

Tuesday, June 11, 2024 Company Update

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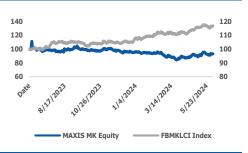
Recommendation:		BUY
Current Price:		RM 3.64
Previous Target Price:		RM 4.28
Target Price:	\leftrightarrow	RM 4.28
Upside/Downside:		17.6%

Stock information

Board	MAIN
Sector	Telecommunication
Bursa / Bloomberg Code	6012 / MAXIS MK
Syariah Compliant	Yes
FTSE4Good Index	Yes
FTSE ESG Rating	☆☆★★
Bloomberg ESG Rating	N/A
Shares issued (m)	7,832.1
Market Cap (RM' m)	28,508.8
52-Week Price Range (RM)	4.55-3.35
Beta (x)	1.1
Free float (%)	12.3
3M Average Volume (m)	2.5
3M Average Value (RM' m)	9.0

Top 3 Shareholders	(%)
Binariang GSM Sdn Bhd	62.2
Employees Provident Fund Board	11.4
Amanah Saham Nasional Bhd	10.3

Share Price Performance



	1M	3M	12M
Absolute (%)	1.1	2.5	-10.8
Relative (%)	0.3	-1.9	-24.0

Maxis Berhad

All eyes on the proposed second 5G network

Summary

- Ready to participate in the second 5G network, albeit the higher cost involved.
- Enterprise segment highlights potential strong growth opportunity due to the low adoption rate of 5G.
- We re-iterate our BUY recommendation with a TP of RM4.28 based on DCF valuation (WACC of 6.55% with a long-term growth rate of 0.5%).

Results Review

- **Recap on DNB development.** To recap, all major Malaysian telco operators, including Maxis, CelcomDigi, Telekom Malaysia, U Mobile, and YTL Communications, have agreed to participate in DNB's 5G rollout and are finalising their shareholdings in DNB. Collectively, the five operators will have a 70.0% stake in DNB, with the MOF holding the remaining 30.0%. That being said, the process was delayed, impacted by setback on ongoing due diligence review which is expected to be completed by end-June 24.
- Expression of interest to participate in the second 5G network. While this new venture will likely involve additional capital expenditure, Maxis intends to leverage on existing infrastructure to reduce costs. Management opined that it is much more favourable to participate through a completely new entity in order to gain better control over network quality, rather than relying on TM's infrastructure which still requires the Group to incur additional legacy cost from maintaining TM's assets. Should Maxis decide to exit DNB, it will dispose its stakes to the remaining shareholders in DNB.
- ARPU trending downwards with... both prepaid and postpaid ARPU has been tapering off due to intensifying competition. Nevertheless, the weakness in ARPU was offset by encouraging subscriber's growth, thanks to Maxis's focus on network quality and personalised mobile package offered to its customers. Meanwhile, the ongoing fixed mobile convergence (FMC) strategy has contributed to customer loyalty and retention within Maxis's postpaid subscriber's base.
- Enterprise is key to growth. Although consumer 5G adoption rate is rising rapidly, demand from enterprise remained tepid due to the high costs for 5G devices. Nevertheless, this also represents an opportunity for Maxis to tap into this space, further enhancing bottom line growth.
- **Valuation**. We re-iterate our **BUY** recommendation with a target price of RM4.28 based on DCF valuation (WACC of 6.55% with a long-term growth rate of 0.5%).
- **Risk**. Price slashing by competitors. Changes in government regulations. Higher-than-expected 5G capex affecting cashflow and dividend.



APEX SECURITIES BERHAD

Tuesday	, June 11, 2024	Company Update
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Balance Sheet FYE Dec (RM m)

Cash

Receivables

Financial Highlights					
Income Statement					
FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Revenue	9241.0	9789.0	10180.0	10477.6	10831.8
Operating Profit	3957.0	3979.0	3992.0	4108.7	4095.6
EBITDA	3862.0	3930.0	3793.0	3889.8	3854.9
Depreciation & Amortisation	-1649.0	-1721.0	-1903.0	-1816.9	-1557.4
EBIT	2213.0	2209.0	1890.0	2072.8	2297.5
Net Finance Income/ (Cost)	-451.0	-407.0	-446.0	-444.6	-420.8
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	1762.0	1802.0	1444.0	1628.3	1876.7
Tax	-454.0	-651.0	-452.0	423.4	488.0
Profit After Tax	1308.0	1151.0	992.0	1204.9	1388.8
Minority Interest	0.0	-1.0	-1.0	-1.0	-1.0
Net Profit	1308.0	1152.0	993.0	1205.9	1389.8
Exceptionals	33.0	-7.0	165.0	0.0	0.0
Core Net Profit	1341.0	1145.0	1158.0	1205.9	1389.8
Key Ratios					
FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
EBITDA margin	41.8%	40.1%	37.3%	37.1%	35.6%
EBIT margin	23.9%	22.6%	18.6%	19.8%	21.2%
PBT margin	19.1%	18.4%	14.2%	15.5%	17.3%
PAT margin	14.2%	11.8%	9.7%	11.5%	12.8%
NP margin	14.2%	11.8%	9.8%	11.5%	12.8%
Core NP margin	14.2%	11.8%	9.8%	11.5%	12.8%
ROE	19.4%	18.9%	17.3%	21.5%	24.7%
ROA	5.8%	5.0%	4.4%	5.5%	6.2%
Net gearing	30.6%	38.9%	36.6%	38.7%	36.4%
Key Assumptions					
FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Postpaid subscribers ('000)	3139	3343	3598	3778	3967
Prepaid subscribers ('000)	5959	5785	5875	6169	6477
Home subscribers ('000)	591	669	750	788	827
Canay as 0/ sales					
Capex as % sales	18%	18%	11%	10%	12%

FY25F 0.50%

4.28

Inventories 5.0 8.0 22.0 22.6 23.4 Other current assets 0.0 9.0 15.0 15.0 15.0 Total Current Assets 2850.0 2781.0 3041.0 3024.0 3536.0 Fixed Assets 5193.0 1530.0 5384.0 4614.8 4357.3 Intangibles 11474.0 11507.0 1193.0 1103.0 136.0 136.0 136.0 136.0 136.0 136.0 136.0 140.0 140.0 140.0 140.0 140.0 140.0 140.0 140.0 140.0 140.0 140.0 <th< th=""><th>T C C C T G D C C</th><th>100</th><th>2100.0</th><th>2.55.0</th><th>2500.2</th><th></th></th<>	T C C C T G D C C	100	2100.0	2.55.0	2500.2	
Total Current Assets 2850.0 2781.0 3041.0 3024.0 3536.0 Fixed Assets 5193.0 5639.0 5384.0 4614.8 4357.3 Intangibles 11474.0 11507.0 11193.0 11193.0 11193.0 Other non-current assets 2926.0 3118.0 3163.0 3163.0 3163.0 Total Non-current Lassets 19593.0 20264.0 19740.0 18970.8 1871.3 Short-term Debt 2034.0 283.0 857.0 0.0 0.0 Other Current Liabilities 185.0 353.0 439.0 439.0 4491.5 Cother Lurent Liabilities 185.0 353.0 439.0 439.0 490.5 Cong-term Debt 8056.0 9582.0 8915.0 8990.3 8996.2 Other non-current Liabilities 1916.0 2560.0 2700.0 2700.0 2700.0 Total Non-current Liabilities 9972.0 12142.0 11615.0 11690.3 11696.2 Sharenolder's equity 6725.0 6089.0 <td>Inventories</td> <td>5.0</td> <td>8.0</td> <td>22.0</td> <td>22.6</td> <td>23.4</td>	Inventories	5.0	8.0	22.0	22.6	23.4
Fixed Assets 5193.0 5639.0 5384.0 4614.8 4357.3 Intangibles 11474.0 11507.0 11193.0 11193.0 11193.0 Other non-current assets 2926.0 3118.0 3163.0 3163.0 3163.0 Total Non-current assets 19593.0 20264.0 19740.0 18970.8 18713.3 Short-term Debt 2034.0 283.0 857.0 0.0 0.0 Payables 3527.0 4176.0 4126.0 4246.6 4491.5 Other Current Liabilities 1885.0 353.0 439.0 439.0 Other Current Liabilities 1916.0 2560.0 2700.0 2700.0 2700.0 Other non-current Liabilities 9972.0 12142.0 1615.0 18990.3 8996.2 Other non-current Liabilities 9972.0 12142.0 1615.0 1690.0 2700.0 2700.0 Total Non-current Liabilities 1970.0 2500.0 5743.0 5617.9 5621.6 Minority interest 0 2.0	Other current assets	0.0	9.0	15.0	15.0	15.0
Intangibles 11474.0 11507.0 11193.0 11193.0 11193.0 Other non-current assets 2926.0 3118.0 3163.0 3163.0 3163.0 Total Non-current assets 19593.0 20264.0 19740.0 18970.8 18713.3 Short-term Debt 2034.0 283.0 857.0 0.0 0.0 Payables 3527.0 4176.0 4126.0 4246.6 4491.5 Other Current Liabilities 185.0 353.0 439.0 439.0 439.0 Total Current Liabilities 5746.0 4812.0 5422.0 4685.6 4930.5 Long-term Debt 8056.0 9582.0 8910.0 8990.3 8996.3 Other non-current liabilities 9972.0 12142.0 11615.0 11690.2 Total Non-current Liabilities 9972.0 12142.0 11615.0 11690.2 Total Non-current Liabilities 9972.0 12142.0 11615.0 110.0 1.0 Total Non-current Liabilities 9972.0 12142.0 11615.0	Total Current Assets	2850.0	2781.0	3041.0	3024.0	3536.0
Other non-current assets 2926.0 3118.0 3163.0 3163.0 3163.0 Total Non-current assets 19593.0 20264.0 1974.0 18970.8 18713.3 Short-term Debt 2034.0 283.0 857.0 0.0 0.0 Payables 3527.0 4176.0 4126.0 4246.6 4491.5 Other Current Liabilities 185.0 353.0 439.0 439.0 439.0 Total Current Liabilities 5746.0 4812.0 5422.0 4685.6 4930.5 Long-term Debt 8056.1 9582.0 8915.0 8990.3 8996.2 Other non-current Liabilities 1916.0 2560.0 2700.0 2700.0 2700.0 Total Non-current Liabilities 9972.0 12142.0 11615.0 11690.3 11690.2 Other onn-current Liabilities 9972.0 6089.0 5743.0 5617.9 5621.6 Other onn-current Liabilities 972.0 6089.0 5743.0 5617.9 5621.6 Total Non-current Liabilities 9772	Fixed Assets	5193.0	5639.0	5384.0	4614.8	4357.3
Total Non-current assets 19593.0 20264.0 1974.0 18970.8 1871.3 Short-term Debt 2034.0 283.0 857.0 0.0 0.0 Payables 3527.0 4176.0 4126.0 4246.6 4491.5 Other Current Liabilities 185.0 353.0 439.0 439.0 439.0 Total Current Liabilities 5746.0 4812.0 542.0 4685.6 4930.5 Long-term Debt 8056.0 9582.0 8915.0 8990.3 8996.2 Other non-current Liabilities 1916.0 2560.0 2700.0 2700.0 2700.0 Total Non-current Liabilities 9972.0 12142.0 11615.0 11690.3 11696.2 Shareholder's equity 6725.0 6089.0 5743.0 5617.9 5621.6 Minority interest 0.0 691.0 5744.0 5618.9 5622.6 Minority interest 0.0 691.0 5744.0 5618.9 5622.6 Equity 6725.0 6091.0 5744.0	Intangibles	11474.0	11507.0	11193.0	11193.0	11193.0
Short-term Debt 2034.0 283.0 857.0 0.0 0.0 Payables 3527.0 4176.0 4126.0 4246.6 4491.5 Other Current Liabilities 185.0 353.0 439.0 439.0 439.0 Total Current Liabilities 5746.0 4812.0 5422.0 4685.6 4930.5 Long-term Debt 8056.0 9582.0 8915.0 8990.3 8996.2 Other non-current Liabilities 1916.0 2560.0 2700.0 2700.0 2700.0 Total Non-current Liabilities 9972.0 12142.0 11615.0 11690.3 11696.2 Shareholder's equity 6725.0 6089.0 5743.0 5617.9 5621.6 Minority interest 0.0 2.0 1.0 1.0 1.0 By a price equity 6725.0 6091.0 5744.0 5618.9 5622.6 Equity 6725.0 6091.0 1.0 1.0 1.0 Equity 6725.0 6991.0 5744.0 1.0 1.0 <td>Other non-current assets</td> <td>2926.0</td> <td>3118.0</td> <td>3163.0</td> <td>3163.0</td> <td>3163.0</td>	Other non-current assets	2926.0	3118.0	3163.0	3163.0	3163.0
Payables 3527.0 4176.0 4126.0 4246.6 4491.0 Other Current Liabilities 185.0 353.0 439.0 439.0 439.0 Total Current Liabilities 5746.0 4812.0 5422.0 4685.6 4930.5 Long-term Debt 8056.0 9582.0 8915.0 8990.3 8996.2 Other non-current Liabilities 1916.0 2560.0 2700.0 2700.0 2700.0 Total Non-current Liabilities 9972.0 12142.0 11615.0 11690.3 11696.2 Shareholder's equity 6725.0 6089.0 5743.0 5617.9 5621.6 Minority interest 0. 2.0 1.0 1.0 1.0 Equity 6725.0 6091.0 5744.0 5618.9 5622.6 Equity 6725.0 6091.0 5744.0 1.0 1.0 Equity 6725.0 6091.0 5744.0 5618.9 5622.6 Cash Flow FY21 FY22 FY24 FY24F	Total Non-current assets	19593.0	20264.0	19740.0	18970.8	18713.3
Other Current Liabilities 185.0 353.0 439.0 439.0 430.5 Total Current Liabilities 5746.0 4812.0 5422.0 4685.6 4930.5 Long-term Debt 8056.0 9582.0 8915.0 8990.3 8896.2 Other non-current Liabilities 9972.0 12142.0 11615.0 11690.3 11696.2 Shareholder's equity 6725.0 6089.0 5743.0 5617.9 5621.6 Minority interest 0.0 2.0 1.0 1.0 1.0 Equity 6725.0 6091.0 5744.0 5618.9 5622.6 Cash Flow FY21 FY22 FY23 FY24F FY25F Pre-tax profit 1762.0 1802.0 144.0 1628.3 1876.7 Depreciation & amortisation 1649.0 100.5 107.0 103.2 112.0 Changes in working capital -53.0 1649.0 -363.0 48.8 159.4 Oberating cash flow 3763.0 320.0 285.0 <t< td=""><td>Short-term Debt</td><td>2034.0</td><td>283.0</td><td>857.0</td><td>0.0</td><td>0.0</td></t<>	Short-term Debt	2034.0	283.0	857.0	0.0	0.0
Total Current Liabilities 5746.0 4812.0 5422.0 4685.6 4930.5 Long-term Debt 8056.0 9582.0 8915.0 8990.3 8996.2 Other non-current Liabilities 1916.0 2560.0 2700.0 2700.0 2700.0 Total Non-current Liabilities 9972.0 12142.0 11615.0 11690.3 11696.2 Shareholder's equity 6725.0 6089.0 5743.0 5617.9 5621.6 Minority interest 0.0 2.0 1.0 1.0 1.0 Equity 6725.0 6091.0 5743.0 5618.9 5622.6 Equity 6725.0 6091.0 5744.0 5618.9 5622.6 Equity 6725.0 6091.0 102.0 102.0 102.0 10	Payables	3527.0	4176.0	4126.0	4246.6	4491.5
Long-term Debt 8056.0 9582.0 8915.0 8990.3 8996.2 Other non-current liabilities 1916.0 2560.0 2700.0 2700.0 2700.0 Total Non-current Liabilities 9972.0 12142.0 11615.0 11690.3 11696.2 Shareholder's equity 6725.0 6089.0 5743.0 5617.9 5621.6 Minority interest 0.0 2.0 1.0 1.0 1.0 Equity 6725.0 6091.0 5744.0 5618.9 5622.6 Cash Flow FYED CC (RM m) FY21 FY22 FY24F FY25F Pre-tax profit 1762.0 1802.0 1444.0 1628.3 1876.7 Depreciation & amortisation 1649.0 100.5 107.0 103.2 112.0 Changes in working capital -53.0 164.0 -363.0 48.8 159.4 Others 405.0 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 <t< td=""><td>Other Current Liabilities</td><td>185.0</td><td>353.0</td><td>439.0</td><td>439.0</td><td>439.0</td></t<>	Other Current Liabilities	185.0	353.0	439.0	439.0	439.0
Other non-current Liabilities 1916.0 2560.0 2700.0 2700.0 2700.0 Total Non-current Liabilities 9972.0 12142.0 11615.0 11690.3 11696.2 Shareholder's equity 6725.0 6089.0 5743.0 5617.9 5621.6 Minority interest 0.0 2.0 1.0 1.0 1.0 Equity 6725.0 6091.0 5744.0 5618.9 5622.6 Cash Flow FY21 FY22 FY23 FY24F FY25F Pre-tax profit 1762.0 1802.0 1444.0 1628.3 1876.7 Depreciation & amortisation 1649.0 100.5 107.0 103.2 112.0 Changes in working capital -53.0 164.0 -363.0 48.8 159.4 Others 405.0 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others <td>Total Current Liabilities</td> <td>5746.0</td> <td>4812.0</td> <td>5422.0</td> <td>4685.6</td> <td>4930.5</td>	Total Current Liabilities	5746.0	4812.0	5422.0	4685.6	4930.5
Total Non-current Liabilities 9972.0 12142.0 11615.0 11690.3 11696.2 Shareholder's equity 6725.0 6089.0 5743.0 5617.9 5621.6 Minority interest 0.0 2.0 1.0 1.0 1.0 Equity 6725.0 6091.0 5744.0 5618.9 5622.6 Cash Flow FY2D CRM m) FY21 FY22 FY23 FY24F FY25F Pre-tax profit 1762.0 1802.0 1444.0 1628.3 1876.7 Depreciation & amortisation 1649.0 100.5 107.0 103.2 112.0 Changes in working capital -53.0 164.0 -363.0 48.8 159.4 Others 405.0 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0	Long-term Debt	8056.0	9582.0	8915.0	8990.3	8996.2
Shareholder's equity 6725.0 6089.0 5743.0 5617.9 5621.6 Minority interest 0.0 2.0 1.0 1.0 1.0 Equity 6725.0 6091.0 5744.0 5618.9 5622.6 Cash Flow FY2D FY2D FY4.0 5618.9 5622.6 FYE Dec (RM m) FY21 FY22 FY23 FY24F FY25F Pre-tax profit 1762.0 1802.0 1444.0 1628.3 1876.7 Depreciation & amortisation 1649.0 100.5 107.0 103.2 112.0 Changes in working capital -53.0 164.0 -363.0 48.8 159.4 Others 405.0 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -12	Other non-current liabilities	1916.0	2560.0	2700.0	2700.0	2700.0
Minority interest 0.0 2.0 1.0 1.0 5622.6 Equity 6725.0 6091.0 5744.0 5618.9 5622.6 Cash Flow FY21 FY22 FY23 FY24F FY25F Pre-tax profit 1762.0 1802.0 1444.0 1628.3 1876.7 Depreciation & amortisation 1649.0 100.5 107.0 103.2 112.0 Changes in working capital -53.0 164.0 -363.0 48.8 159.4 Others 405.0 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 <	Total Non-current Liabilities	9972.0	12142.0	11615.0	11690.3	11696.2
Equity 6725.0 6091.0 5744.0 5618.9 5622.6 Cash Flow FYE Dec (RM m) FY21 FY22 FY23 FY24F FY25F Pre-tax profit 1762.0 1802.0 1444.0 1628.3 1876.7 Depreciation & amortisation 1649.0 100.5 107.0 103.2 112.0 Changes in working capital -53.0 164.0 -363.0 48.8 159.4 Others 405.0 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 <	Shareholder's equity	6725.0	6089.0	5743.0	5617.9	5621.6
Cash Flow FY21 FY22 FY23 FY24F FY25F Pre-tax profit 1762.0 1802.0 1444.0 1628.3 1876.7 Depreciation & amortisation 1649.0 100.5 107.0 103.2 112.0 Changes in working capital -53.0 164.0 -363.0 48.8 159.4 Others 405.0 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 0.0 0.0 0.0 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow	Minority interest	0.0	2.0	1.0	1.0	1.0
FYE Dec (RM m) FY21 FY22 FY23 FY24F FY25F Pre-tax profit 1762.0 1802.0 1444.0 1628.3 1876.7 Depreciation & amortisation 1649.0 100.5 107.0 103.2 112.0 Changes in working capital -53.0 164.0 -363.0 48.8 159.4 Others 405.1 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 0.0 0.0 0.0 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow<	Equity	6725.0	6091.0	5744.0	5618.9	5622.6
Depreciation & amortisation 1649.0 100.5 107.0 103.2 112.0 Changes in working capital -53.0 164.0 -363.0 48.8 159.4 Others 405.0 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 0.0 0.0 0.0 0.0 Dividends paid -1330.0 -1566.0 -1331.0 -1331.0 -1380.1 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 <th></th> <th>FY21</th> <th>FY22</th> <th>FY23</th> <th>FY24F</th> <th>FY25F</th>		FY21	FY22	FY23	FY24F	FY25F
Changes in working capital -53.0 164.0 -363.0 48.8 159.4 Others 405.0 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 0.0 0.0 0.0 0.0 Dividends paid -1330.0 -1566.0 -1331.0 -1331.0 -1386.1 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5	Pre-tax profit	1762.0	1802.0	1444.0	1628.3	1876.7
Others 405.0 1236.5 1665.0 1291.4 958.4 Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 0.0 0.0 0.0 0.0 Dividends paid -1330.0 -1566.0 -1331.0 -1331.0 -1386.1 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 0.0 Others <	Depreciation & amortisation	1649.0	100.5	107.0	103.2	112.0
Operating cash flow 3763.0 3303.0 2853.0 3071.7 3106.5 Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 0.0 0.0 0.0 0.0 Dividends paid -1330.0 -1566.0 -1331.0 -1331.0 -1386.1 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Others -27.	Changes in working capital	-53.0	164.0	-363.0	48.8	159.4
Net capex -1633.0 -1720.0 -1141.0 -1047.8 -1299.8 Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 0.0 0.0 0.0 0.0 Dividends paid -1330.0 -1566.0 -1331.0 -1331.0 -1386.1 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2	Others	405.0	1236.5	1665.0	1291.4	958.4
Others 136.0 424.0 378.0 0.0 0.0 Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 0.0 0.0 0.0 0.0 Dividends paid -1330.0 -1566.0 -1331.0 -1331.0 -1386.1 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2	Operating cash flow	3763.0	3303.0	2853.0	3071.7	3106.5
Investing cash flow -1497.0 -1296.0 -763.0 -1047.8 -1299.8 Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 0.0 0.0 0.0 0.0 Dividends paid -1330.0 -1566.0 -1331.0 -1386.1 -1386.1 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2	Net capex	-1633.0	-1720.0	-1141.0	-1047.8	-1299.8
Changes in borrowings 250.0 -250.0 -40.0 -781.7 5.9 Issuance of shares 0.0 0.0 0.0 0.0 0.0 -1331.0 -1386.1 Dividends paid -1330.0 -1566.0 -1331.0 -1331.0 -1386.1 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2	Others	136.0	424.0	378.0	0.0	0.0
Issuance of shares 0.0 0.0 0.0 0.0 0.0 Dividends paid -1330.0 -1566.0 -1331.0 -1380.1 -1386.1 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2	Investing cash flow	-1497.0	-1296.0	-763.0	-1047.8	-1299.8
Dividends paid -1330.0 -1566.0 -1331.0 -1331.0 -1386.1 Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2	Changes in borrowings	250.0	-250.0	-40.0	-781.7	5.9
Others -727.0 -754.0 -780.0 0.0 0.0 Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2	Issuance of shares					
Financing cash flow -1807.0 -2570.0 -2151.0 -2112.7 -1380.2 Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2	Dividends paid	-1330.0	-1566.0	-1331.0	-1331.0	-1386.1
Net cash flow 459.0 -563.0 -61.0 -88.8 426.5 Forex 0.0 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2	Others	-727.0	-754.0	-780.0	0.0	0.0
Forex 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2	Financing cash flow	-1807.0	-2570.0	-2151.0	-2112.7	-1380.2
Others -27.0 -27.0 -29.0 0.0 0.0 Beginning cash 705.0 1164.0 601.0 569.0 480.2		459.0				
Beginning cash 705.0 1164.0 601.0 569.0 480.2				0.0	0.0	0.0
	Forex				0.0	0.0
Ending cash 1191.0 628.0 569.0 480.2 906.7	Others	-27.0	-27.0	-29.0	0.0	0.0
	Others Beginning cash	-27.0 705.0	-27.0 1164.0	-29.0 601.0	0.0 569.0	0.0 480.2

FY22

628.0

2136.0

1191.0

1654.0

FY23

569.0

2435.0

FY24F 480.2

2506.2

906.7

2590.9

WACC 6.55% Fair Value (RM)

Source: Company, Apex Securities

Valuations

Terminal growth rate



Tuesday, June 11, 2024 Company Update

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD

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RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to -10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months. **TRADING BUY**: Total returns* are expected to exceed 10% within the next 3 months. **TRADING SELL**: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months. **NEUTRAL**: The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months. **UNDERWEIGHT**: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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