UOBKayHian

Company – Results | Malaysia

Monday, 17 August 2026

Maxis (MAXIS MK)

2Q26: Strong Quarter; Good Cost Control Led To Margin Expansion

Highlights

- Maxis reported a strong 2Q26 net profit of RM436m (+10% yoy) on the back of a 2% yoy service revenue growth and cost discipline. EBITDA-to-service revenue margin expanded to 50% amid good cost control.
- 1H26 net profit of RM853m is within house and street estimates.
- Maintain BUY on share price weakness with a DCF-based target price of RM4.20. The stock offers a 5% dividend yield.

2Q26 Results

Year to 31 Dec (S$m)	2Q26	qoq%	yoy%	1H26	yoy%
Revenues	2,656	(2.7)	3.7	5,387	4.2
Reported EBITDA	1,124	2.3	2.7	2,223	3.4
EBITDA Margin (%)	42	2.1	(0.4)	49.5	0.3
Pre-tax profits	585	4.7	8.9	1,144	10.3
Net profit	436	4.6	9.5	853	10.9
Core Net profit	436	4.6	9.5	853	10.9
EPS (sen)	5.6	5.7	9.8	10.9	11.2
DPS (sen)	4.0	0.0	0.0	8.0	0.0
Subscribers ('000)	10,794	0.5	1.8	10,655	0.5
Cost Structure (% of revenue)	2Q25	3Q25	4Q25	1Q26	2Q26
Traffic, commissions & other direct costs	41.5%	42.3%	54.7%	47.7%	45.7%
Network & Spectrum	9.7%	9.5%	9.3%	9.8%	8.8%
Resource	9.5%	8.6%	7.4%	8.3%	7.9%
O&M	5.0%	5.3%	5.1%	5.2%	4.9%
Marketing	1.9%	2.0%	2.1%	1.9%	2.0%

Source: Maxis Berhad, UOB Kay Hian

Analysis

- **2Q26: A strong set of earnings.** Maxis reported strong 2Q26 net profit of RM436m (+10% yoy; +5% qoq), driven by a 2% yoy service revenue growth and 1ppt qoq increase in EBITDA-to-service revenue margin of 50%. Good cost discipline lifted 2Q26 net profit margin to 16.4% vs 15.5% in 2Q25. Accounting for 53% of our and consensus full-year estimates, we deem results in line with expectations.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	10,536.0	10,635.0	10,957.9	11,363.1	11,715.6
EBITDA	4,122.0	4,329.0	4,438.2	4,446.6	4,485.6
Operating profit	2,324.0	2,499.0	2,632.2	2,737.2	2,864.2
Net profit (rep./act.)	1,396.0	1,561.0	1,607.9	1,672.3	1,823.6
Net profit (adj.)	1,396.0	1,561.0	1,607.9	1,672.3	1,823.6
EPS	17.8	19.9	20.5	21.3	23.3
PE (x)	20.8	18.6	18.0	17.3	15.9
P/B (x)	4.9	4.7	4.6	4.4	4.3
EV/EBITDA (x)	9.2	8.7	8.3	8.1	7.9
Dividend yield (%)	4.6	4.7	4.9	5.1	5.5
Net margin (%)	13.2	14.7	15.2	15.6	16.0
Net debt/(cash) to equity (%)	149.4	138.6	123.0	108.2	97.4
Interest cover (x)	4.5	4.9	5.3	5.6	5.8
ROE (%)	23.6	25.4	25.4	25.6	27.0
Consensus net profit	n.a	n.a	1,602.0	1,650.0	1,743.0
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Maxis, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM3.70
Target Price	RM4.20
Upside	13.5%

Stock Data

Sector	Communication Services
Bloomberg ticker	MAXIS MK
Shares issued (m)	7,835.1
Market cap (RMm)	29,015.0
Market cap (US$m)	7,099.0
3-mth avg daily t'over (US$m)	3.1

Price Performance (%)

52-week high/low: RM4.36/RM3.22

1mth	3mth	6mth	1yr	YTD
3.6	2.8	(4.1)	5.1	(2.4)

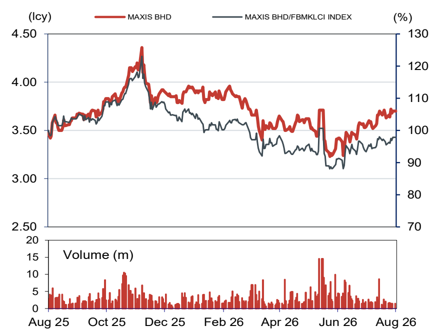
Major Shareholders (%)

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

Balance Sheet Metrics

FY26F NAV/Share (RM)	0.8
FY26F Net Debt/Share (RM)	1.1

Price Chart



Source: Bloomberg

Company Description

Mobile operator in Malaysia, providing GSM and 3G services.

- **Interim DPS of 4 sen/share, potentially higher interim DPS in 2H26.** Maxis declared a second interim DPS of 4 sen/share (72% earnings payout), within our expectations. We project a full-year net DPS of 18.1 sen/share, translating to a net dividend yield of 5%.
- **Postpaid revenue rose 4% yoy and 1% qoq to RM972m.** Key drivers were: a) net add of 28,000 subscribers, thanks to targeted product offerings; and b) marginally higher postpaid ARPU of RM70.50/month (1Q26: RM70.30/month; 2Q25: RM71.30/month).
- **Prepaid revenue was stable at RM612m.** ARPU improved to RM35.60/month (1Q26: RM35.10/month; 2Q25: RM35.30/month). Subscribers were stable in the quarter. The quarter's performance was attributable to the group's recent product portfolio revision targeting value-driven consumers and tourists.
- **A healthy enterprise segment.** Enterprise revenue rose 2% yoy to RM418m (-1% qoq), primarily driven by higher fixed and solutions project delivery for recurring managed services, cloud and solutions services. The qoq weakness was attributed to lower wholesale services execution coupled with declining legacy services demand.

Valuation/Recommendation

- **Maintain BUY on share price weakness with a DCF-based target price of RM4.20** (discount rate: 7%; growth: 2%). At our target price, the stock trades at 9.0x 2027F EV/EBITDA (mean valuation of 9.4x). The stock offers a decent dividend yield of 5%.

Earnings Revision/Risk

- No change to earnings.

Share Price Catalyst

- **2026 guidance.** The group maintained its conservative guidance with capex (expected to be >RM1b) focus on fibre footprint expansion (for both consumer and enterprise/data centre connectivity) and mobile network infrastructure capacity upgrades.

Environment, Social, Governance (ESG) Updates

Environmental

- Reduced Scope 1 GHG emissions by 8% yoy and emission intensity by 6.7% yoy in 2025, through off-grid solar installations, infrastructure decommissioning and server consolidations.
- Implementation of waste management protocols has successfully led to a commendable 58% recycling rate on total waste generated (88% for network waste and 27% for marketing materials).

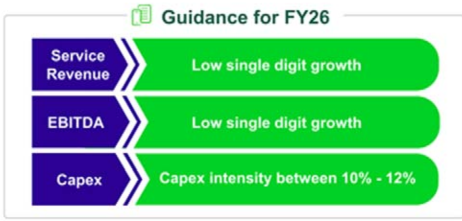
Social

- Community outreach involving 3,865 hours of employee volunteering and providing humanitarian relief during natural disasters amounting to RM0.1m in 2025.

Governance

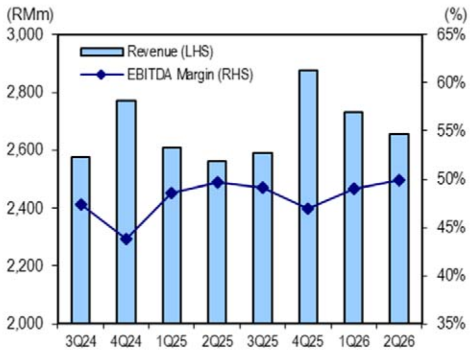
- The board comprises nine members consisting of four Independent Directors and five Non-executive Directors. Meanwhile, women comprise 22% (two directors) of the board.

Performance Guidance For 2026



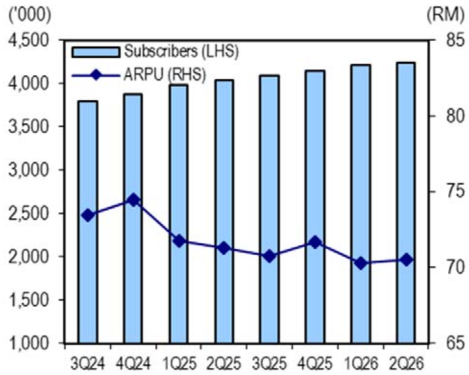
Source: Maxis

Revenue And EBITDA Margin



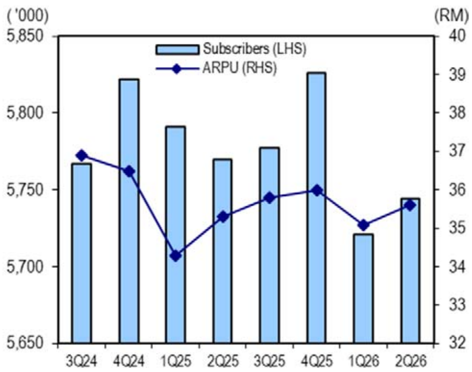
Source: Maxis, UOB Kay Hian

Postpaid Trend



Source: Maxis, UOB Kay Hian

Prepaid Trend



Source: Maxis, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	10,635	10,958	11,363	11,716
EBITDA	4,329	4,438	4,447	4,486
Deprec. & amort.	(1,830)	(1,806)	(1,709)	(1,621)
EBIT	2,499	2,632	2,737	2,864
Net interest income/(expense)	(432)	(426)	(407)	(383)
Pre-tax profit	2,067	2,206	2,330	2,481
Tax	(506)	(536)	(557)	(608)
Minorities	-	-	-	-
Net profit	1,561	1,608	1,672	1,824
Net profit (adj.)	1,561	1,608	1,672	1,824

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	5,022	4,531	4,185	3,970
Other LT assets	14,319	14,319	14,319	14,319
Cash/ST investment	458	956	1,475	1,773
Other current assets	2,723	2,836	2,941	3,032
Total assets	22,522	22,642	22,920	23,094
ST debt	1,886	1,886	1,886	1,886
Other current liabilities	4,694	4,844	5,129	5,276
LT debt	7,094	6,871	6,664	6,471
Other LT liabilities	2,701	2,701	2,701	2,701
Shareholders' equity	6,147	6,340	6,541	6,759
Minority interest	-	-	-	-
Total liabilities & equity	22,522	22,642	22,920	23,094

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	3,583	3,877	3,969	3,884
Pre-tax profit	2,067	2,144	2,230	2,431
Tax	(506)	(536)	(557)	(608)
Deprec. & amort.	1,830	1,806	1,709	1,621
Associates	-	-	-	-
Working capital changes	(75)	37	180	56
Other operating cashflows	267	426	407	383
Investing	(1,156)	(1,280)	(1,321)	(1,349)
Capex (maintenance)	(1,316)	(1,315)	(1,364)	(1,406)
Proceeds from sale of assets	-	-	-	-
Others	160	35	43	57
Financing	(2,432)	(2,099)	(2,129)	(2,237)
Dividend payments	(1,371)	(1,415)	(1,472)	(1,605)
Issue of shares	-	-	-	-
Proceeds from borrowings	(305)	(223)	(207)	(193)
Others/interest paid	(756)	(461)	(450)	(441)
Net cash inflow (outflow)	(5)	498	519	298
Beginning cash & cash equivalent	453	448	946	1,465
Changes due to forex impact	-	-	-	-
Ending cash & cash equivalent	448	946	1,465	1,763

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	40.7	40.5	39.1	38.3
Pre-tax margin	19.4	20.1	20.5	21.2
Net margin	14.7	15.2	15.6	16.0
ROA	6.9	7.1	7.3	7.9
ROE	25.4	25.4	25.6	27.0
Growth				
Turnover	0.9	3.0	3.7	3.1
EBITDA	5.0	2.5	0.2	0.9
Pre-tax profit	10.1	6.7	5.6	6.5
Net profit	11.8	3.0	4.0	9.0
Net profit (adj.)	11.8	3.0	4.0	9.0
EPS	11.8	3.0	4.0	9.0
Leverage				
Debt to total capital	0.6	0.6	0.5	0.5
Debt to equity	1.5	1.4	1.3	1.2
Net debt/(cash) to equity	1.4	1.2	1.1	1.0
Interest cover	4.9	5.3	5.6	5.8