

MAXIS

(MAXIS MK EQUITY, MSXC.KL)

BUY

(MAINTAINED)

Price: RM3.83

Target Price (% return): RM4.45 (+21%)

52-week High/Low: RM4.36/RM3.11

Telecommunication

Rationale for report: Company Result

Every dollar counts

Maxis capped a strong 2025, with earnings up +12% YoY. We expect the momentum to carry into 2026, supported by management's guidance for low single digit growth. 4Q25 also signalled a higher willingness to return cash, as total DPS rose to 17.5 sen With an FCF yield of 7%, we see further headroom for payout upside. We stay BUY on Maxis with a TP of RM4.45, our top pick in telcos. With the sector still underweight among local funds, any positive catalyst could trigger meaningful inflows.

- Top pick for Malaysia Telcos.** We have a BUY call at an unchanged TP of RM4.45/share. This is pegged to an EV/Ebitda multiple of 9.5x and CY27 Ebitda. The stock offers an attractive dividend yield of ~4%, with additional upside optionality from capital management initiatives and potential M&A developments. From a flows angle, local funds remain underweight telcos, creating scope for meaningful inflows if catalysts turn positive.
- Cost discipline delivering results.** 2025 earnings increased 12% YoY to RM1.6bil. This was within expectations, forming 102% of Am's and 101% of consensus expectations. Pat margins improved 1.4pp YoY to 14.7%. Operational efficiencies were broad based, across traffic, commissions & other direct cost (-1% YoY), staff & resource (-8% YoY) and operation & maintenance cost (-3% YoY). Service revenue was flattish YoY at RM8.9bil.
- Strengthening balance sheet and higher dividends.** Full year dividends stood at 17.5sen/share vs. 17sen/share in 2024, indicating a willingness to pay more. We currently assume a DPS of 17sen/share in our estimates, translating to a yield of ~4%. However, there is upside to this, with FCF yield at 7%. Net debt/Ebitda improved from 2.14x in 2024 to 1.97x in 2025. Free cash flow also increased 9% YoY to RM2.6bil.
- Guiding for low single digit growth.** Management is guiding for 2026 service revenue and Ebitda to grow by low single digit. Capex intensity is expected between 10-12%. Supporting this, we believe there are opportunities for market share gains, with a strengthened spectrum portfolio. In Oct 2025, Maxis accepted MCMC's offer for a 2x10 MHz block in the 2100 MHz band for RM400mil. This

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Key Changes

Target Price: ↔
EPS: ↕

Stock and Financial Data

Shares Outstanding (million)	7,832.1
Market Cap (RMmil)	30,231.8
Book Value (RM/Share)	0.78
P/BV (x)	4.9
ROE (%)	25.9
Net Gearing (%)	-
Free Float	23.7
Avg Daily Value (RMmil)	11.0

Major Shareholders

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

Price performance	3mth	6mth	12mth
Absolute(%)	(7.0)	11.9	10.9
Relative(%)	(13.4)	(0.4)	0.4

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)	19.4	18.3	16.8	15.5
EV/EBITDA (x)	9.0	8.6	8.2	7.8
Div yield (%)	5.0	4.4	4.4	4.4
ROE (%)	25.9	26.2	27.0	27.3
Net Gearing (%)	nm	nm	nm	nm

Source: Maxis, AmInvestment Bank Bhd.

Price Chart

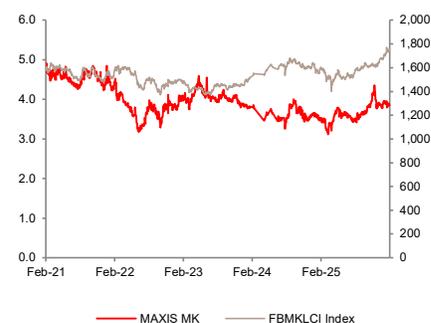


EXHIBIT 1. 4Q25 Earnings Summary

RMm	4Q25	4Q24	YoY (%)	3Q25	QoQ (%)	FY25	FY24	YoY (%)
Revenue	2,876	2,771	3.8	2,589	11.1	10,635	10,536	0.9
EBITDA	1,067	984	8.4	1,102	-3.2	4,318	4,122	4.8
Margin (%)	37.1	35.5	1.6	42.6	-5.5	40.6	39.1	1.5
Depreciation and amortisation	-477	-450	-6.0	-448	-6.5	-1,812	-1,780	-1.8
EBIT	590	534	10.5	654	-9.8	2,506	2,342	7.0
Interest income	8	10	-20.0	8	0.0	38	34	11.8
Interest expense	-112	-119	5.9	-115	2.6	-470	-481	2.3
Others	0	3	nm	-3	nm	-7	-18	61.1
PBT	486	428	13.6	544	-10.7	2,067	1,877	10.1
Tax	-106	-107	0.9	-132	19.7	-506	-481	-5.2
Effective tax rate (%)	21.8	25.0	-3.2	24.3	-2.5	24.5	25.6	-1.1
MI	0	0	nm	0	nm	0	0	nm
Net profit	380	321	18.4	412	-7.8	1,561	1,396	11.8
Core net profit	380	321	18.4	412	-7.8	1,561	1,396	11.8
Capex	511	312	63.8	224	>100	986	674	46.3
EPS (sen)	4.8	4.1	17.1	5.3	-9.4	20	18	11.8
Core EPS (sen)	4.9	4.1	18.4	5.3	-7.8	20	18	11.8
DPS (sen)	5.5	5.0	10.0	4.0	37.5	18	17	2.9

Source: Maxis Bhd, AmInvestment Bank Bhd.

EXHIBIT 2. 4Q25 Revenue and cost breakdown

RMm	4Q25	4Q24	YoY (%)	3Q25	QoQ (%)	FY25	FY24	YoY (%)
Revenue	2,876	2,771	3.8	2,589	11.1	10,635	10,536	0.9
Service	2,296	2,248	2.1	2,241	2.5	8,912	8,868	0.5
Consumer converged revenue	1,854	1,822	1.8	1,823	1.7	7,247	7,258	-0.2
Postpaid	976	948	3.0	952	2.5	3,785	3,700	2.3
Prepaid	624	627	-0.5	616	1.3	2,445	2,565	-4.7
Fibre	254	222	14.4	255	-0.4	993	887	12.0
WBB	0	25	nm	0	nm	24	106	-77.4
Enterprise converged revenue	442	426	3.8	418	5.7	1,665	1,610	3.4
Mobile	214	215	-0.5	207	3.4	841	826	1.8
Fixed and solutions	228	211	8.1	211	8.1	824	784	5.1
Non service revenue	580	523	10.9	348	66.7	1,723	1,668	3.3
Device	580	523	10.9	348	66.7	1,723	1,668	3.3
Total expenses	1,880	1,787	5.2	1,487	26.4	6,388	6,414	-0.4
Traffic, commissions and other direct costs + Device cost	1,255	1,181	6.3	949	32.2	4,130	4,185	-1.3
Spectrum license fees	62	62	0.0	61	1.6	248	248	0.0
Network	151	164	-7.9	153	-1.3	600	590	1.7
Staff and resource	171	225	-24.0	193	-11.4	772	839	-8.0
Marketing	118	48	>100	118	0.0	319	177	80.2
Operation and maintenance	48	123	-61.0	45	6.7	306	462	-33.8
Allowance for doubtful debts, net	34	29	17.2	24	41.7	129	134	-3.7
Government grants and other income, net	41	-45	nm	-56	nm	-116	-221	47.5

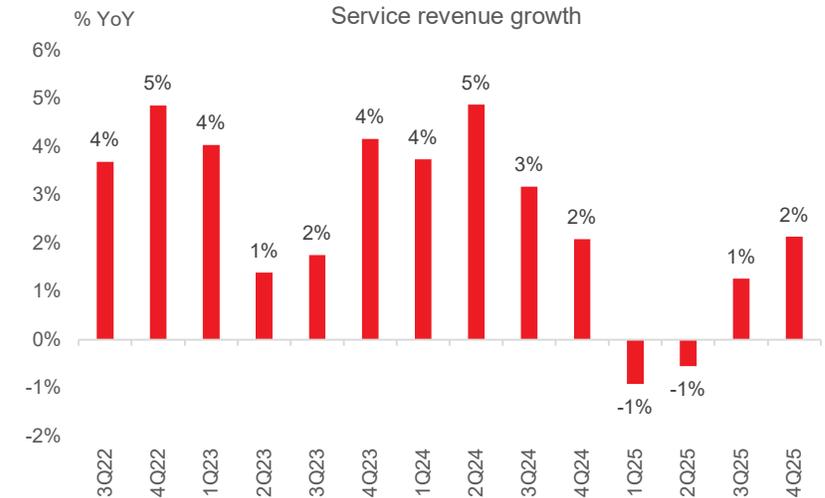
Source: Maxis Bhd, AmInvestment Bank Bhd.

EXHIBIT 3. 4Q25 Subscriber and ARPU breakdown

RMm	4Q25	4Q24	YoY (%)	3Q25	QoQ (%)
Operational metrics					
Mobile subscriptions ('000)	13,643	12,947	5.4	13,494	1.1
Postpaid (excl. WBB)	5,919	5,388	9.9	5,794	2.2
Prepaid	7,585	7,438	2.0	7,573	0.2
Wireless broadband	139	121	14.9	127	9.4
Home connections ('000)	723	723	0.0	724	-0.1
ARPU (RM/month)	43	45	-3.6	42	1.2
Postpaid	63	68	-6.7	63	0.2
Prepaid	27	28	-2.8	27	1.1
Data usage (GB/month)	39.1	31.3	24.9	35.8	9.2
Postpaid	42.0	33.8	24.3	38.4	9.4
Prepaid	37.1	29.5	25.8	34.0	9.1

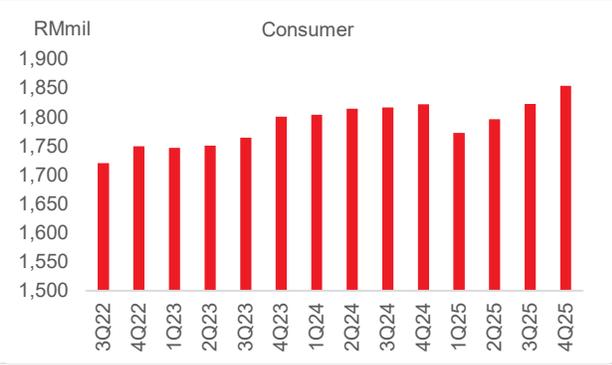
Source: Maxis Bhd, AmInvestment Bank Bhd.

EXHIBIT 4. Service revenue growth



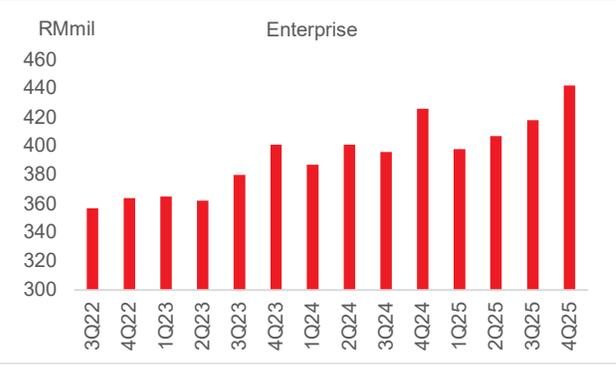
Source: Maxis Bhd, AmInvestment Bank Bhd.

EXHIBIT 5. Consumer converged revenue



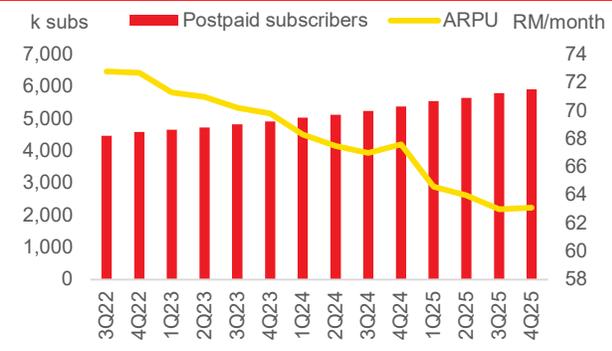
Source: Maxis Bhd, AmInvestment Bank Bhd.

EXHIBIT 6. Enterprise converged revenue



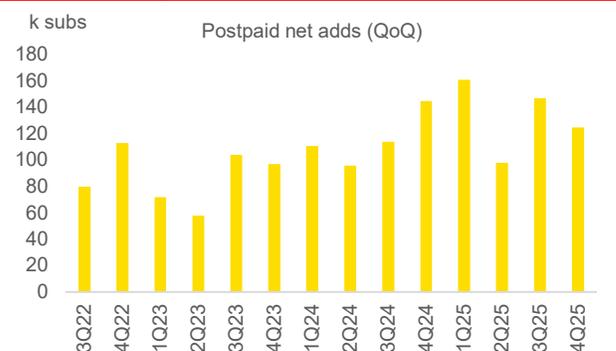
Source: Maxis Bhd, AmInvestment Bank Bhd.

EXHIBIT 7. Postpaid subscribers and ARPU



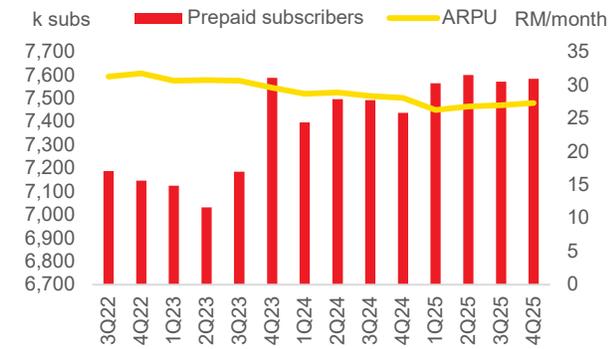
Source: Maxis Bhd, AmInvestment Bank Bhd.

EXHIBIT 8. Postpaid net adds



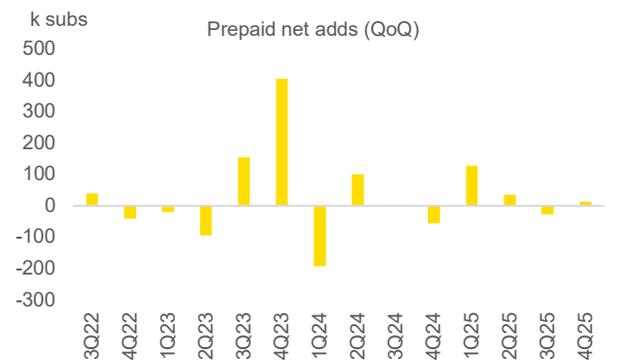
Source: Maxis Bhd, AmInvestment Bank Bhd.

EXHIBIT 9. Postpaid net adds



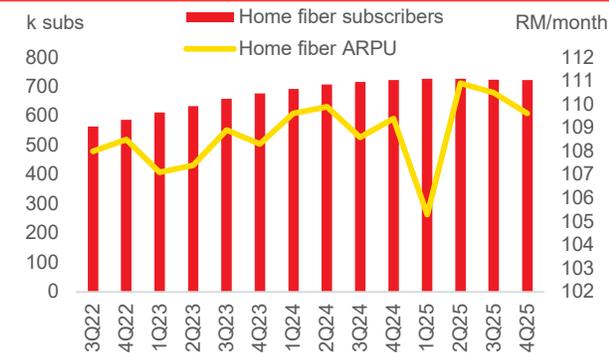
Source: Maxis Bhd, AmlInvestment Bank Bhd.

EXHIBIT 10. Prepaid net adds



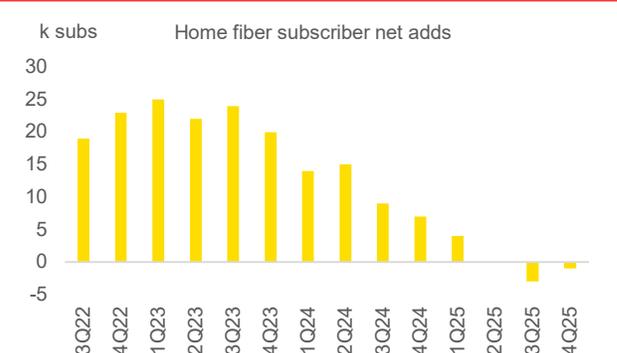
Source: Maxis Bhd, AmlInvestment Bank Bhd.

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. Change in Earnings

RMmil	FY26F			FY27F		
	Old	New	%	Old	New	%
Revenue	11,075	10,930	-1.3%	11,317	11,243	-0.7%
Earnings	1,648	1,648	-	1,758	1,801	2.5%

Source: AmlInvestment Bank Bhd.

EXHIBIT 14. 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 13 million 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%.

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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