

# Maxis Berhad

## Spectrum Boost in 2.1GHz Band

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MAXIS has acquired new 2×10MHz in the 2.1GHz band for RM100m upfront plus RM300m in cumulative annual fees over the assignment period. We are neutral, as this aligns with expectations that MAXIS would take over spectrum surrendered by CDB post merger. Annual payments of RM25m over an estimated 12-year assignment period translate into a modest 10% rise over FY24 spectrum fees. The additional spectrum should enhance efficiency, driving capex and opex savings from lower capacity requirements that will lead to fewer tower leases and reduced investments in 4G network equipment. We maintain our forecasts, TP of RM3.56 and MARKET PERFORM call.

### What Happened?

MAXIS has accepted Malaysian Communications and Multimedia Commission's (MCMC) offer for a 2×10MHz spectrum assignment in the 2100MHz band. The acquisition entails an upfront payment of RM100m and cumulative annual payments totalling RM300m over the assignment period.

### Our Take

- We are neutral on this development, as it aligns with our expectation that MAXIS would take over spectrum relinquished by CDB after the merger.
- To recap, following the Celcom–Digi merger in Nov 2022, CDB committed to return a total of 70MHz of spectrum to MCMC to address spectrum concentration concerns. The divestment involves the following bands; (i) 1.8GHz: 10MHz, (ii) 2.1GHz: 20MHz, and (iii) 2.6GHz: 40MHz. The 2.1GHz band was surrendered in Nov 2024, while the remaining bands are scheduled to be returned by 29 Nov 2025.
- On an estimated 12-year assignment period, the cumulative annual payments of RM300m translate to RM25m p.a, a modest 10% increase in FY24 spectrum licence fees.
- We gather that MAXIS is likely to maintain its 2025 capex guidance (c. RM1b) following the spectrum acquisition, suggesting the RM100m upfront fee is comfortably within budget.
- We believe the additional spectrum will generate capex and opex savings through cost efficiencies driven by: (i) fewer tower lease tenancies, and (ii) reduced investments in 4G network equipment.
- We understand that the new spectrum blocks are contiguous with MAXIS' existing 2.1GHz holdings, enabling optimal spectrum efficiency. Refer to Figure 1 for a summary of MAXIS' spectrum portfolio based on more recent Bursa Malaysia disclosures.

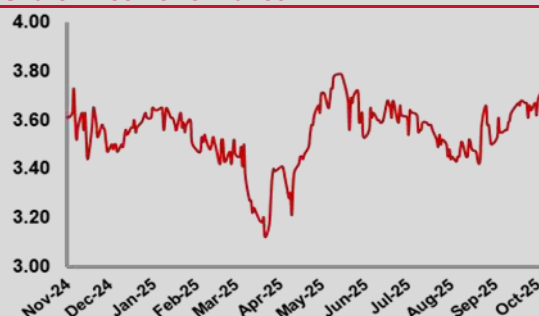
**Forecasts.** Maintained.

**Valuations.** We also maintain our TP of RM3.56, based on unchanged 8.0x FY25F EV/EBITDA. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 3).

## MARKET PERFORM ↔

Price : **RM3.71**  
Target Price: **RM3.56** ↔

### Share Price Performance



KLCI 1,635.06  
YTD KLCI chg -0.4%  
YTD stock price chg 1.6%

### Stock Information

|                      |                 |
|----------------------|-----------------|
| Shariah Compliant    | Yes             |
| Bloomberg Ticker     | MAXIS MK EQUITY |
| Market Cap (RM m)    | 29,068.2        |
| Shares Outstanding   | 7,835.1         |
| 52-week range (H)    | 3.82            |
| 52-week range (L)    | 3.11            |
| 3-mth avg daily vol: | 2,361,018       |
| Free Float           | 24%             |
| Beta                 | 1.1             |

### Major Shareholders

|                          |       |
|--------------------------|-------|
| Binariang GSM SdnBhd     | 62.2% |
| Employees Provident Fund | 12.2% |
| Amanah Saham Nasional    | 10.4% |

### Summary Earnings Table

| FYE Dec (RM m)         | 2024A        | 2025F        | 2026F        |
|------------------------|--------------|--------------|--------------|
| Revenue                | 10,499       | 10,484       | 10,388       |
| EBITDA                 | 4,144        | 4,338        | 4,190        |
| EBIT                   | 2,346        | 2,545        | 2,406        |
| PBT                    | 1,877        | 2,070        | 2,022        |
| <b>Net Profit (NP)</b> | <b>1,396</b> | <b>1,542</b> | <b>1,497</b> |
| <b>Core Net Profit</b> | <b>1,418</b> | <b>1,542</b> | <b>1,497</b> |
| Consensus NP           | -            | 1,488        | 1,548        |
| Earnings Revision      | -            | -            | -            |
| EBITDA Margin          | 39.5         | 41.4         | 40.3         |
| Core EPS (sen)         | 18.1         | 19.7         | 19.1         |
| Core EPS Growth        | 15.2         | 9.1          | -3.0         |
| DPS (sen)              | 17.0         | 16.0         | 16.0         |
| BVPS (RM)              | 0.8          | 0.8          | 0.8          |
| Core PER (x)           | 20.5         | 18.8         | 19.4         |
| PBV (x)                | 4.9          | 4.7          | 4.5          |
| Net Gearing (x)        | 1.5          | 1.1          | 1.0          |
| Div. Yield (%)         | 4.6          | 4.3          | 4.3          |

06 October 2025

**Investment case.** In FY24, MAXIS delivered robust service revenue growth and demonstrated efficient cost management partly driven by an expanded postpaid and home fibre subscriber base. However, sustaining this momentum in FY25 may be challenging due to: (i) heated competition for convergence customers as TM and CDB's pivot into this space may derail MAXIS' subscriber growth, and (ii) absence of a one-off YoY earnings boost from a new wholesale contract in FY24 to provide 4G and 2G services for TM. Maintain **MARKET PERFORM**.

**Risks to our call include:** (i) competition between mobile players turns irrational, (ii) market share and margin erosion in the fixed segment amid intensifying competition for convergence customers, and (iii) slower-than-expected 5G adoption among its enterprise customers (likely dominated by SMEs) due to the need for substantial technology investments and hesitance to overhaul legacy processes and retrench staff.

Figure 4: MAXIS' Known Spectrum Portfolio

| Frequency Band | Bandwidth      | Effective Period / Expiry                     | Spectrum Fees                                                                           |
|----------------|----------------|-----------------------------------------------|-----------------------------------------------------------------------------------------|
| 900 MHz        | 2×10 MHz       | Assignment for 15 years from Jul-17           | Full settlement: RM816.75m ( <i>or higher amounts under staggered payment options</i> ) |
| 1.8 GHz        | 2×20 MHz       |                                               | Annual maintenance fees: RM70.25m                                                       |
| 2.1 GHz        | 2×15 MHz       | Reissuance (renewal) for 16 years from Apr-18 | Upfront: RM118.4m, Annual: RM50m                                                        |
|                | 2×10 MHz (New) | Not disclosed                                 | Upfront: RM100m, Cumulative annual payments of RM300m for the entire assignment period. |
| 2.6 GHz        | 2×10 MHz       | Assignment for 5 years from Jul-22            | Upfront: RM11.76m, Annual: RM20.76m                                                     |

Source: Company, Bursa Malaysia

06 October 2025

**Income Statement**

| FYE Dec (RM m)    | 2022A  | 2023A  | 2024A  | 2025F  | 2026F  |
|-------------------|--------|--------|--------|--------|--------|
| Revenue           | 9,789  | 10,180 | 10,499 | 10,484 | 10,388 |
| EBITDA            | 3,943  | 4,027  | 4,144  | 4,338  | 4,190  |
| Depreciation      | -1,721 | -1,903 | -1,798 | -1,793 | -1,784 |
| EBIT              | 2,222  | 2,124  | 2,346  | 2,545  | 2,406  |
| Net Finance Cost  | -407   | -446   | -447   | -471   | -384   |
| Exceptionals      | -4     | -234   | -22    | -4     | 0      |
| Profit Before Tax | 1,811  | 1,444  | 1,877  | 2,070  | 2,022  |
| Taxation          | -630   | -452   | -481   | -528   | -526   |
| Net Profit        | 1,181  | 993    | 1,396  | 1,542  | 1,497  |
| Core Net Profit   | 1,185  | 1,227  | 1,418  | 1,542  | 1,497  |

**Balance Sheet**

| FYE Dec (RM m)      | 2022A         | 2023A         | 2024A         | 2025F         | 2026F         |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| Fixed Assets        | 5,639         | 5,384         | 5,091         | 4,189         | 3,444         |
| Intangible Assets   | 11,507        | 11,193        | 11,042        | 11,042        | 11,042        |
| Other Fixed Assets  | 3,118         | 3,163         | 3,286         | 3,286         | 3,286         |
| Inventories         | 8             | 22            | 17            | 0             | 29            |
| Receivables         | 2,136         | 2,435         | 2,415         | 1,867         | 2,177         |
| Other ST Assets     | 9             | 15            | 8             | 8             | 8             |
| Cash                | 628           | 569           | 464           | 2,320         | 2,835         |
| <b>Total Assets</b> | <b>23,045</b> | <b>22,781</b> | <b>22,323</b> | <b>22,712</b> | <b>22,821</b> |
| Payables            | 3,807         | 4,126         | 4,111         | 4,309         | 4,271         |
| ST Borrowings       | 283           | 857           | 1,193         | 1,180         | 1,167         |
| Other ST Liability  | 353           | 439           | 297           | 297           | 297           |
| LT Borrowings       | 9,582         | 8,915         | 8,096         | 8,009         | 7,922         |
| Other LT Liability  | 2,649         | 2,700         | 2,720         | 2,720         | 2,720         |
| <b>Net Assets</b>   | <b>6,371</b>  | <b>5,744</b>  | <b>5,906</b>  | <b>6,198</b>  | <b>6,443</b>  |
| S/holders' Equity   | 6,369         | 5,743         | 5,905         | 6,197         | 6,442         |
| Minority Interests  | 2             | 1             | 1             | 1             | 1             |
| <b>Total Equity</b> | <b>6,371</b>  | <b>5,744</b>  | <b>5,906</b>  | <b>6,198</b>  | <b>6,443</b>  |

**Cashflow Statement**

| FYE Dec (RM m)        | 2022A       | 2023A      | 2024A      | 2025F        | 2026F      |
|-----------------------|-------------|------------|------------|--------------|------------|
| Operating CF          | 3,303       | 2,853      | 3,057      | 4,572        | 3,288      |
| Investing CF          | -1,296      | -763       | -693       | -895         | -1,039     |
| Financing CF          | -2,570      | -2,113     | -2,451     | -1,821       | -1,735     |
| <b>Change In Cash</b> | <b>-563</b> | <b>-23</b> | <b>-87</b> | <b>1,856</b> | <b>515</b> |
| Free CF               | 1,583       | 1,712      | 2,046      | 3,681        | 2,250      |

**Financial Data & Ratios**

| FYE Dec                | 2022A | 2023A | 2024A | 2025F | 2026F |
|------------------------|-------|-------|-------|-------|-------|
| <b>Growth</b>          |       |       |       |       |       |
| Revenue                | 6%    | 4%    | 3.1%  | -0.1% | -0.9% |
| EBITDA                 | 1%    | 2%    | 2.9%  | 4.7%  | -3.4% |
| EBIT                   | -1%   | -4%   | 10.5% | 8.5%  | -5.4% |
| PBT                    | 3%    | -20%  | 30.0% | 10.3% | -2.3% |
| Core Net Profit        | -12%  | 4%    | 15.6% | 8.8%  | -3.0% |
| <b>Profitability</b>   |       |       |       |       |       |
| EBIT Margin            | 23%   | 21%   | 22%   | 24%   | 23%   |
| PBT Margin             | 19%   | 14%   | 18%   | 20%   | 19%   |
| Core Net Margin        | 12%   | 12%   | 14%   | 15%   | 14%   |
| Effective Tax Rate     | 35%   | 31%   | 26%   | 26%   | 26%   |
| ROA                    | 5%    | 5%    | 6%    | 7%    | 7%    |
| ROE                    | 19%   | 21%   | 24.0% | 25%   | 23%   |
| <b>DuPont Analysis</b> |       |       |       |       |       |
| Net Margin (%)         | 12.1% | 12.1% | 13.5% | 14.7% | 14.4% |
| Asset Turnover (x)     | 41.2% | 42.5% | 44.7% | 47.0% | 46.2% |
| Leverage (x)           | 3.3   | 3.6   | 4.0   | 3.8   | 3.7   |
| ROE (%)                | 0.2   | 0.2   | 0.2   | 0.2   | 0.2   |
| <b>Leverage</b>        |       |       |       |       |       |
| Debt/Asset (x)         | 0.4   | 0.4   | 0.4   | 0.4   | 0.4   |
| Debt/Equity (x)        | 1.5   | 1.7   | 1.6   | 1.5   | 1.4   |
| Net (Cash)/Debt        | 9,237 | 9,203 | 8,825 | 6,869 | 6,254 |
| Net Gearing (x)        | 1.5   | 1.6   | 1.5   | 1.1   | 1.0   |
| <b>Valuations</b>      |       |       |       |       |       |
| Core EPS (sen)         | 15.2  | 15.7  | 18.1  | 19.7  | 19.1  |
| DPS (sen)              | 20.0  | 16.0  | 17.0  | 16.0  | 16.0  |
| BVPS (RM)              | 0.8   | 0.7   | 0.8   | 0.8   | 0.8   |
| Core PER (x)           | 24.5  | 23.6  | 20.5  | 18.8  | 19.4  |
| Div. Yield (%)         | 0.1   | 0.0   | 0.0   | 0.0   | 0.0   |
| PBV (x)                | 4.4   | 4.4   | 4.7   | 5.2   | 5.2   |
| EV/EBITDA (x)          | 15.9  | 9.8   | 9.0   | 8.3   | 8.4   |

22 May 2023

## Peer Comparison

| Name                         | Rating | Last Price (RM) | Target Price (RM) | Upside | Market Cap (RM m) | Shariah Compliant | Current FYE | Core EPS (sen) |            | Core EPS Growth |             | PER (x) - Core Earnings |             | PBV (x)    | ROE          | Net. Div. (sen) | Net Div Yld |
|------------------------------|--------|-----------------|-------------------|--------|-------------------|-------------------|-------------|----------------|------------|-----------------|-------------|-------------------------|-------------|------------|--------------|-----------------|-------------|
|                              |        |                 |                   |        |                   |                   |             | 1-Yr. Fwd.     | 2-Yr. Fwd. | 1-Yr. Fwd.      | 2-Yr. Fwd.  | 1-Yr. Fwd.              | 2-Yr. Fwd.  | 1-Yr. Fwd. | 1-Yr. Fwd.   | 1-Yr. Fwd.      | 1-Yr. Fwd.  |
| <b>STOCKS UNDER COVERAGE</b> |        |                 |                   |        |                   |                   |             |                |            |                 |             |                         |             |            |              |                 |             |
| AXIATA GROUP BHD             | MP     | 2.68            | 2.70              | 0.7%   | 24,617.1          | Y                 | 12/2025     | 5.2            | 5.5        | -44.2%          | 5.7%        | 51.8                    | 49.0        | 1.4        | 1.2%         | 11.0            | 4.1%        |
| CELCOMDIGI BHD               | OP     | 3.66            | 4.19              | 14.5%  | 42,937.3          | Y                 | 12/2025     | 14.4           | 16.1       | -5.8%           | 11.6%       | 25.4                    | 22.8        | 2.6        | 10.4%        | 12.0            | 3.3%        |
| MAXIS BHD                    | MP     | 3.71            | 3.56              | -4.0%  | 29,068.2          | Y                 | 12/2025     | 19.7           | 19.1       | 8.8%            | -3.0%       | 18.8                    | 19.4        | 4.7        | 25.5%        | 16.0            | 4.3%        |
| OCK GROUP BHD                | MP     | 0.470           | 0.390             | -17%   | 494.1             | Y                 | 06/2025     | 2.6            | 3.0        | -9.1%           | 12.6%       | 17.8                    | 15.8        | 0.8        | 4.6%         | 1.0             | 2.1%        |
| TELEKOM MALAYSIA BHD         | OP     | 7.11            | 8.15              | 14.6%  | 27,286.3          | Y                 | 12/2025     | 47.3           | 47.4       | -12.0%          | 0.3%        | 15.0                    | 15.0        | 2.5        | 16.9%        | 32.5            | 4.6%        |
| TIME DOTCOM BHD              | OP     | 5.00            | 5.91              | 18.2%  | 9,244.1           | Y                 | 12/2025     | 26.1           | 28.7       | 10.6%           | 9.9%        | 19.1                    | 17.4        | 2.4        | 12.2%        | 30.5            | 6.1%        |
| <b>SECTOR AGGREGATE</b>      |        |                 |                   |        | <b>133,647.1</b>  |                   |             |                |            | <b>-8.5%</b>    | <b>3.9%</b> | <b>22.3</b>             | <b>21.4</b> | <b>2.4</b> | <b>11.8%</b> |                 | <b>4.1%</b> |

Source: Bloomberg, Kenanga Research

## Stock ESG Ratings:

|                | Criterion                         | Rating |   |   |   |  |
|----------------|-----------------------------------|--------|---|---|---|--|
| GENERAL        | Earnings Sustainability & Quality | ★      | ★ | ★ | ★ |  |
|                | Community Investment              | ★      | ★ | ★ |   |  |
|                | Workers Safety & Wellbeing        | ★      | ★ | ★ |   |  |
|                | Corporate Governance              | ★      | ★ | ★ | ★ |  |
|                | Anti-Corruption Policy            | ★      | ★ | ★ |   |  |
|                | Emissions Management              | ★      | ★ | ★ |   |  |
| SPECIFIC       | Cybersecurity & Data Privacy      | ★      | ★ | ★ |   |  |
|                | Network Quality & Coverage        | ★      | ★ | ★ |   |  |
|                | Digitalisation & Innovation       | ★      | ★ | ★ |   |  |
|                | Supply Chain Management           | ★      | ★ | ★ |   |  |
|                | Talent Management                 | ★      | ★ | ★ |   |  |
|                | Customer Satisfaction             | ★      | ★ | ★ |   |  |
| <b>OVERALL</b> |                                   | ★      | ★ | ★ |   |  |

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**Stock Ratings are defined as follows:**

**Stock Recommendations**

|                |                                                                                |
|----------------|--------------------------------------------------------------------------------|
| OUTPERFORM     | : A particular stock's Expected Total Return is MORE than 10%                  |
| MARKET PERFORM | : A particular stock's Expected Total Return is WITHIN the range of -5% to 10% |
| UNDERPERFORM   | : A particular stock's Expected Total Return is LESS than -5%                  |

**Sector Recommendations\*\*\***

|             |                                                                                 |
|-------------|---------------------------------------------------------------------------------|
| OVERWEIGHT  | : A particular sector's Expected Total Return is MORE than 10%                  |
| NEUTRAL     | : A particular sector's Expected Total Return is WITHIN the range of -5% to 10% |
| UNDERWEIGHT | : A particular sector's Expected Total Return is LESS than -5%                  |

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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