

18 May 2026

# Maxis

## Topline Strength, Tight Cost Control

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MAXIS's 1QFY26 results tracked expectations, reflecting a laudable performance. Robust service revenue growth (mainly led by postpaid subscriber expansion), coupled with efficient cost controls drove earnings growth. This was despite mixed QoQ subscriber and ARPU trends for the mobile segment.

We trimmed our FY26F/FY27F earnings by 5%/9%, but maintain our TP of RM3.63 and MARKET PERFORM call. A potential rerating catalyst is the resolution of uncertainties surrounding the takeover of an associate stake in DNB.

**Results in line.** MAXIS' 1QFY26 core net profit of RM425m (+15% YoY) met expectations, accounting for 26% of both our full-year forecast and consensus estimates. The group declared 1QFY26 DPS of 4 sen (1QFY25: 4 sen), which was within our expectation.

**Enterprise solutions and mobile drove service revenues.** 1QFY26 service revenue growth (3.3% YoY) was in-line with MAXIS' full-year guidance of low single-digit growth. The expansion was primarily led by: (i) mobile: underpinned by postpaid subscriber base expansion following effective targeted acquisition strategies, and (ii) enterprise fixed and solutions: supported by higher subscriptions for IoT services and other fixed network solutions.

**EBITDA tracking toward the upper-end of guidance range.** Stronger service revenue growth, coupled with cost discipline, drove EBITDA expansion (+5% YoY) in 1QFY26. This aligns with MAXIS' full-year guidance of low-single-digit EBITDA growth, though performance tracked toward the upper-end of the range.

The flow-through from higher EBITDA, combined with lower depreciation and interest charges, drove the expansion in 1QFY26 core net profit (+15% YoY).

**Mixed subscriber and ARPU metrics.** MAXIS' postpaid net adds remained solid (+57k) in 1QFY26, continuing the group's unbroken growth streak that began in 2QFY21. However, ARPU eased to RM70.3 (4QFY25: RM71.7), likely reflecting a normalization in roaming activities following the year-end travel season.

Prepaid subscriber base slipped back into sequential net churn in 1QFY26 after a short-lived recovery over the past two quarters. Furthermore, ARPU dropped to RM35.1 (4QFY25: RM36), likely due to the seasonally shorter quarter.

Home fiber net adds (+8k) in 1QFY26 chugged along (4QFY25: +11k) amid stable ARPU of RM108.5. The growth in subscriber base was attributed to tactical promotional campaigns for wireless broadband during the festive season.

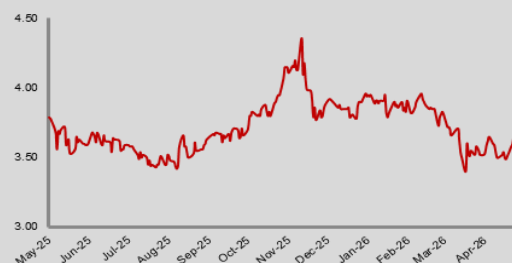
Key takeaways from MAXIS' results' briefing are as follows:

1. The strong performance at MAXIS' mobile segment was largely attributed to extensive restructuring of its distribution channel framework, including revised incentive structures designed to drive high-quality customer acquisition across both internal sales channels and third-party dealers.

## MARKET PERFORM ↔

Price : **RM3.62**  
Target Price: **RM3.63** ↔

### Share Price Performance



KLCI 1,740.22  
YTD KLCI chg 3.6%  
YTD stock price chg -4.5%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MAXIS MK Equity
Market Cap (RM m)	28,363.0
Shares Outstanding	7,835.1
52-week range (H)	4.36
52-week range (L)	3.40
3-mth avg. daily vol.	2,644,474
Free Float	24%
Beta	0.93

### Major Shareholders

Binariang GSM Sdn Bhd	62.2%
Employees Provident Fund	13.6%
Amanah Saham Nasional	10.4%

### Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Revenue	10,635	10,963	11,201
EBITDA	4,302	4,491	4,616
EBIT	2,521	2,666	2,759
PBT	2,067	2,044	2,040
<b>Net Profit (NP)</b>	<b>1,561</b>	<b>1,523</b>	<b>1,526</b>
<b>Core Net Profit</b>	<b>1,583</b>	<b>1,523</b>	<b>1,526</b>
Consensus NP	-	1,599	1,663
Earnings Revision	-	-5.1	-8.5
EBITDA Margin	40.5	41.0	41.2
Core EPS (sen)	20.2	19.5	19.5
Core EPS Growth (%)	11.6	-3.5	0.2
DPS (sen)	17.5	17.5	17.5
BVPS (RM)	0.8	0.8	0.8
Core PER (x)	17.9	18.6	18.5
PBV (x)	4.6	4.5	4.4
Net Gearing (x)	1.4	1.2	1.1
Div. Yield (%)	4.8	4.8	4.8

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- The recent entry of several new MVNOs poses little concern for MAXIS in the near term or foreseeable future. This is because these players target distinct niche market segments rather than compete directly with MAXIS. Notably, the group hosts two of these MVNOs on its network, namely BeONE Mobile and CMLink. CM Link primarily serves China-origin students and families residing in Malaysia under the MM2H programme. Meanwhile, BeONE targets customers in the Malay heartlands through a multi-level marketing distribution model.
- The competitive landscape in the prepaid segment remains relatively benign for now, even as U Mobile reached a milestone 83% CoPA for its 5G network. Meanwhile, for postpaid, while pricing remains stable, recent increases in data allowances by U Mobile suggest potential competitive pressure ahead - mainly through higher data quotas.
- MAXIS anticipates that it may begin equity accounting for DNB (Digital Nasional Berhad) by end-3QCY26 or 4QCY26, subject to the fulfilment of conditions precedent under the Ministry of Finance's put option agreement.

**Forecast.** We trim our FY26F/FY27F earnings estimates by 5%/9%, reflecting our expectations that equity accounting for DNB will commence from 2HFY26F for both CDB and MAXIS.

**Valuations.** We maintain our TP of RM3.63 based on unchanged valuation of 8.0x FY26F EV/EBITDA. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 4).

**Investment case.** MAXIS delivered solid FY25 EBITDA growth, underpinned by cost efficiencies that supported bottom-line expansion. However, looking ahead, we are cautious on its growth trajectory, due to a high base effect and potential margin pressure, as 4G traffic is progressively migrated to DNB's 5G network.

In our view, MAXIS's relatively smaller subscriber base (c. 30% smaller than its key competitor) limits its ability to leverage on economies of scale in absorbing fixed costs (e.g. spectrum, access fees and network). Consequently, the group may be more vulnerable to cost escalation as the industry transitions to a new 5G framework. Maintain **MARKET PERFORM**.

**Risks to our call include:** (i) competition between mobile players turns irrational, (ii) market share and margin erosion in the 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.

Results Highlights					
	1Q	4Q	QoQ	1Q	YoY
FYE Dec (RM m)	FY26	FY25	Chg	FY25	Chg
Revenue	2,731	2,876	-5.0%	2,608	4.7%
<b>EBITDA</b>	<b>1,104</b>	<b>1,078</b>	2.4%	<b>1,052</b>	4.9%
Depreciation	(433)	(477)	-9.2%	(441)	-1.8%
Net Finance Costs	(104)	(104)	0.0%	(111)	-6.3%
EI	(8)	(11)	-27.3%	0	nm
<b>PBT</b>	559	486	15.0%	500	11.8%
Taxation	(142)	(106)	34.0%	(129)	10.1%
Minority Interest	0	0	Nm	0	nm
<b>Reported Net Profit</b>	<b>417</b>	<b>380</b>	9.7%	<b>371</b>	12.4%
<b>Core Net Profit</b>	<b>425</b>	<b>391</b>	8.7%	<b>371</b>	14.6%
Core EPS (sen)	5.4	4.9	9.4%	4.7	14.9%
DPS (sen)	4.0	5.5	-27.3%	4.0	0.0%
EBITDA margin	40.4%	37.5%		40.3%	
PBT Margin	20.5%	16.9%		19.2%	
Core Net margin	15.6%	13.6%		14.2%	
Effective Tax Rate	-25.4%	-21.8%		-25.8%	

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Segmental Highlights					
	1Q	4Q	QoQ	1Q	YoY
FYE Dec (RM m)	FY26	FY25	Chg	FY25	Chg
<b>Service Revenue</b>	2,242.0	2,297.0	-2.4%	2,171.0	3.3%
<b>- Consumer</b>					
> Postpaid	963	976	-1.3%	924	4.2%
> Prepaid	609	624	-2.4%	595	2.4%
> Fiber	251	255	-1.6%	254	-1.2%
<b>- Enterprise</b>					
> Mobile	211	214	-1.4%	213	-0.9%
> Fixed & Solutions	208	228	-8.8%	185	12.4%
<b>- Device</b>	489	580	-15.7%	437	11.9%
<b>Total Revenue</b>	<b>2,731</b>	<b>2,877</b>	-5.1%	<b>2,608</b>	4.7%

Source: Company, Kenanga Research

Key Operating Metrics					
	1Q	4Q	QoQ	1Q	YoY
Subscribers ('000)	FY26	FY25	Net Adds	FY25	Net Adds
- Postpaid	4,209	4,152	57	3,982	227
- Prepaid	5,721	5,826	(105)	5,791	(70)
- Consumer Fibre	807	799	8	787	20
- Consumer WBB	0	0	0	81	(81)
<b>ARPU (RM)</b>					
- Postpaid	70.3	71.7		71.8	
- Prepaid	35.1	36.0		34.3	
- Home Connectivity	108.5	108.5		110	

Source: Company, Kenanga Research

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	2.28	2.70	18.4%	20,949.2	Y	12/2026	5.8	5.9	-37.7%	2.8%	39.4	38.4	1.2	0.5%	11.0	4.8%
CELCOMDIGI BHD	OP	3.20	4.27	33.4%	37,540.8	Y	12/2026	13.6	13.6	6.2%	0.6%	23.6	23.4	2.4	10.1%	16.0	5.0%
MAXIS BHD	MP	3.62	3.63	0.3%	28,363.0	Y	12/2026	20.5	21.3	1.3%	3.9%	17.6	17.0	4.4	25.6%	18.0	5.0%
OCC GROUP BHD	OP	0.435	0.430	-1.1%	448.9	Y	06/2026	2.5	2.8	-12.6%	10.8%	17.1	15.4	0.7	4.4%	1.0	2.3%
TELEKOM MALAYSIA BHD	OP	7.57	8.86	17.0%	29,051.7	Y	12/2026	47.7	47.9	3.1%	0.4%	15.9	15.8	2.6	16.6%	33.0	4.4%
TIME DOTCOM BHD	OP	6.30	6.60	4.8%	11,647.6	Y	12/2026	28.0	30.2	6.3%	7.8%	22.5	20.8	3.9	16.8%	42.0	6.7%
<b>SECTOR AGGREGATE</b>					<b>128,001.1</b>					<b>-2.0%</b>	<b>2.3%</b>	<b>21.1</b>	<b>20.6</b>	<b>2.5</b>	<b>12.3%</b>		<b>4.7%</b>

Source: Bloomberg, Kenanga Research

Stock ESG Ratings:

	Criterion	Rating			
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★	★
	Community Investment	★	★	★	
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	★
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	★	
<b>SPECIFIC</b>	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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