

MAXIS

(MAXIS MK EQUITY, MSXC.KL)

BUY

(MAINTAINED)

Price: RM3.62

Target Price (% return): RM4.45 (+28%)

52-week High/Low: RM4.36/RM3.38

Telecommunication

Rationale for report: Company Result

Sturdy showing

Maxis continues to stand out as our top pick for Malaysia Telcos, with its steady execution and resilient fundamentals. Earnings tracked in line with expectations, supported by balanced growth across its consumer and enterprise segments. Competitive pressures remain contained, with niche MVNOs posing limited threat. The group's ~5% dividend yield is already attractive and could see further uplift from strong cash flows and a strengthening balance sheet.

- Retain BUY at TP of RM4.45/share.** Maxis remains our top pick for Malaysia Telcos. Our valuation is pegged to an EV/Ebitda multiple of 9.5x and CY27 Ebitda. Dividend yield is compelling at ~5%, while capital management initiatives provide further scope for increases. Meanwhile, potential M&A could unlock additional TP upside.
- Tracking in line with guidance.** 1Q26 core profit climbed 12% YoY to RM417mil, within expectations at 25% of Am's and 26% of consensus estimates. 1Q26 service revenue rose 3% YoY, with healthy growth across consumer (+3% YoY) and enterprise (+5% YoY). Consumer postpaid and prepaid revenues increased 4% YoY and 2% YoY. Within enterprise, fixed & solutions revenues jumped 12% YoY, due to higher IoT subscriptions and other fixed network solutions. 1Q26 Ebitda margins was stable at 40%.
- Manageable competitive dynamics.** Despite the recent rise in MVNOs (mobile virtual network operators), this is not a major concern as they primarily target niche segments, which are harder for the group to penetrate. It has also restructured its distribution incentives to attract higher quality prepaid and postpaid customers. That said, management remains cautious about potential competition from the rollout of a second 5G network and higher data allowances in the postpaid segment.
- Upside to dividend payment.** A first interim dividend of 4sen/share was declared, maintained from the previous year. This is to preserve flexibility, as dividends are typically reassessed in the 4Q, with potential top ups. We see upside to dividends, with FCF yield at ~7%. 1Q26 operating FCF was healthy, rising 11% YoY. Balance sheet continues to improve as well, with Net debt/Ebitda moderating from 2.08x to 1.97x.

Analyst (s)

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Key Changes

Target Price: ↕
EPS: ↕

Stock and Financial Data

Shares Outstanding (million)	7,832.1
Market Cap (RMmil)	28,195.5
Book Value (RM/Share)	0.78
P/BV (x)	4.6
ROE (%)	25.9
Net Gearing (%)	-
Free Float	23.7
Avg Daily Value (RMmil)	9.7

Major Shareholders

Binariang GSM	(62.2%)
EPF	(12.1%)
Amanah Saham Nasional Bhd	(10.3%)

Price performance	3mth	6mth	12mth
Absolute(%)	(7.9)	(12.4)	(5.0)
Relative(%)	(8.2)	(18.4)	(13.8)

Source: Maxis, AmInvestment Bank Bhd.

YE to Dec	FY25	FY26F	FY27F	FY28F
Revenue (RM mil)	10,635.0	10,929.9	11,242.9	11,558.2
Core net profit (RM mil)	1,561.0	1,647.6	1,801.3	1,946.8
FD Core EPS (sen)	19.9	21.0	23.0	24.9
FD Core EPS growth (%)	11.8	5.5	9.3	8.1
Consensus Net Profit (RM mil)	-	-	-	-
DPS (sen)	17.5	17.0	17.0	17.0
PE (x)	18.1	17.1	15.7	14.5
EV/EBITDA (x)	8.5	8.2	7.7	7.3
Div yield (%)	5.0	4.8	4.8	4.8
ROE (%)	25.9	26.2	27.0	27.3
Net Gearing (%)	nm	nm	nm	nm

Source: Maxis, AmInvestment Bank Bhd.

Price Chart

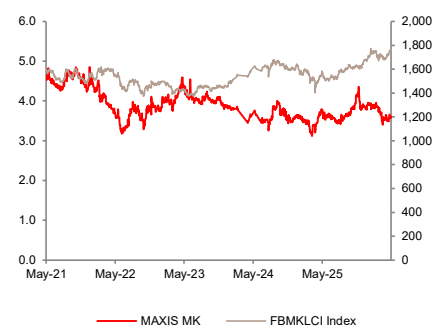


EXHIBIT 1. 1Q26 Earnings Summary

RMm	1Q26	1Q25	YoY (%)	4Q25	QoQ (%)
Revenue	2,731	2,608	4.7	2,876	-5.0
EBITDA	1,096	1,055	3.9	1,067	2.7
Margin (%)	40.1	40.5	-0.3	37.1	3.0
Depreciation and amortisation	-433	-441	1.8	-477	9.2
EBIT	663	614	8.0	590	12.4
Interest income	6	11	-45.5	8	-25.0
Interest expense	-110	-122	9.8	-112	1.8
Others	0	-3	nm	0	nm
PBT	559	500	11.8	486	15.0
Tax	-142	-129	-10.1	-106	-34.0
Effective tax rate (%)	25.4	25.8	-0.4	21.8	3.6
MI	0	0	nm	0	nm
Net profit	417	371	12.4	380	9.7
Core net profit	417	371	12.4	380	9.7
Capex	142	86	65.1	511	-72.2
EPS (sen)	5.3	4.7	12.8	4.8	10.4
Core EPS (sen)	5.3	4.7	12.4	4.9	9.7
DPS (sen)	4.0	4.0	0.0	5.5	-27.3

Source: Maxis Bhd, AmlInvestment Bank Bhd.

EXHIBIT 2. 1Q26 Revenue and cost breakdown

RMm	1Q26	1Q25	YoY (%)	4Q25	QoQ (%)
Revenue	2,731	2,608	4.7	2,876	-5.0
Service	2,242	2,171	3.3	2,296	-2.4
Consumer converged revenue	1,823	1,773	2.8	1,854	-1.7
Postpaid	963	924	4.2	976	-1.3
Prepaid	609	595	2.4	624	-2.4
Fibre	251	254	-1.2	254	-1.2
Enterprise converged revenue	419	398	5.3	442	-5.2
Mobile	211	213	-0.9	214	-1.4
Fixed and solutions	208	185	12.4	228	-8.8
Non service revenue	489	437	11.9	580	-15.7
Device	489	437	11.9	580	-15.7
Total expenses	1,632	1,553	5.1	1,798	-9.2
Traffic, commissions and other direct costs + Device cost	1,069	1,012	5.6	1,255	-14.8
Spectrum license fees	66	62	6.5	62	6.5
Network	154	146	5.5	151	2.0
Staff and resource	185	199	-7.0	171	8.2
Marketing	43	42	2.4	48	-10.4
Operation and maintenance	117	102	14.7	118	-0.8
Allowance for doubtful debts, net	45	34	32.4	34	32.4
Government grants and other income, net	-47	-44	-6.8	-41	-14.6

Source: Maxis Bhd, AmlInvestment Bank Bhd.

EXHIBIT 3. 1Q26 Subscriber and ARPU breakdown

RMm	1Q26	1Q25	YoY (%)	4Q25	QoQ (%)
Operational metrics					
Mobile subscriptions ('000)	13,776	13,236	4.1	13,643	1.0
Postpaid (excl. WBB)	6,018	5,549	8.5	5,919	1.7
Prepaid	7,613	7,566	0.6	7,585	0.4
Wireless broadband	145	121	19.8	139	4.3
Home connections ('000)	725	727	-0.3	723	0.3
ARPU (RM/month)	42	42	-1.9	43	-3.0
Postpaid	61	65	-5.4	63	-3.2
Prepaid	26	26	0.4	27	-3.3
Data usage (GB/month)	40.1	33.2	20.8	39.1	2.6
Postpaid	42.6	35.0	21.7	42.0	1.4
Prepaid	38.3	31.9	20.1	37.1	3.2

Source: Maxis Bhd, AmlInvestment Bank Bhd.

EXHIBIT 4. Service revenue growth

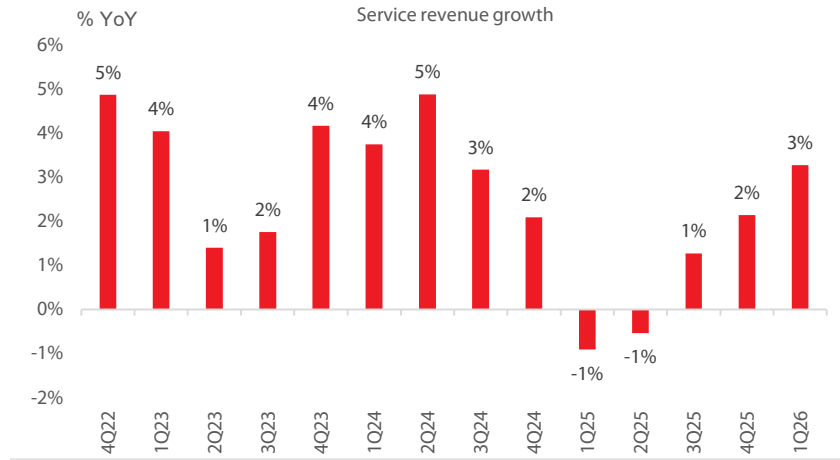


EXHIBIT 5. Consumer converged revenue

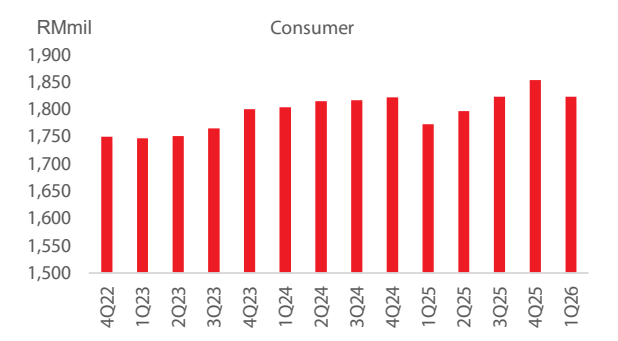


EXHIBIT 6. Enterprise converged revenue

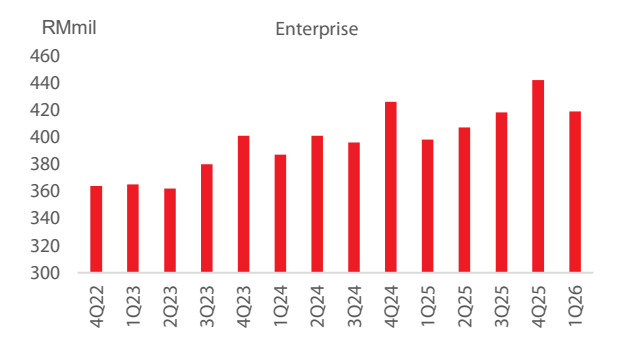


EXHIBIT 7. Postpaid subscribers and ARPU

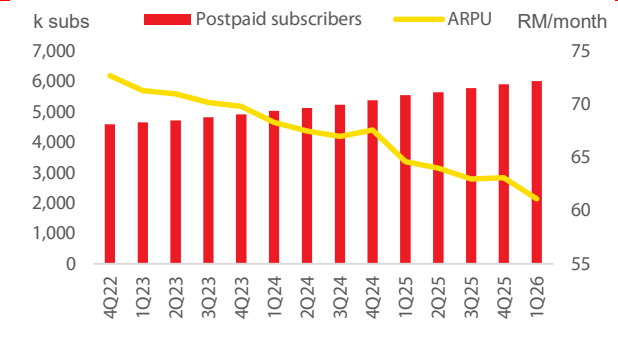


EXHIBIT 8. Postpaid net adds

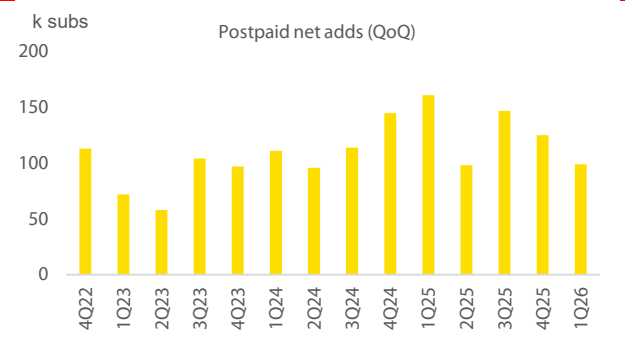
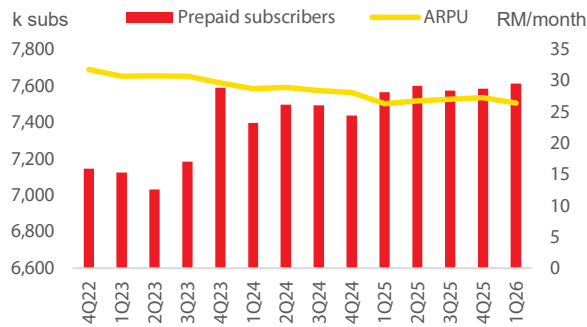
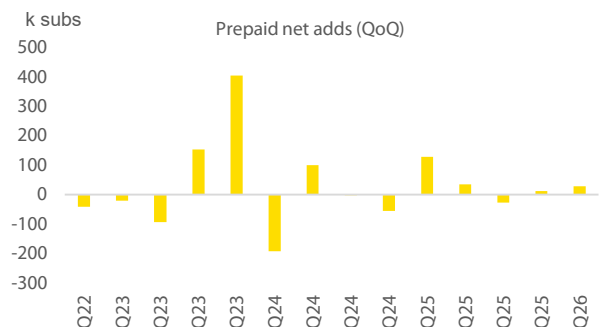


EXHIBIT 9. Postpaid net adds



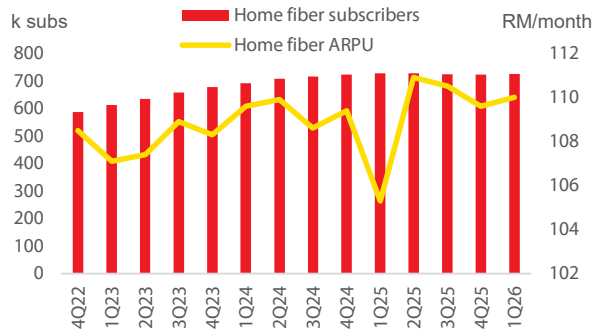
Source: Maxis Bhd, AmlInvestment Bank Bhd.

EXHIBIT 10. Prepaid net adds



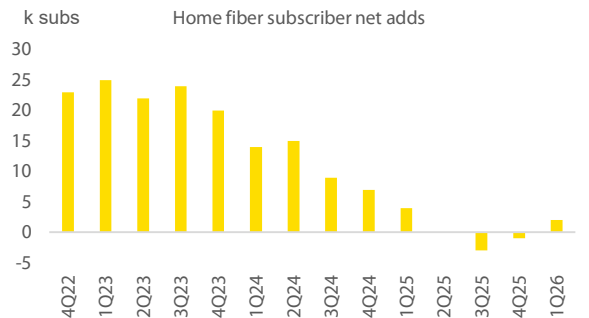
Source: Maxis Bhd, AmlInvestment Bank Bhd.

EXHIBIT 11. Home fiber subscribers and ARPU



Source: Maxis Bhd, AmlInvestment Bank Bhd.

EXHIBIT 12. Home fiber subscriber net adds



Source: Maxis Bhd, AmlInvestment Bank Bhd.

EXHIBIT 13. Valuations

Target EV/Ebitda (x)	9.5
CY27 Ebitda (RMmil)	4,555
Enterprise value (RMmil)	43,277
Less: Borrowings (RMmil)	8,980
Add: Cash (RMmil)	458
Equity Value (RMmil)	34,755
Shares outstanding (mil shares)	7,832
Target price	RM4.45/share

Source: AmlInvestment Bank Bhd.

Background

Maxis is Malaysia's second largest mobile operator. Starting off in mobile, it expanded into the fixed broadband market in 2013. The group serves 13mil customers, which includes postpaid, prepaid and broadband subscribers. In terms of market positioning, it positions itself as a premium brand, historically known for its reliable network. 4G population coverage stands at 95%, supported by more than 11k network sites and 22,000km fibre footprint.

Investment thesis and catalysts

Potential merger with U Mobile. It has been previously reported that Maxis is exploring a buyout of U Mobile. If it fructifies, we see positives from potential merger synergies, market consolidation and enhanced spectrum, with U Mobile being selected to implement Malaysia's second 5G network. Potential hurdles to a deal are pricing and regulatory risks, given it will represent a decrease in competition.

Service revenues have stabilised. Service revenues returned to a growth trajectory in FY21 and have sustained since. This has been driven by pre-to-post migration trends and fixed-mobile convergence. The group has also been gaining service revenue market share.

Valuation methodology

Our target price is derived from an EV/Ebitda multiple of 9.5x and CY27 Ebitda. Our multiple is the two-year average for the Malaysia mobile sector. We believe this is more relevant than the five-year average, as it better reflects the sector de-rating post 5G developments in Malaysia.

With the transition to a wholesale network model for 5G, Malaysia mobile players have undergone a sector derating, on expectations of reduced pricing power in the future and threats of increased competition.

Risk factors

Competition remains the biggest risk, due to the already mature mobile market (high penetration rates) and lower barriers to entry, following a transition to the dual 5G network model. We estimate every 1% decrease in ARPU, lowers earnings by 4%.

Financial Summary

Income Statement (RMmil)

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	10,536.0	10,635.0	10,929.9	11,242.9	11,558.2
EBITDA	4,122.0	4,329.0	4,403.8	4,555.5	4,707.7
Depreciation/Amortisation	(1,780.0)	(1,812.0)	(1,828.4)	(1,814.0)	(1,809.0)
Operating income (EBIT)	2,342.0	2,517.0	2,575.4	2,741.4	2,898.7
Other income & associates	(18.0)	(18.0)	-	-	-
Net interest	(447.0)	(432.0)	(407.5)	(371.3)	(337.2)
Exceptional items	-	-	-	-	-
Pretax profit	1,877.0	2,067.0	2,167.9	2,370.2	2,561.6
Taxation	(481.0)	(506.0)	(520.3)	(568.8)	(614.8)
Minorities/pref dividends	-	-	-	-	-
Net profit	1,396.0	1,561.0	1,647.6	1,801.3	1,946.8
Core net profit	1,396.0	1,561.0	1,647.6	1,801.3	1,946.8

Balance Sheet (RMmil)

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	6,885.0	6,838.0	6,760.4	6,731.4	6,742.1
Intangible assets	11,042.0	10,945.0	10,724.3	10,513.3	10,311.8
Other long-term assets	1,492.0	1,558.0	1,558.0	1,558.0	1,558.0
Total non-current assets	19,419.0	19,341.0	19,042.8	18,802.7	18,611.9
Cash & equivalent	464.0	458.0	645.1	897.3	1,105.3
Stock	17.0	19.0	18.6	19.1	19.6
Trade debtors	2,419.0	2,704.0	2,631.9	2,707.2	2,783.0
Other current assets	4.0	-	-	-	-
Total current assets	2,904.0	3,181.0	3,295.6	3,623.7	3,907.9
Trade creditors	4,111.0	4,324.0	4,325.4	4,432.4	4,540.4
Short-term borrowings	1,193.0	1,886.0	883.0	833.3	788.4
Other current liabilities	297.0	370.0	370.0	370.0	370.0
Total current liabilities	5,601.0	6,580.0	5,578.5	5,635.7	5,698.9
Long-term borrowings	8,096.0	7,094.0	7,543.7	7,092.7	6,684.6
Other long-term liabilities	2,720.0	2,701.0	2,772.6	2,784.5	2,796.5
Total long-term liabilities	10,816.0	9,795.0	10,316.3	9,877.2	9,481.1
Shareholders' funds	5,905.0	6,147.0	6,443.6	6,913.4	7,339.8
Minority interests	1.0	-	-	-	-
BV/share (RM)	0.75	0.78	0.82	0.88	0.94

Cash Flow (RMmil)

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	1,877.0	2,067.0	2,167.9	2,370.2	2,561.6
Depreciation/Amortisation	1,780.0	1,812.0	1,828.4	1,814.0	1,809.0
Net change in working capital	(651.0)	(110.0)	145.5	43.1	43.7
Others	51.0	292.0	(90.7)	(166.7)	(237.6)
Cash flow from operations	3,057.0	4,061.0	4,051.1	4,060.6	4,176.7
Capital expenditure	(1,011.0)	(986.0)	(1,202.3)	(1,236.7)	(1,271.4)
Net investments & sale of fixed assets	-	-	-	-	-
Others	318.0	-	-	-	-
Cash flow from investing	(693.0)	(986.0)	(1,202.3)	(1,236.7)	(1,271.4)
Debt raised/(repaid)	(737.0)	(737.0)	(881.1)	(838.1)	(799.8)
Equity raised/(repaid)	5.0	-	-	-	-
Dividends paid	(1,253.0)	(1,351.0)	(1,351.0)	(1,331.5)	(1,520.4)
Others	(484.0)	(993.0)	(429.6)	(402.1)	(377.2)
Cash flow from financing	(2,469.0)	(3,081.0)	(2,661.7)	(2,571.7)	(2,697.4)
Net cash flow	(105.0)	(6.0)	187.1	252.2	208.0
Net cash/(debt) b/f	569.0	464.0	458.0	645.1	897.3
Net cash/(debt) c/f	464.0	458.0	645.1	897.3	1,105.3

Key Ratios

YE to Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	3.5	0.9	2.8	2.9	2.8
EBITDA growth (%)	4.1	5.0	1.7	3.4	3.3
Pretax margin (%)	17.8	19.4	19.8	21.1	22.2
Net profit margin (%)	13.2	14.7	15.1	16.0	16.8
Interest cover (x)	5.2	5.8	6.3	7.4	8.6
Effective tax rate (%)	25.6	24.5	24.0	24.0	24.0
Dividend payout (%)	89.8	86.5	82.0	73.9	78.1
Debtors turnover (days)	84	88	89	87	87
Stock turnover (days)	1	1	1	1	1
Creditors turnover (days)	143	145	144	142	142

Source: Company, AmInvestment Bank Bhd.

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