financial performance came in marginally above our expectation, making up 53.6% of our full year FY26 earnings estimates.

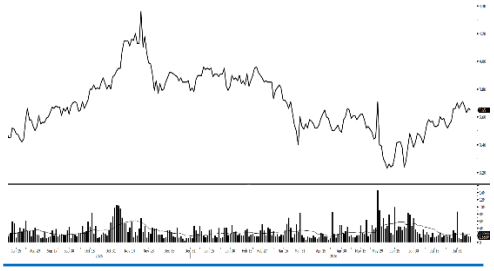
Higher capex to improve network capacity. Maxis' 2QFY26 capex increased by +3.6%yoy to RM171m. This led to 1HFY26 capex of RM313m, an increase of +24.7%yoy. The spending revolved around: i) fibre footprint expansion, ii) network modernisation and capacity expansion and iii) enhancement on network quality and service reliability.

Earnings and target price adjustment. We made no adjustment to our revenue forecasts. However, we input higher profit margin to better reflect Maxis' latest cost structure in view of the continuous effort to improve operational efficiencies.

RETURN STATISTICS

Price @ 14th August 2026 (RM)	3.70
Expected share price return (%)	+16.5
Expected dividend yield (%)	+4.6
Expected total return (%)	+21.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.0	-0.2
3months	8.0	2.1
12 months	5.8	-4.3

INVESTMENT STATISTICS

FYE Dec (RM'm)	2026E	2027F	2028F
Revenue	11,160	11,577	12,021
Operating Profit	2,723	2,809	2,913
Profit Before Tax	2,343	2,516	2,711
Core PATAMI	1,710	1,837	1,979
Core EPS	21.8	23.4	25.3
DPS	17.0	17.0	17.0
Dividend Yield (%)	4.6	4.6	4.6

KEY STATISTICS

FBM KLCI	1,727.39
Issue shares (m)	7,835
Estimated free float (%)	25.14
Market Capitalisation (RM'm)	29,015
52-wk price range	RM3.22 – RM4.36
3-mth average daily volume (m)	3.60
3-mth average daily value (RM'm)	12.51
Top Shareholders (%)	
Binariang GSM Sdn Bhd	62.17
Employees Provident Fund Board	13.61
Amanah Saham Nasional Bhd	10.38

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This led to upward revision in FY26 to FY28 earnings between +6.4% to +7.4%. Consequently, our DCF-derived target price has beer revised higher to RM4.31 from RM4.05 previously while we maintain our DCF parameters.

MAXIS BHD: 2QFY26 RESULTS SUMMARY

FYE 31st December (in RM'm, unless otherwise stated)	Quarterly			Cumulative		
	2Q26	% YoY	% QoQ	1HFY26	1HFY25	% YoY
Revenue	2,656	4	-3	5,387	5,170	4
EBITDA	1,121	3	2	2217	2145	3
Depreciation and amortisation	-430	-4	-1	-863	-887	-3
EBIT/(LBIT)	691	7	4	1354	1258	8
Finance costs	-112	-7	2	-222	-243	-9
Finance income	6	-45	0	12	22	-45
PBT/(LBT)	585	9	5	1,144	1,037	10
Taxation	-149	7	5	-291	-268	9
PAT/LAT	436	10	5	853	769	11
MI	0	n.m.	n.m.	0	0	n.m.
PATAMI/(LATAMI)	436	10	5	853	769	11
Normalised PATAMI	440	10	5	861	769	12
EPS/(LPS) (sen)	6	9	5	10.9	9.8	11
		+/- ppts	+/- ppts			+/- ppts
EBITDA margin (%)	42	0	2	41	41	0
EBIT margin (%)	26	1	2	25	24	1
Normalised PATAMI margin (%)	17	1	1	16	15	1
Effective tax rate (%)	25	0	0	25	26	0

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	10,536	10,635	11,160	11,577	12,021
EBITDA	4,103	4,311	4,470	4,479	4,519
EBIT	2,323	2,499	2,723	2,809	2,913
PBT	1,877	2,067	2,343	2,516	2,711
Normalised PATAMI	1,396	1,561	1,710	1,837	1,979
EPS (sen)	17.82	19.91	21.83	23.45	25.26
EPS Growth (%)	3.18	11.71	9.67	7.42	7.72
PER (x)	20.76	18.59	16.95	15.78	14.65
Dividend Per Share (sen)	17.00	17.50	17.00	17.00	17.00
Dividend yield (%)	4.59	4.73	4.59	4.59	4.59

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Fixed assets	5,091	5,022	4,280	3,652	3,128
Intangible assets	11,042	10,945	10,945	10,945	10,945
Others	3,286	3,374	3,374	3,374	3,374
Non-current assets	19,419	19,341	18,599	17,971	17,447
Cash	464	458	1,302	2,160	3,076
Trade debtors	2,415	2,701	2,834	2,940	3,053
Others	25	22	23	24	24
Current assets	2,904	3,181	4,159	5,124	6,153
Trade creditors	4,111	4,324	4,538	4,707	4,888
Short-term debt	1,193	1,886	1,886	1,886	1,886
Others	297	370	370	370	370
Current liabilities	5,601	6,580	6,794	6,963	7,144
Long-term debt	8,096	7,094	6,739	6,402	6,082
Others	2,720	2,701	2,701	2,701	2,701
Non-current liabilities	10,816	9,795	9,440	9,103	8,783
Share capital	2,597	2,603	2,603	2,603	2,603
Retained earnings	3,308	3,544	3,921	4,425	5,071
Minority interest	1	0	0	0	0
Equity	5,906	6,147	6,524	7,028	7,674

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	1,877	2,067	2,343	2,516	2,711
Depreciation & amortisation	1,780	1,812	1,747	1,670	1,605
Changes in working capital	-651	-588	79	63	67
Others	51	292	-180	-244	-314
Operating cash flow	3,057	3,583	3,989	4,005	4,070
Capital expenditure	-1,011	-1,316	-1,004	-1,042	-1,082
Others	318	160	10	0	0
Investing cash flow	-693	-1,156	-994	-1,042	-1,082
Debt raised/(repaid)	-800	-840	-355	-337	-320
Equity raised/(repaid)	0	0	0	0	1
Dividends paid	-1,253	-1,332	-1,333	-1,333	-1,333
Others	-398	-260	-453	-435	-419
Financing cash flow	-2,451	-2,432	-2,141	-2,105	-2,071
Net cash flow	-87	-5	854	858	916
Beginning cash flow	540	453	448	1,302	2,160
Ending cash flow	453	448	1,302	2,160	3,076

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBITDA margin	39	41	40	39	38
PBT margin	18	19	21	22	23
PATAMI margin	13	15	15	16	16

Source: Company, MBSBR

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MBSB 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