Celcomdigi Berhad

(6947 | CDB MK) Main | Telecommunication

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

Effective Tax Rate Normalised

Maintain NEUTRAL

Unchanged Target Price **RM3.67**

Subdued revenue outlook. We are keeping our **NEUTRAL** recommendation on Celcomdigi (CDB) with an unchanged target price of RM3.67. This is following the 3QFY25 results announcement which is in-line with our expectation. Challenges to grow the service revenue persist. Revenue performance across the various segment was mixed with consumer prepaid and enterprise mobile segments took a hit. Growth from other segments was insufficient to offset the decline. We anticipate this would be the run-rate moving forward. Meanwhile, profitability was also impacted by higher tax rate in absence of incentives, deferred tax asset and under-provision in prior year taxes. On another note, the quarterly dividend payout would entice investors to maintain their position in the stock.

Sustained profit margin. CDB's 3QFY25 normalised earnings came in at RM400.3m, a marginal decline of -2.1%yoy. While there was slight improvement in service revenue to RM2,728m (+1.5%yoy), the group's profitability was impact by higher network costs and other opex. The higher network costs were mainly in view higher 5G network cost.

Note that the improvement in service revenue was mainly brought by higher revenue contribution across all segments except for the prepaid segment which recorded a decline of -4.1%yoy as the prepaid customer base continues to contract (-3.8%yoy).

Figure 1: Service revenue breakdown

	3QFY25	3QFY24	Variance (%)	Commentary
Postpaid	1,047	1,091	4.2	+5.3%yoy increase in subs while ARPU remains resilient
Prepaid	1,096	1,051	-4.1	-3.8%yoy decrease in subs
Home& Fibre	49	69	40.8	+62.5%yoy increase in subs
Enterprise	295	273	-7.5	Reduction in bulk SMS volume and one-time MFRS adjustment

Source: Company, MBSBR

Less favourable tax rate. On a cumulative basis, 9MFY25 normalised earnings amounted to RM 1,268.3m, a slight decline of -1.2%yoy. While there was operational improvement, PATAMI was dragged by higher effective tax rate which increased to 28.8% from 21.0%. The latter was in absence one-off green tax incentive in 2024, under-provision of prior year taxes 2024 as well as deferred tax asset.

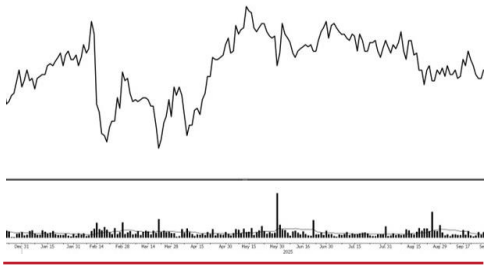
In-line with expectation. All in, CDB's 9MFY25 financial performance came in within our expectation, making up 73.6% of full year FY25 earnings estimates.

Consistent dividend payout. The group announced 3QFY25 dividend of 3.6sen per share which is comparable to 3QFY24 despite lower reported earnings. This led to 9MFY25 dividend of 11.1sen, a slight improvement from 10.6sen announced for 9MFY24.

RETURN STATISTICS

Price @ 17th November 2025 (RM)	3.61
Expected share price return (%)	+1.7
Expected dividend yield (%)	+4.3
Expected total return (%)	+6.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.1	0.2
3months	-2.2	-9.8
12 months	7.4	6.7

INVESTMENT STATISTICS

FYE Dec (RM)	2025E	2026F	2027F
Revenue	12,999	13,409	13,859
Operating Profit	2,744	3,020	3,337
Profit Before Tax	2,238	2,508	2,819
Core PATAMI	1,723	1,931	2,170
Core EPS	15	16	19
DPS	14.0	15.6	17.6
Dividend Yield (%)	3.9	4.3	4.9

KEY STATISTICS

FBM KLCI	1,627.43
Issue shares (m)	11,731.51
Estimated free float (%)	25.70
Market Capitalisation (RM'm)	42,468.06
52-wk price range	RM3.25 – RM4.00
3-mth average daily volume (m)	2.72
3-mth average daily value (RM'm)	10.05
Top Shareholders (%)	
Axiata Group Bhd	33.10
Telenor ASA	33.10
Employees Provident Fund Board	10.76

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CELCOMDIGI BHD: 3QFY25 RESULTS SUMMARY

FYE 31st December (in RM'm, unless otherwise stated)	Quarterly			Cumulative		
	3QFY25	%YoY	% QoQ	9MFY25	9MFY24	%QoQ
Revenue	3,124.8	-0.1	-1.7	9,512.6	9,403.4	1.2
EBITDA	1,347.6	-11.0	-5.0	4,215.4	1,890.9	122.9
Depreciation and amortisation	-699.8	-5.9	2.7	-2,135.2	-2,076.9	2.8
EBIT/(LBIT)	647.8	-15.9	-12.0	2,080.2	-186.0	-1218.6
Finance costs	-148.9	-4.0	1.0	-440.3	-454.1	-3.0
Finance income	5.7	59.3	15.6	13.5	9.6	40.6
Share of profit of associate	-2.1	-83.1	-158.1	-0.5	-1.3	n.m.
PBT	502.5	-17.2	-15.9	1,652.9	1,554.1	6.4
Taxation	-152.5	-8.2	-3.8	-476.0	-326.7	45.7
PAT/LAT	350.0	-20.6	-20.2	1,176.9	1,227.4	-4.1
MI	8.7	148.2	-5598.1	12.9	8.0	n.m.
PATAMI	341.2	-21.9	-22.3	1,163.9	1,219.5	-4.6
Normalised PATAMI	400.3	-2.1	-7.8	1,268.3	1,283.7	-1.2
EPS/(LPS) (sen)	2.9	-21.9	-22.3	10.8	10.9	-1.2
EBITDA margin (%)	43.1	-5.3	-1.5	44.3	20.1	24.2
EBIT margin (%)	20.7	-3.9	-2.4	21.9	-2.0	23.8
Normalised PATAMI margin (%)	12.8	-3.1	-2.9	13.3	13.7	-0.3
Effective tax rate (%)	30.4	3.0	3.8	28.8	21.0	7.8

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	12,682	12,679	12,999	13,409	13,859
EBITDA	5,919	5,799	5,871	6,020	6,216
EBIT	2,689	2,797	2,744	3,020	3,337
PBT	2,181	1,735	2,238	2,508	2,819
Reported PATAMI	1,552	1,389	1,723	1,931	2,170
Normalised PATAMI	2,150	1,748	1,723	1,931	2,170
Normalised EPS (sen)	18.33	14.90	14.69	16.46	18.50
Normalised EPS Growth (%)	12.05	-18.70	-1.41	12.07	12.37
PER (x)	19.70	24.23	24.57	21.93	19.51
Dividend Per Share (sen)	13.20	14.30	13.96	15.64	17.58
Dividend yield (%)	3.66	3.96	3.87	4.33	4.87
Balance Sheet (RM'm)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
Fixed assets	6,127	6,594	5,547	4,559	3,620
Intangible assets	18,951	18,943	18,943	18,943	18,943
Others	7,933	6,676	6,676	6,676	6,676
Non-current assets	**33,011**	**32,214**	**31,167**	**30,179**	**29,240**
Cash	397	237	1,580	2,896	4,178
Trade debtors	2,474	3,148	3,205	3,306	3,417
Others	544	476	482	491	500
Current assets	**3,415**	**3,861**	**5,267**	**6,693**	**8,096**
Trade creditors	4,285	4,371	4,481	4,623	4,778
Short-term debt	2,228	1,860	1,860	1,860	1,860
Others	909	797	797	797	797
Current liabilities	**7,422**	**7,029**	**7,139**	**7,280**	**7,436**
Long-term debt	10,769	11,189	11,352	11,552	11,752
Others	1,777	1,668	1,668	1,668	1,668
Non-current liabilities	**12,546**	**12,857**	**13,020**	**13,220**	**13,420**
Share capital	16,596	16,596	16,596	16,596	16,596
Retained earnings	-249	-521	-435	-338	-230
Minority interest	111	114	114	114	114
Equity	**16,459**	**16,189**	**16,275**	**16,372**	**16,480**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	2,181	1,735	2,238	2,508	2,819
Depreciation & amortisation	3,230	3,263	3,127	3,000	2,879
Changes in working capital	-475	-475	47	32	35
Others	806	-304	-529	-592	-665
Operating cash flow	5,742	4,219	4,883	4,947	5,067
Capital expenditure	-1,806	-2,687	-2,080	-2,011	-1,940
Others	-338	441	14	16	17
Investing cash flow	-2,144	-2,245	-2,066	-1,996	-1,923
Debt raised/(repaid)	-3,166	-2,143	200	200	200
Equity raised/(repaid)	0	0	0	0	0
Dividends paid	-1,502	-1,654	-1,637	-1,835	-2,062
Others	245	1,630	0	0	0
Financing cash flow	-4,423	-2,167	-1,437	-1,635	-1,862
Net cash flow	-825	-193	1,380	1,317	1,282
Beginning cash flow	1,218	394	200	1,580	2,896
Ending cash flow	394	200	1,580	2,896	4,178
Profitability margin (%)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
EBITDA margin	47	46	45	45	45
PBT margin	17	14	17	19	20
PATAMI margin	17	14	13	14	16

Source: Company, MBSBR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology