

Malaysia

ADD (previously HOLD)

Consensus ratings*: Buy 5 Hold 16 Sell 2

Current price:	RM3.31
Target price:	RM3.60
Previous target:	RM3.90
Up/downside:	8.8%
CGS-CIMB / Consensus:	-15.4%
Reuters:	MXSC.KL
Bloomberg:	MAXIS MK
Market cap:	US\$5,881m
	RM25,918m
Average daily turnover:	US\$2.10m
	RM9.17m
Current shares o/s:	7,809m
Free float:	37.7%

*Source: Bloomberg

Key changes in this note

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-11.3	-16.4	-24.8
Relative (%)	-4.6	-6.9	-19.3

Major shareholders	% held
Binariang GSM	62.3
Employees Provident Fund	12.0
Amanah Saham Bumiputera	8.0

Analyst(s)



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Maxis Berhad

Risk-reward turns attractive; upgrade to Add

- TP cut by 8% to RM3.60 on higher risk-free rate, but upgrade from Hold to Add as we think earnings risk from 5G wholesale fees is priced in.
- Maxis's share price is down 28% YTD and is now even below its FV where it has to pay DNB's currently proposed 5G wholesale rates (Scenario 1).
- In Scenario 1, its EV/OpFCF is at a 12-year low, while dividend yield of 6.0% (+0.8 s.d.) is a decent 182bp above the 10-year MGB yield.

Upgrade to Add; DCF-based TP cut by 8% to RM3.60 (WACC: 7.6%)

We lower Maxis's TP by 8% to RM3.60 after raising the risk-free rate by 50bp to 4.5% (due to the recent rise in Malaysian government bond yields); the former is still based on a 20% discount to its DCF-based fair value (FV) of RM4.53 (ex-5G wholesale fees). We upgrade Maxis from Hold to Add, given a total potential return of c.15%. Its share price is down 28% YTD (-22% relative to FBM KLCI) and is now even below its FV where it has to pay the current 5G wholesale rates (Scenario 1). Our earnings forecasts are unchanged (i.e. ex-5G fees), pending better clarity/visibility. Downside risks: delays in 5G final resolution, more intense mobile competition, weak Enterprise earnings (see Page 2).

FY22-32F core EPS & FCFE may be hit in Scenario 1...

For Scenario 1, we assume Maxis signs a 5G wholesale agreement with Digital Nasional Bhd (DNB; Unlisted) based on its current offer, with no equity stake in DNB. Assuming the wholesale agreement takes effect from 1 Jul 2022, we estimate Maxis' FY22-32F core EPS may be lower by 1.2-36.0% vs. our current forecasts (ex-5G). We expect this to be partly offset by a substantial drop in 4G capex from FY25F onwards to just maintenance levels by FY29F. Thus, its FY22-32F FCFE may be lower by 1.0-23.4% vs. our current forecasts (ex-5G). Its DCF-based FV is RM3.57 in Scenario 1.

...but this has been more than priced in, in our view

While we expect Maxis's earnings to get hit in Scenario 1, we believe this has been more than priced in as its EV/OpFCF is now at the bottom of its 12-year trading band even if stretched out to end-FY24F (see Fig 3). We think Maxis should also be able to sustain FY22-24F DPS at 20 sen p.a., as we project its FCFE/share at 20-23 sen. This puts its dividend yield at 6.0%, or well into the upper half (+0.8 s.d.) of its 12-year range and a decent 182bp above the 10-year Malaysian government bond (MGB) yield (see Fig 5).

FY22-24F core EPS may be better in Scenario 2 vs. Scenario 1

For Scenario 2, we assume Maxis takes up an 11.7% stake in DNB for RM200m and that wholesale fees are based on actual traffic (instead of sites rolled out) in 2022-24F. Maxis's FY22-24F core EPS may be hit by a smaller 1-6% (Scenario 1: 1-19%) and FCFE/share may also be higher at 20-25 sen (Scenario 1: 20-23 sen), but its FV may not be much changed at RM3.57, as wholesale fee discounts (only for 2022-24F) are offset by the investment in DNB. However, if we assume DNB also offers a 20% discount on wholesale fees from 2025F, its FV would be higher at RM3.94, based on our estimates.

Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	8,966	9,241	9,684	10,016	10,334
Operating EBITDA (RMm)	3,819	3,936	4,056	4,210	4,425
Operating EBITDA Margin	42.6%	42.6%	41.9%	42.0%	42.8%
Net Profit (RMm)	1,382	1,308	1,259	1,495	1,645
Core EPS (RM)	0.18	0.17	0.16	0.19	0.21
Core EPS Growth	(7.5%)	(5.4%)	(3.8%)	18.8%	10.0%
FD Core P/E (x)	18.73	19.80	20.58	17.32	15.74
DPS (RM)	0.17	0.17	0.20	0.20	0.20
Dividend Yield	5.14%	5.14%	6.04%	6.04%	6.04%
EV/EBITDA (x)	9.14	8.84	8.58	8.18	7.67
P/FCFE (x)	12.82	11.02	12.56	12.10	11.85
Net Gearing	106%	102%	107%	103%	93%
ROE	20.2%	19.5%	19.2%	23.4%	25.7%
% Change In Core EPS Estimates			0%	0%	0%
CGS-CIMB/Consensus EPS (x)			0.96	1.01	1.02

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Risk-reward turns attractive; upgrade to Add

Valuation assumptions >

We lower Maxis's DCF-based TP by 8% to RM3.60 (WACC: 7.6%, terminal growth: 2.0%) after raising the risk-free rate by 50bp to 4.5% (due to the recent rise in Malaysian government bond yields), still at a 20% discount to its DCF-based fair value. The discount is to account for the potential earnings risks arising from 5G wholesale fees paid to DNB based on the latter's current offer, the impact from which could be material if implemented, in our view.

Key re-rating catalyst >

We believe the key potential re-rating catalyst would be **greater clarity on the 5G situation in Malaysia**, which may emerge in early-Jul 2022 given recent comments from the Communications and Multimedia Minister and press reports. On 30 Jun, an Edge Markets report cited the Communications and Multimedia Minister Tan Sri Annuar Musa saying that six local telcos have agreed to take up the 70% stake in DNB ahead of the end-Jun deadline and that an official announcement will be made in another 7-8 days. He also shared that everything is according to plan, and issues pertaining to transparency and the pricing involved have all been sorted out.

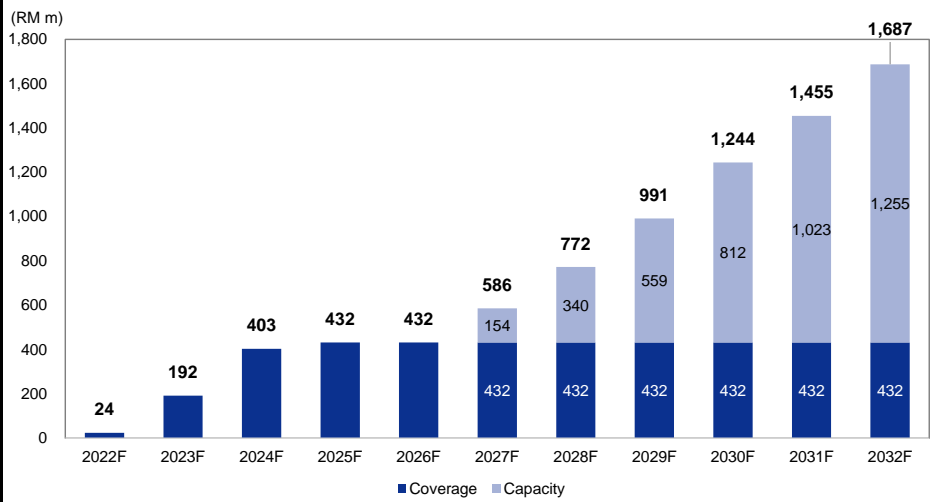
In addition, based on a Singapore's Straits Times (ST) news report on 29 Jun, its sources said that Malaysia's Ministry of Finance (MOF) will inject RM500m for its 30% stake, while each telco will cough up RM200m for an equal 11.7% stake. In addition, a wholesale price review will be overseen by the Malaysian Communications & Multimedia Commission (MCMC) every three years and the wholesale pricing will be discounted until DNB achieves 80% nationwide coverage by end-2024.

Even if telcos were to sign-up on DNB's current wholesale terms, it would still help to provide certainty and dispel fears over potentially even worse-case scenarios, while more favourable outcomes could lead to more significant upsides, in our view.

Key downside risks >

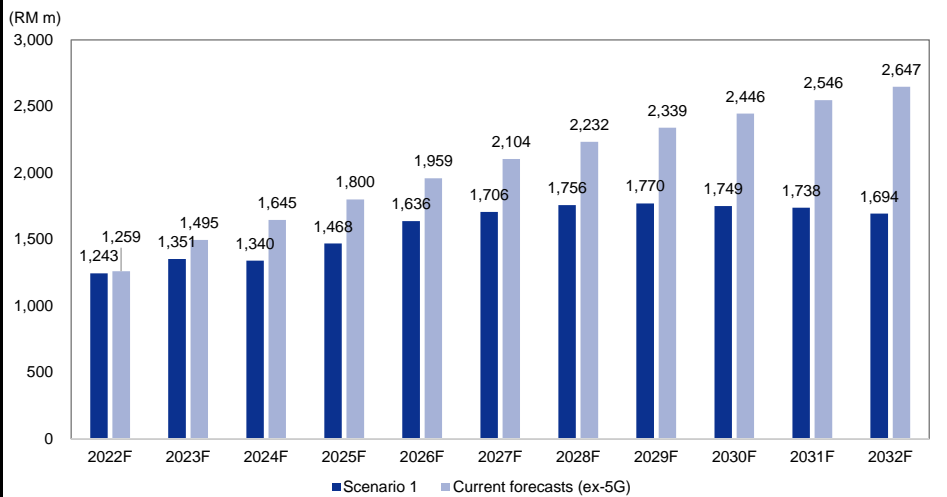
- While there are signs that the relevant parties will soon come to an agreement on 5G, we cannot rule out the risks that **the final resolution may take longer than expected, if there are changes in the political landscape**. In mid-Jun 2022, Youth Wing leaders of the United Malays National Organisation (UMNO; the key component party of the Barisan National coalition) handed over a memorandum to Deputy Communications and Multimedia Minister Datuk Zahidi Zainul Abidin, expressing concerns about Malaysia's 5G rollout through a single wholesale network (SWN) via DNB. If there is a change in the political landscape, a potential new government may take time to review or even change plans. If so, the uncertainties over 5G may persist for longer, during which time, Maxis's share price may continue to stay depressed, in our view.
- **More severe-than-expected competitive pressure in the mobile market**, which may dent Maxis's mobile revenue and earnings.
- **Weaker-than-expected Enterprise earnings growth**, which we believe may lead to investors being less optimistic about Maxis's future revenue/earnings prospects and thus weaken sentiment on the stock.
- **More adverse regulatory developments**, e.g. the imposition of more punitive Mandatory Standards for Quality of Service on telcos by MCMC, which could possibly result in Maxis having to incur higher-than-expected capex/costs going forward.

Figure 1: Estimated 5G wholesale fees for Maxis under Scenario 1



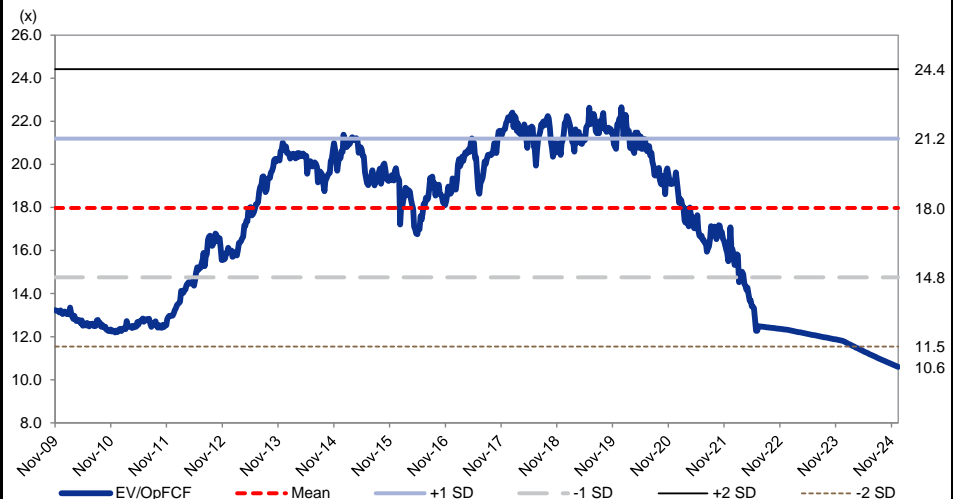
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, DIGITAL NASIONAL BHD

Figure 2: Maxis's core net profit under Scenario 1 vs. our current forecasts



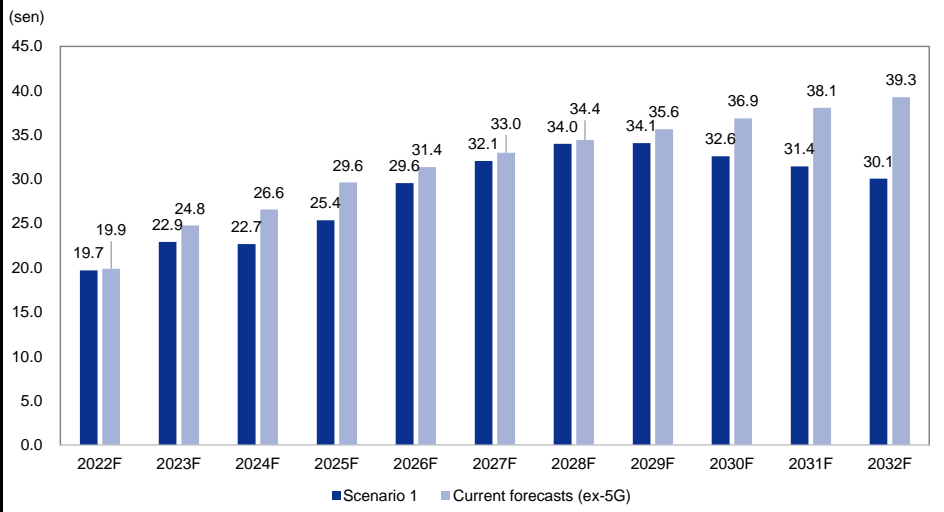
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, DIGITAL NASIONAL BHD

Figure 3: Maxis's EV/OpFCF is near 12-year low, even after including 5G wholesale fees



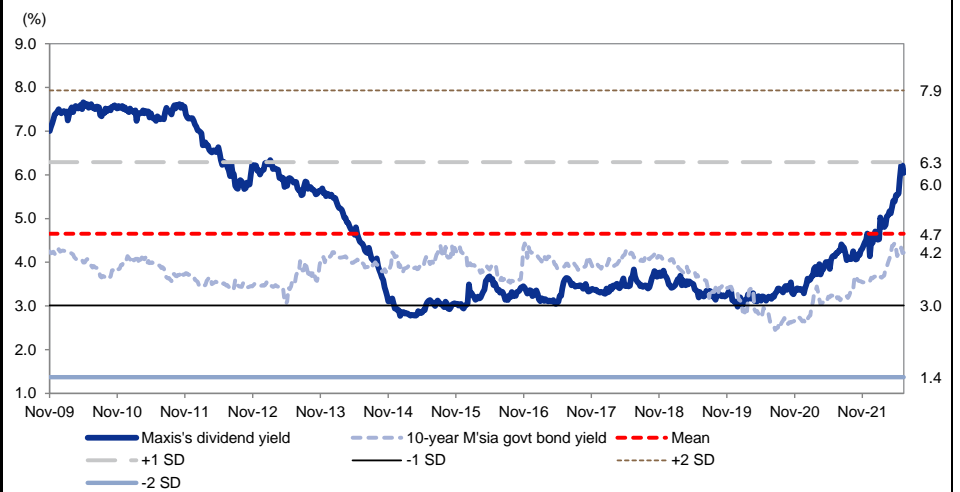
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 4: Maxis's FCFE/share in Scenario 1 suggests it can sustain a 20 sen DPS p.a.



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, DIGITAL NASIONAL BHD

Figure 5: Maxis's dividend yield is now at the top-end of its 12-year range and at a decent premium to the 10-year Malaysia Government Bond yield



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 6: Our revised DCF-based TP for Maxis is RM3.60 (WACC: 7.6%, terminal growth: 2.0%)

FYE 31 Dec (RM m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
EBIT (1-T)	1,710	1,872	2,007	2,145	2,270	2,379	2,465	2,551	2,629	2,706
Depreciation & Amortisation	1,463	1,457	1,442	1,420	1,402	1,388	1,377	1,367	1,360	1,354
Capex (including upfront spectrum fee)	-1,250	-1,250	-1,150	-1,150	-1,150	-1,150	-1,150	-1,150	-1,150	-1,150
Annual FCFE	1,923	2,079	2,299	2,415	2,522	2,617	2,692	2,769	2,839	2,910
Terminal value										53,191
Present value of cash flow	1,788	1,796	1,846	1,803	1,750	1,688	1,614	1,543	1,471	27,018
Value of firm	42,318									
Net cash/(debt) at end-2022F	-6,882									
Value of Equity	35,436									
Value of Equity per share (RM)	4.53									
Discount to equity value	20%									
Target price (RM)	3.60									
Key DCF assumptions										
Cost of equity										
					Ratio	Cost of Capital				
Risk-free rate	4.5%				Equity	60.0%	10.1%			
Market Risk Premium	7.0%				Debt	40.0%	3.8%			
Beta	0.80									
Cost of equity	10.1%				WACC		7.6%			
Terminal growth rate										
Terminal growth rate	2.0%									
Effective tax rate	24.0%									

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 7: Sensitivity of Maxis's TP to changes in WACC and terminal growth rate

WACC	Terminal growth rate				
	1.0%	1.5%	2.0%	2.5%	3.0%
6.5%	4.01	4.31	4.69	5.16	5.76
7.0%	3.60	3.84	4.14	4.50	4.95
7.6%	3.20	3.40	3.60	3.89	4.23
8.0%	2.96	3.12	3.31	3.54	3.81
8.5%	2.70	2.84	2.99	3.18	3.39

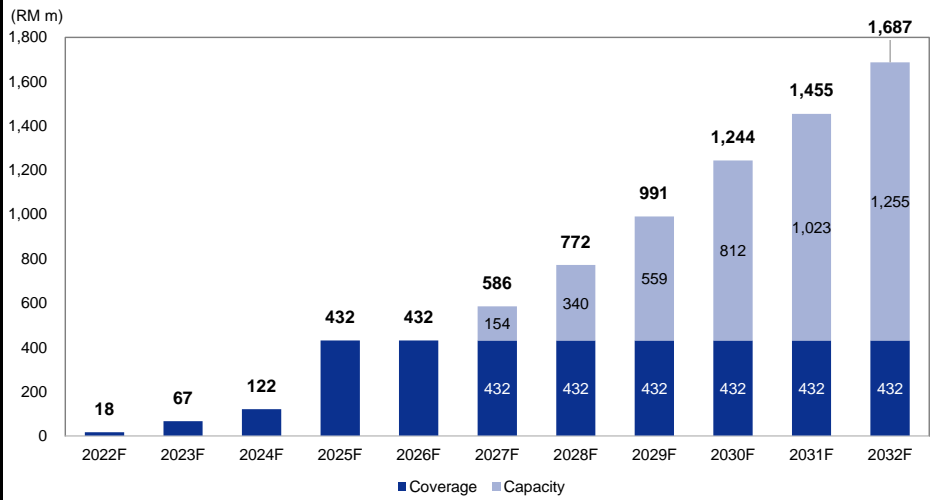
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: Maxis's DCF-based fair value would be RM3.57 under Scenario 1 (WACC: 7.6%, terminal growth: 2.0%)

FYE 31 Dec (RM m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
EBIT (1-T)	1,567	1,573	1,686	1,839	1,890	1,922	1,917	1,880	1,853	1,800
Depreciation & Amortisation	1,463	1,457	1,442	1,400	1,328	1,231	1,124	1,028	951	888
Capex (including upfront spectrum fee)	-1,250	-1,250	-1,150	-950	-750	-550	-450	-450	-450	-450
Annual FCFE	1,781	1,779	1,978	2,289	2,468	2,603	2,591	2,458	2,354	2,238
Terminal value										40,906
Present value of cash flow	1,655	1,537	1,589	1,709	1,713	1,679	1,554	1,370	1,220	20,778
Value of firm	34,804									
Net cash/(debt) at end-2022F	-6,898									
Value of Equity	27,906									
Value of Equity per share (RM)	3.57									
Key DCF assumptions										
Cost of equity										
					Ratio	Cost of Capital				
Risk-free rate	4.5%				Equity	60.0%	10.1%			
Market Risk Premium	7.0%				Debt	40.0%	3.8%			
Beta	0.80									
Cost of equity	10.1%				WACC		7.6%			
Terminal growth rate										
Terminal growth rate	2.0%									
Effective tax rate	24.0%									

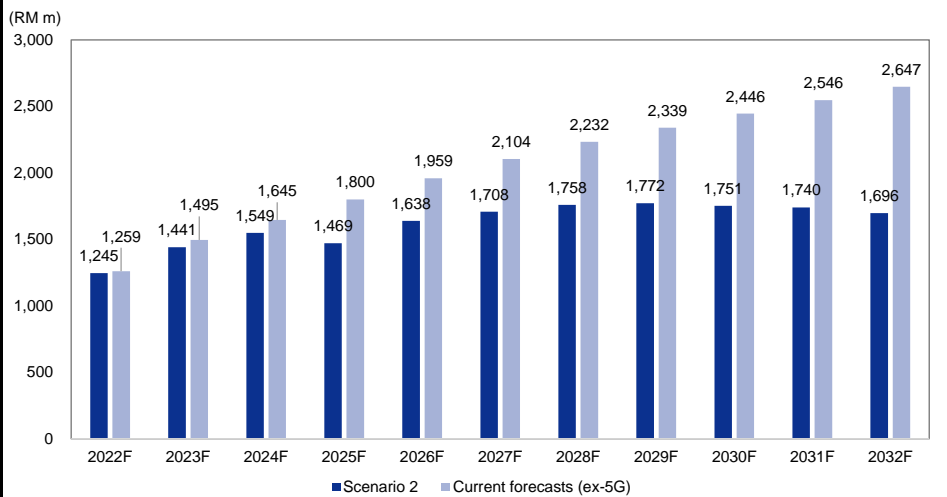
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: Estimated 5G wholesale fees for Maxis under Scenario 2



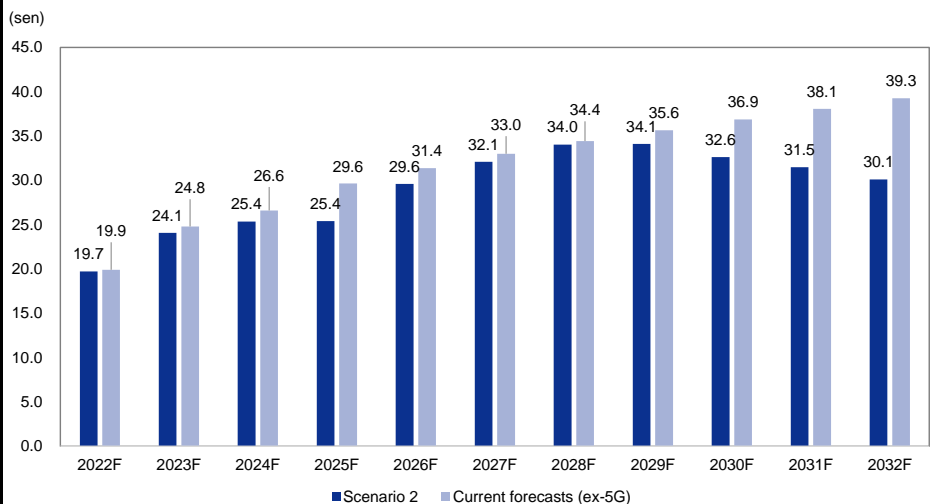
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, DIGITAL NASIONAL BHD

Figure 10: Maxis's core net profit under Scenario 2 vs. our current forecasts



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, DIGITAL NASIONAL BHD

Figure 11: Maxis's FCFE/share under Scenario 2 is supportive of its 20 sen DPS p.a.



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, DIGITAL NASIONAL BHD

Figure 12: Maxis's DCF-based fair value would be RM3.57 under Scenario 2 (WACC: 7.6%, terminal growth: 2.0%)

FYE 31 Dec (RM m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
EBIT (1-T)	1,660	1,781	1,686	1,839	1,890	1,922	1,917	1,880	1,853	1,800
Depreciation & Amortisation	1,463	1,457	1,442	1,400	1,328	1,231	1,124	1,028	951	888
Capex (including upfront spectrum fee)	-1,250	-1,250	-1,150	-950	-750	-550	-450	-450	-450	-450
Annual FCF	1,873	1,988	1,978	2,289	2,468	2,603	2,591	2,458	2,354	2,238
Terminal value										40,906
Present value of cash flow	1,741	1,718	1,589	1,709	1,713	1,679	1,554	1,370	1,220	20,778
Value of firm	35,070									
Net cash/(debt) at end-2022F	-7,096									
Value of Equity	27,974									
Value of Equity per share (RM)	3.57									
Key DCF assumptions										
Cost of equity										
					WACC					
Risk-free rate	4.5%					Ratio				Cost of Capital
Market Risk Premium	7.0%				Equity	60.0%				10.1%
Beta	0.80				Debt	40.0%				3.8%
Cost of equity	10.1%				WACC					7.6%
Terminal growth rate	2.0%									
Effective tax rate	24.0%									


SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 13: ASEAN telco sector comparison

Company	Bloomberg Ticker	Recom.	Current share price (local curr.)	Target price (local curr.)	Market cap (US\$ m)	Core P/E (x)		EV/EBITDA (x)		EV/OpFCF (x)		3-year CAGR (%)		Dvd Yield (%)	
						2022F	2023F	2022F	2023F	2022F	2023F	EPS	EBITDA	2022F	2023F
Maxis	MAXIS MK	ADD	3.31	3.60	5,881	20.6	17.3	8.6	8.2	12.5	11.5	7.9	4.0	6.0	6.0
TM	T MK	ADD	5.29	6.75	4,530	16.9	12.3	5.3	5.0	8.7	8.3	12.1	2.8	3.6	4.9
MY telcos average (ex-outliers)						20.2	17.4	7.2	6.8	11.4	10.6	10.3	3.5	4.6	5.2
SingTel	ST SP	ADD	2.55	3.20	30,136	16.9	13.9	7.7	13.3	18.4	17.3	21.9	3.9	4.4	5.4
Starhub	STH SP	HOLD	1.23	1.40	1,524	26.8	21.7	7.8	6.6	20.5	11.9	(9.9)	1.6	4.1	4.1
SG telcos average (ex-outliers)						21.8	17.8	7.7	9.9	19.4	14.6	6.0	2.7	4.3	4.7
TLKM	TLKM IJ	ADD	4,020	5,000	26,650	14.4	13.4	6.6	6.2	11.0	10.2	10.6	4.6	5.0	5.6
XL Axiata	EXCL IJ	ADD	2,560	3,650	1,837	18.4	13.4	4.3	3.9	10.6	8.9	36.5	7.3	3.3	5.2
Indosat	ISAT IJ	HOLD	6,325	7,100	3,413	99.8	31.9	5.3	4.8	nm	77.4	44.1	19.9	0.5	1.6
Link Net	LINK IJ	ADD	4,670	5,200	895	14.0	12.8	5.2	4.7	14.5	13.9	5.8	8.6	2.1	3.9
Indo telcos average (ex-outliers)						15.6	17.9	5.3	4.9	12.0	11.0	24.2	10.1	2.7	4.1
AIS	ADVANC TB	ADD	197.50	254.00	16,459	21.7	21.2	6.9	6.5	10.1	9.3	3.8	3.5	4.2	4.2
DTAC	DTAC TB	ADD	44.75	53.60	2,969	37.6	54.0	5.5	5.7	11.2	12.2	(24.2)	2.0	3.3	3.0
True	TRUE TB	HOLD	4.64	5.24	4,338	nm	nm	6.7	6.8	13.0	11.7	28.1	3.1	1.5	1.5
DIF	DIF TB	ADD	13.50	17.20	4,022	11.5	11.4	11.7	11.5	11.7	11.5	0.2	0.2	7.7	7.8
Intouch	INTUCH TB	HOLD	68.75	73.00	6,177	20.4	20.2	20.5	20.3	20.5	20.3	2.0	1.9	4.4	4.4
Thai telcos average (ex-outliers)						19.9	23.1	10.0	9.9	12.6	12.3	1.9	2.0	5.1	5.2
ASEAN Telcos average (ex-outliers)						19.4	18.6	7.9	7.9	13.1	16.0	7.8	4.5	4.3	4.8

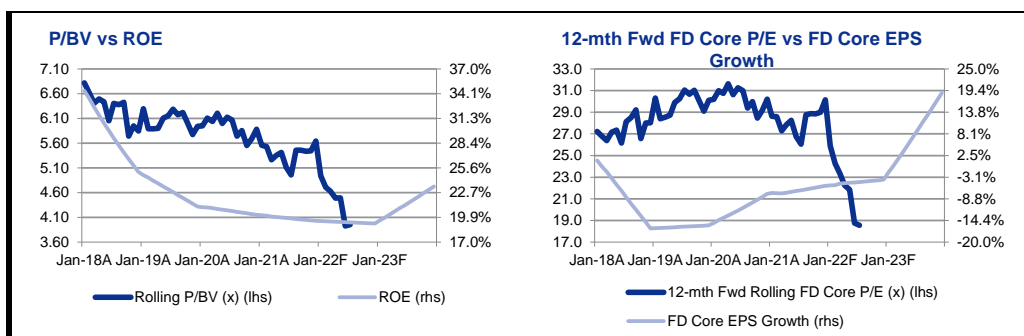
Note: Share prices as of 1 Jul 2022; operating FCF (OpFCF) is calculated as EBITDA minus average 3-year forward capex; core P/E is share price divided by core EPS (i.e. reported EPS excluding one-off extraordinary items); included only P/E ratios ranging between c.10-40x, EV/OpFCF of c.5-25x & EPS/EBITDA 3-year CAGR of -100% to +100% in our calculation of sector averages

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Refinitiv ESG Scores	
	
<p>ESG in a nutshell</p> <p>We rank Maxis fourth for sustainability among the Malaysian telcos under our coverage. We believe it is not a clear leader in any of the key material ESG matters for the sector, and has more room to improve in several aspects. Nonetheless, we note its ESG performance is still fairly decent on an absolute basis, with bright spots including its fairly high average learning and training hours per employee and good/improving workforce/management diversity in 2017-20.</p>	
<p>Keep your eye on</p> <p>The government’s plan to accelerate the 5G SWN rollout via Digital Nasional Bhd (DNB; Unlisted) could be a mid- to longer-term risk for incumbent mobile network operators (MNOs), including Maxis.</p>	<p>Implications</p> <p>If the government proceeds with its 5G SWN plan based on the current commercial offer, we estimate Maxis may be charged substantial wholesale fees of RM192m/RM403m/RM432m/RM432m in FY23F/24F/25F/26F, before rising further to RM586m-RM1.69bn p.a. in FY27-32F. Meanwhile, we think MNOs will not be able to generate much extra revenue from 5G in the near-/mid-term, leading us to believe there could be downside risks to our core EPS forecasts for Maxis over the medium term. We have incorporated this potential earnings risk into our ESG score/ranking and valuation for Maxis by applying a 20% discount to its DCF-based fair value.</p>
<p>ESG highlights</p> <p>We think that Maxis has more room to improve on: i) corporate governance/ethics (lags behind peers in terms of board diversity, number of directors exceeding the 9-year tenure limit and disclosure on individual remuneration of key management executives/directors as well as material corruption cases), ii) environmental impact, as it has not set any targets for the reduction of carbon emissions, and iii) data privacy/security.</p>	<p>Implications</p> <p>This leads us to rank Maxis fourth among Malaysian telcos from an ESG angle. On an absolute basis, we do not expect its ESG performance to have a material impact on revenue/earnings, as the latter is more likely to be driven by issues such as competition, M&A and regulatory developments.</p>
<p>Trends</p> <p>In return for the licence to operate their networks, society expects telcos to roll out their networks and provide good and reliable quality of service (QoS) at affordable prices. If telcos fail at this, there may be community calls on the regulator to intervene to correct a real/perceived market failure, perhaps with the setting of more stringent QoS/coverage targets (with fines imposed if key performance indicators are not met), imposition of tariff ceilings or the suspension of licence/issuance of additional licences to bring in new entrants to spur competition. Telcos that do not consistently provide good and reliable QoS/coverage and customer service may also, over the longer run, risk losing subs and incur additional costs to manage high subs churn rates. Digi won the 4G download speed and video experience awards for two consecutive times in Opensignal’s Dec 20-Aug 21 tests, overtaking Maxis, which is now ranked second.</p>	<p>Implications</p> <p>We are of the view that Maxis losing its position as the leader in network quality in Malaysia is a potential threat that could reduce its market traction over the medium term. We have factored this into our forecasts by projecting a gradual mobile revenue market share erosion for Maxis over FY22-24F.</p>

SOURCES: CGS-CIMB RESEARCH, OPENSIGNAL, COMPANY REPORTS, REFINITIV

BY THE NUMBERS



Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	9,240	9,512	9,955	10,287	10,605
Gross Profit	9,240	9,512	9,955	10,287	10,605
Operating EBITDA	3,819	3,936	4,056	4,210	4,425
Depreciation And Amortisation	-1,535	-1,709	-1,750	-1,794	-1,791
Operating EBIT	2,284	2,227	2,305	2,416	2,634
Financial Income/(Expense)	-405	-451	-389	-401	-418
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	1,879	1,776	1,916	2,014	2,216
Exceptional Items	-27	-14	0	0	0
Pre-tax Profit	1,852	1,762	1,916	2,014	2,216
Taxation	-470	-454	-657	-519	-571
Exceptional Income - post-tax					
Profit After Tax	1,382	1,308	1,259	1,495	1,645
Minority Interests	0	0	0	0	0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	1,382	1,308	1,259	1,495	1,645
Recurring Net Profit	1,382	1,308	1,259	1,495	1,645
Fully Diluted Recurring Net Profit	1,382	1,308	1,259	1,495	1,645

Cash Flow

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	3,819	3,936	4,056	4,210	4,425
Cash Flow from Inv. & Assoc.					
Change In Working Capital	-207	101	101	101	101
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	647	455	447	445	443
Net Interest (Paid)/Received	-472	-452	-434	-446	-463
Tax Paid	-355	-301	-657	-519	-571
Cashflow From Operations	3,432	3,739	3,512	3,791	3,935
Capex	-1,396	-1,633	-1,350	-1,250	-1,250
Disposals Of FAs/subsidiaries	1	0	0	0	0
Acq. Of Subsidiaries/investments	-18	-10	0	0	0
Other Investing Cashflow	0	3	0	0	0
Cash Flow From Investing	-1,413	-1,640	-1,350	-1,250	-1,250
Debt Raised/(repaid)	0	250	-100	-400	-500
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased					
Dividends Paid	-1,330	-1,330	-1,565	-1,565	-1,565
Preferred Dividends					
Other Financing Cashflow	-743	-727	-719	-729	-745
Cash Flow From Financing	-2,073	-1,807	-2,384	-2,694	-2,810
Total Cash Generated	-54	292	-222	-153	-125
Free Cashflow To Equity	2,019	2,349	2,062	2,141	2,185
Free Cashflow To Firm	2,508	2,572	2,610	2,999	3,160

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	735	1,191	1,084	1,058	1,073
Total Debtors	2,073	1,807	2,259	1,946	2,393
Inventories	3	5	3	5	4
Total Other Current Assets	11	0	0	0	0
Total Current Assets	2,822	3,003	3,347	3,009	3,469
Fixed Assets	4,931	5,193	5,292	5,258	5,230
Total Investments	0	0	0	0	0
Intangible Assets	11,461	11,474	11,358	11,229	11,099
Total Other Non-Current Assets	2,718	2,773	2,773	2,773	2,773
Total Non-current Assets	19,110	19,440	19,423	19,259	19,103
Short-term Debt	0	1,772	1,772	1,772	1,772
Current Portion of Long-Term Debt					
Total Creditors	3,997	4,055	4,465	4,311	4,613
Other Current Liabilities	464	447	447	447	447
Total Current Liabilities	4,461	6,274	6,684	6,530	6,832
Total Long-term Debt	7,821	6,294	6,194	5,794	5,294
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,935	3,150	3,473	3,596	4,017
Total Non-current Liabilities	10,756	9,444	9,667	9,390	9,311
Total Provisions	0	0	0	0	0
Total Liabilities	15,217	15,718	16,351	15,920	16,143
Shareholders' Equity	6,715	6,725	6,419	6,349	6,429
Minority Interests	0	0	0	0	0
Total Equity	6,715	6,725	6,419	6,349	6,429

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(3.73%)	3.07%	4.80%	3.42%	3.17%
Operating EBITDA Growth	(2.73%)	3.06%	3.04%	3.80%	5.10%
Operating EBITDA Margin	42.6%	42.6%	41.9%	42.0%	42.8%
Net Cash Per Share (RM)	-0.91	-0.88	-0.88	-0.83	-0.77
BVPS (RM)	0.86	0.86	0.82	0.81	0.82
Gross Interest Cover	4.67	4.71	5.15	5.28	5.55
Effective Tax Rate	25.4%	25.8%	34.3%	25.8%	25.8%
Net Dividend Payout Ratio	94%	101%	124%	105%	95%
Accounts Receivables Days	91.09	76.63	76.63	76.63	76.84
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	10.1%	10.0%	10.3%	10.8%	12.0%
ROCE (%)	16.1%	15.3%	16.2%	17.5%	19.6%
Return On Average Assets	7.74%	7.48%	6.86%	7.98%	8.73%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total RGS mobile subs ('000)	9,790.0	10,141.0	10,232.5	10,586.8	10,778.6
Postpaid RGS subs, ex-M2M ('000)	3,508.0	3,772.0	3,952.0	4,112.0	4,252.0
Postpaid M2M RGS subs ('000)	331.0	410.0	471.5	565.8	667.6
Prepaid RGS subs ('000)	5,951.0	5,959.0	5,809.0	5,909.0	5,859.0
Postpaid RGS ARPU, ex-M2M (RM/mth/sub)	85.0	81.0	78.0	76.0	74.0
Prepaid RGS ARPU (RM/mth/sub)	39.0	38.0	38.0	38.0	38.0
Wireless broadband subs ('000)	129.0	225.0	265.0	285.0	285.0
Home Fibre subs ('000)	402.0	494.0	579.0	649.0	714.0
Home Fibre ARPU (RM/mth/sub)	107.5	107.9	109.0	110.1	111.2

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Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association (“IOD”) regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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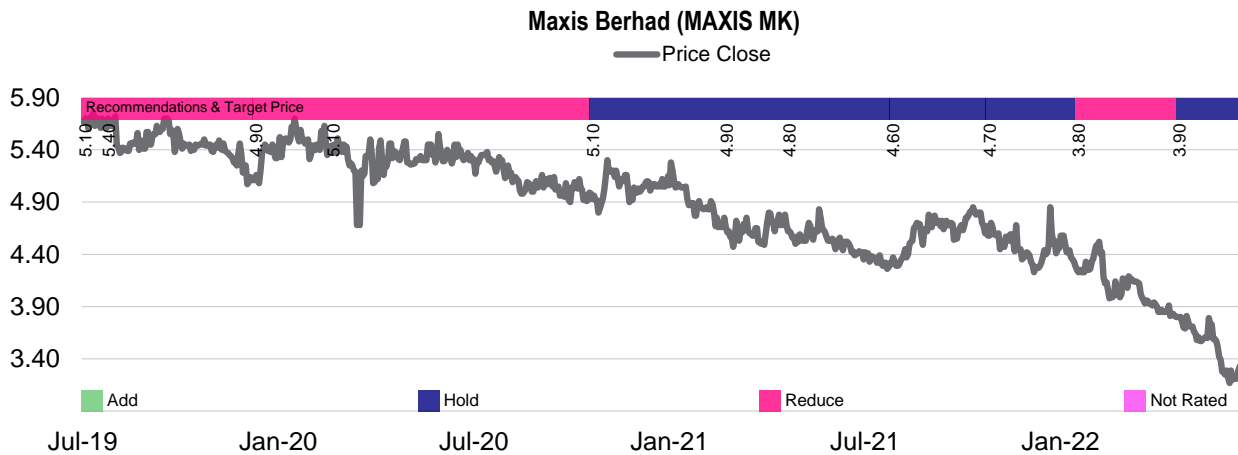
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.