

Results Note

Monday, 19 May, 2025

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Recommendation:	BUY
Current Price:	RM3.76
Previous Target Price:	RM4.00
Target Price:	↔ RM4.00
Capital Upside/ Downside:	6.4%
Dividend Yield (%):	4.3%
Total Upside/ Downside	10.6%

Stock information

Board	MAIN
Sector	Telecommunication
Bursa / Bloomberg Code	6012 / MAXIS MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	7,833.1
Market Cap (RM' m)	29,452.5
52-Week Price Range (RM)	4-3.11
Beta (x)	1.1
Freefloat (%)	23.9
3M Average Volume (m)	2.5
3M Average Value (RM' m)	8.7

Top 3 Shareholders

	(%)
Binariang Gsm Sdn Bhd	62.2
Employees Provident Fund Board	12.1
Amanah Saham Nasional Bhd	10.4

Share Price Performance



	1M	3M	12M
Absolute (%)	8.7	6.8	1.1
Relative (%)	3.7	7.4	4.0

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM' m)	10536	10581	10935
PATAMI (RM' m)	1396	1460	1572
CNP (RM' m)	1418	1460	1572
EPS - core (sen)	18.1	18.6	20.1
P/E(x)	18.6	18.1	16.8

Maxis Bhd

Results In Line; Solid Start Backed by Cost Discipline

- Maxis's 1QFY25 CNP was up +4.5% yoy and +14.9% qoq to RM371.0m, which we deemed within expectations, accounting for 25.4%/24.9% of both ours and consensus expectations respectively.
- Given that the reported earnings are deemed within expectations, we kept our forecast unchanged
- Re-iterate our BUY recommendation with an unchanged TP of RM4.00, derived from DCF valuation with WACC of 7.0% and long-term growth rate of 0.5%.

Results within expectations. 1QFY25 CNP stood at RM371.0m came within expectations, accounting for 25.4% of our CNP forecast and 24.9% of consensus CNP estimation.

YoY. 1QFY25 CNP climbed +4.5% yoy, underpinned by prudent cost management. Revenue was relatively flat, inching up +0.2% yoy to RM2.6bn, partly impacted by softer postpaid ARPU as the Group continued to attract new subscribers through its more price-sensitive postpaid plan. Nevertheless, topline performance was supported by sustained growth in the postpaid and home fibre subscriber base, along with a notable increase in enterprise contract deliveries.

QoQ. CNP rose by +14.9% qoq, supported by lower device costs following a reduction in subsidies. Meanwhile, revenue declined -5.9% qoq, reflecting the seasonal slowdown in device sales post the flagship smartphone launch cycle in 4QFY24.

Outlook. Management has reaffirmed headline guidance, projecting low single-digit growth in service revenue and flat to low single-digit growth in EBITDA. The Group has also adopted a more optimistic stance on subscriber growth in both consumer and enterprise—targeting a total of 11.3m users (+7.7% yoy) in FY25.

In regards to update on U Mobile's departure from DNB, the MOF has no plans to exercise its exit option from the 5G wholesale network thus far, and will therefore remain the largest single shareholder with a 41.7% stake. Assuming a similar run-rate to last year, we anticipate Maxis's 5G access costs should stay below c.RM 200m for FY25.

Earnings Revision. Given that the reported earnings are deemed within expectations, we kept our forecast unchanged.

Valuation. Re-iterate our **BUY** recommendation on MAXIS with unchanged target price of **RM4.00**, based on DCF valuation with a WACC of 7.0%, long-term growth rate of 0.5% and 0% ESG factored premium/discount based on three-star ESG rating.

Risk. Price slashing by competitors. Changes in government regulations. Higher-than-expected 5G capex affecting cashflow and dividend.

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Results Comparison

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue	2,608.0	2,603.0	0.2	2,771.0	(5.9)	2,608.0	2,603.0	0.2	Quarterly YoY growth stem from postpaid and enterprise segment
EBITDA	1,052.0	1,043.0	0.9	987.0	6.6	1,052.0	1,043.0	0.9	
Pre-tax profit	500.0	479.0	4.4	428.0	16.8	500.0	479.0	4.4	Lower direct cost syoy and qoq.
Net profit	371.0	353.0	5.1	321.0	15.6	371.0	353.0	5.1	
Core net profit	371.0	355.0	4.5	323.0	14.9	371.0	355.0	4.5	
Core EPS (sen)	4.7	4.5	4.5	4.1	14.9	4.7	4.5	4.5	
EBITDA margin (%)	40.3	40.1		35.6		40.3	40.1		
PBT margin (%)	19.2	18.4		15.4		19.2	18.4		
Core net profit margin (%)	14.2	13.6		11.7		14.2	13.6		

Segmental Breakdown

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue									
Postpaid	924.0	911.0	1.4	948.0	(2.5)	924.0	911.0	1.4	
Prepaid	595.0	649.0	(8.3)	627.0	(5.1)	595.0	649.0	(8.3)	
Home Connectivity	254.0	244.0	4.1	247.0	2.8	254.0	244.0	4.1	
Enterprise	398.0	387.0	2.8	426.0	(6.6)	398.0	387.0	2.8	
Device Sale	437.0	412.0	6.1	523.0	(16.4)	437.0	412.0	6.1	seasonally higher device cost in 4Q24.
Subscribers									
Postpaid	3,982.0	3,651.0	9.1	3,882.0	2.6				Strong net adds in post paid led by penetration into the price-sensitive segment.
Prepaid	5,791.0	5,771.0	0.3	5,822.0	(0.5)				
Home Connectivity	787.0	765.0	2.9	784.0	0.4				
ARPU									
Postpaid	71.8	75.1	(4.4)	74.5	(3.6)				Higher net adds in price sensitive subscribers dragged ARPU for both prepaid and post paid
Prepaid	34.3	37.2	(7.8)	36.5	(6.0)				
Home Connectivity	110.1	110.4	(0.3)	109.2	0.8				

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Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	10180.0	10536.0	10581.2	10935.0	11344.1
Operating Profit	3992.0	4179.0	4196.9	4197.4	4354.4
EBITDA	3793.0	4104.0	4114.4	4106.7	4254.6
Depreciation & Amortisation	-1903.0	-1780.0	-1683.1	-1546.5	-1469.0
EBIT	1890.0	2324.0	2431.3	2560.2	2785.6
Net Finance Income/ (Cost)	-407.0	-447.0	-457.8	-435.9	-399.3
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	1483.0	1877.0	1973.5	2124.3	2386.3
Tax	-651.0	-481.0	513.1	552.3	620.4
Profit After Tax	832.0	1396.0	1460.4	1572.0	1765.8
Minority Interest	-1.0	0.0	0.0	0.0	0.0
Net Profit	831.0	1396.0	1460.4	1572.0	1765.8
Exceptionals	-7.0	22.0	0.0	0.0	0.0
Core Net Profit	824.0	1418.0	1460.4	1572.0	1765.8

Key Ratios

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	10.5	18.1	18.6	20.1	22.5
P/E (x)	32.0	18.6	18.1	16.8	14.9
P/B (x)	4.6	4.5	4.3	4.1	3.9
EV/EBITDA (x)	9.4	8.6	8.4	8.3	7.8
DPS (sen)	16.0	17.0	16.0	20.1	22.5
Dividend Yield (%)	4.7%	5.0%	4.7%	6.0%	6.7%
EBITDA margin (%)	37.3%	39.0%	38.9%	37.6%	37.5%
EBIT margin (%)	18.6%	22.1%	23.0%	23.4%	24.6%
PBT margin (%)	14.6%	17.8%	18.7%	19.4%	21.0%
PAT margin (%)	8.2%	13.2%	13.8%	14.4%	15.6%
NP margin (%)	8.2%	13.2%	13.8%	14.4%	15.6%
CNP margin (%)	8.1%	13.5%	13.8%	14.4%	15.6%
ROE (%)	14.3%	24.0%	23.9%	24.6%	26.1%
ROA (%)	3.6%	6.4%	6.5%	7.1%	7.9%
Gearing (%)	170.1%	157.3%	150.0%	130.0%	120.0%
Net gearing (%)	160.2%	149.4%	134.1%	117.8%	103.1%

Valuations

	FY26F
Terminal Growth Rate	0.5%
WACC	7.0%
Fair Value (RM)	4.00
ESG premium/discount	0.0%
Implied Fair Value (RM)	4.00

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	569.0	464.0	973.1	779.0	1144.7
Receivables	2435.0	2415.0	2425.4	2506.5	2600.2
Inventories	22.0	17.0	17.1	17.6	18.3
Other current assets	15.0	8.0	8.0	8.0	8.0
Total Current Assets	3041.0	2904.0	3423.5	3311.1	3771.2
Fixed Assets	5384.0	5091.0	4677.6	4443.4	4335.6
Intangibles	11193.0	11042.0	11042.0	11042.0	11042.0
Other non-current assets	3163.0	3286.0	3286.0	3286.0	3286.0
Total Non-current assets	19740.0	19419.0	19005.6	18771.4	18663.6
Short-term Debt	857.0	1193.0	1177.7	1067.7	1043.6
Payables	4126.0	4111.0	4128.6	4357.1	4520.1
Other Current Liabilities	439.0	297.0	297.0	297.0	297.0
Total Current Liabilities	5422.0	5601.0	5603.4	5721.8	5860.8
Long-term Debt	8915.0	8096.0	7992.4	7245.7	7082.4
Other non-current liabilities	2700.0	2720.0	2720.0	2720.0	2720.0
Total Non-current Liabilities	11615.0	10816.0	10712.4	9965.7	9802.4
Shareholder's equity	5743.0	5905.0	6112.4	6393.9	6770.7
Minority interest	1.0	1.0	1.0	1.0	1.0
Total Equity	5744.0	5906.0	6113.4	6394.9	6771.7

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	1483.0	1877.0	1973.5	2124.3	2386.3
Depreciation & amortisation	1903.0	1780.0	1683.1	1546.5	1469.0
Changes in working capital	-363.0	10.0	7.2	146.8	68.6
Others	-170.0	-610.0	-513.1	-552.3	-620.4
Operating cash flow	2853.0	3057.0	3150.7	3265.3	3303.4
Net capex	-1141.0	-1101.0	-1269.7	-1312.2	-1361.3
Others	378.0	408.0	0.0	0.0	0.0
Investing cash flow	-763.0	-693.0	-1269.7	-1312.2	-1361.3
Changes in borrowings	-40.0	-450.0	-118.9	-856.7	-187.4
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Dividends paid	-1331.0	-1253.0	-1253.0	-1290.5	-1389.1
Others	-780.0	-748.0	0.0	0.0	0.0
Financing cash flow	-2151.0	-2451.0	-1371.9	-2147.2	-1576.4
Net cash flow	-61.0	-87.0	509.1	-194.1	365.7
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	601.0	540.0	464.0	973.1	779.0
Ending cash	540.0	453.0	973.1	779.0	1144.7

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ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★	Scope 2 emissions shed -0.8% YoY to 317.452 CO ₂ tonnes in FY2024
Waste & Effluent	★★★	Waste recyclable rate improved to 94% in 2024 (from 91% in 2023). Total recyclable waste increased by 56% due to resumed on-site activities.
Energy	★★	Energy consumption increased from 1,688m MJ to 1,1,691 MJ due to network expansion.
Water	★★	Water consumption increased to 56,968m ³ in FY2024 from 43,225m ³ in FY2023.
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	Fairly balanced between male to female ratio at 55% and 45% respectively.
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★★	Lost-Time Incident Frequency rate improved from 0.34 to 0.15 in FY2024.
Labour Practices	★★★	Pay scale based on prevailing industry market rates as stipulated by the Act 732 National Wages Consultative Council Act

Governance

CSR Strategy	★★★	New admission to eKelas programme rose from 26k to 65k students.
Management	★★	Average board members age @ 56, 3/10 female board composition, 5/10 Independent Directors
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

Recommendation Framework:

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

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.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.