Corporate Update

Celcomdigi Berhad

(6947 | CDB MK) Main | Telecommunication

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Multi-Pronged Approach to Boost Profitability

On a better footing. We are upgrading our recommendation for CelcomDigi to **BUY** from NEUTRAL previously with an unchanged DCF-derived target price of RM3.67. We view that the group is on a better footing as the integration activities are approaching completion by 2026. The group now has better digital and physical channels to drive productivity and efficiency. This should help to lend support to grow the mobile service revenue. Meanwhile, the enterprise solutions are also picking up pace with the offering of 5G-powered integrated intelligent solutions. In terms expenditure, the focus will also shift from capex to opex as savings from capex have reached maturity.

On another note, given the recent share price weakness, we view that the valuation is currently undemanding. Currently, the stock is trading at EV/EBITDA of 8.5x. This is below the five-year mean of 10.7x. Nonetheless, there could be potential earnings risk once the group incorporate the future financial performance of its associate company, DNB.

Steady improvement in mobile service revenue. Effort to induce pre-to-post migration continues to be seen. This has led to 2x ARPU up lift. Note that as at 3QFY25 postpaid ARPU stood at RM60/month while prepaid ARPU was RM28/month. We view this positively as postpaid customers provide better certainty. This also create more opportunity for the telco to upsell its products and/or services, especially the convergence plan. Thus, the group will be focusing on acquiring quality subscribers which will bring about progressive and sustainable growth. On this note, there has been positive traction for the CelcomDigi One plan which encapsulate postpaid, fibre, device and streaming services into one value proposition. This also helps in terms of improving the retention rate.

Growing the enterprise solutions. Premised on the 3QFY25 results, the enterprise solutions made up less than 25% of the enterprise revenue, while the remainder came from enterprise mobile. Nonetheless, the enterprise solutions segment has shown encouraging growth. In this regard, there are 5 segments of 5G-powered integrated intelligent solutions. This includes i) IoT devices and sensors, ii) cloud, iii) cybersecurity, iv) industry solutions and AI, API and insights.

CelcomDigi app as an enabler. In October 2025, the group announced the CelcomDigi app, a new unified mobile application that consolidates both Celcom life and MyDigi apps under a digital touchpoint. This platform would also drive deeper personalisation, revenue generation, customer retention and cross-channel integration. Management shared that onboarding is ongoing with 3.5m subs migrated.

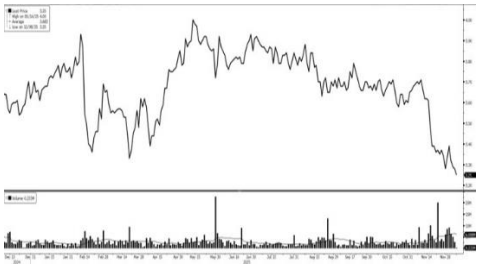
Physical store remains an important point of contact. Apart from the new improved app, physical stores provide retails and lifestyle experience. At present, there is more than 60 CelcomDigi stores and 300+ CelcomDigi Express stores. Of this, there are two flagship life stores with a third one underway at Merdeka 118.

Upgrade to BUY (from NEUTRAL)

Unchanged Target Price **RM3.67**

RETURN STATISTICS	
Price @ 9th December 2025 (RM)	3.23
Expected share price return (%)	+13.6
Expected dividend yield (%)	+4.8
Expected total return (%)	+18.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-12.2	-11.7
3months	-12.2	-13.0
12 months	-11.4	11.3

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 (%)	4.3	4.8	5.4

KEY STATISTICS

FBM KLCI	1,614.17
Issue shares (m)	11,731.51
Estimated free float (%)	25.74
Market Capitalisation (RM'm)	38,127.40
52-wk price range	RM3.23 – RM4.00
3-mth average daily volume (m)	3.44
3-mth average daily value (RM'm)	12.21
Top Shareholders (%)	
Axiata Group Bhd	33.10
Telenor ASA	33.10
Employees Provident Fund Board	11.01

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Growing the profit margin. The management continues to emphasize operational excellence which is set to be a priority in value creation and efficiency gains. This will be the key focus from 2026 onwards, a shift from synergies. Note that the savings from capex have reached maturity as contracts and operations are consolidated. Instead, attention will turn to reducing cost sustainably. In 2026, there should be cost savings emanating from cost of sales, rental cost, staff cost and others cost. The latter includes retail consolidation, traffic optimisation, contract negotiation, energy optimisation and backhaul efficiency. Beyond 2026, cost savings intiative is expected to pick up pace, with bulk of the cost reduction coming from others and rental cost.

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)	17.62	21.68	21.99	19.62	17.46
Dividend Per Share (sen)	13.20	14.30	13.96	15.64	17.58
Dividend yield (%)	4.09	4.43	4.32	4.84	5.44
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