Celcomdigi Berhad

(6947 | CDB MK) Main | Telecommunication

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

Improved Underlying Business Health

Maintain BUY

Revised Target Price **RM3.54**

(Previously RM3.67)

Putting up a more competitive stance. We are keeping our BUY recommendation on Celcomdigi Bhd (CDB) with a slight revision in our DCF-derived target price to RM3.54 (previously RM3.67). The group posted a commendable 4QFY25 financial performance as we see improvement in both revenue and the cost structure. The only drawback was the higher effective tax rate. Nonetheless, FY25 earnings was rather resilient which is in-line with our expectation. Moving forward, we view that 4QFY25 will set a good base for a better FY26 outlook. The prepaid segments, which one of the main revenues drag, should see better outlook, supported by the recently revamped prepaid offerings. On the cost prespective, management has guided that capex intensity will reduce to around 12% to 13% for FY26. Meanwhile, there will be shift in focus to reduce opex sustainably from FY26 onwards. That being said, a striking key risk is the eventual inclusion of DNB's financial health into CDB's profit and loss statement i.e. equity accounting.

Consistent quarterly performance. CDB's 4QFY25 normalised earnings came in at RM399.6m, a marginal decline of -2.1%yoy. The decline was mainly led by higher taxation which increased by more than three folds to RM97m from RM20m previously. There were certain expenses which were not deductible for tax purposes as well as under provision of prior year taxes. Service revenue, on the other hand, posted a +4.1%yoy improvement contributed by all segments except for consumer prepaid (-2.9%yoy) and mobile enterprise segments (-15.0%yoy).

Figure 1: Service revenue breakdown

	4QFY25	4QFY24	Variance (%)	Commentary
Postpaid	1,117	1,063	5.1	Higher value segment and continued upgrades to convergence plan
Prepaid	1,056	1,088	-2.9	-4.5%yoy decrease in subs
Home& Fibre	249	205	21.5	Stable net adds and continued adoption of CelcomDigi One plans
Enterprise	73	56	30.4	Strong demand for core connectivity and solutions offerings

Source: Company, MBSBR

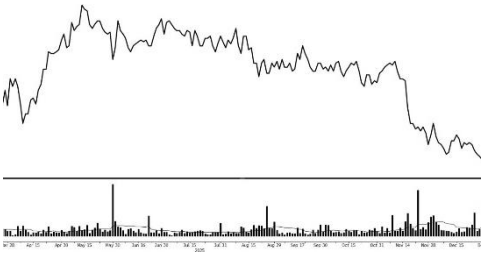
Kept pace with expectation. On a cumulative basis, full year FY25 normalised earnings added up to RM1,667.9m which was rather resilient as compared to FY24 normalised earnings of RM1,692.7m. The overall operational improvement was mainly dragged by higher effective tax rate of 27.2% (vs FY24: 20.0%).

All in, CDB's FY25 financial performance came in within our expectations, making up 96.8%of full year FY25 earnings estimates.

RETURN STATISTICS

Price @ 11th February 2026 (RM)	3.25
Expected share price return (%)	+8.9
Expected dividend yield (%)	+4.4
Expected total return (%)	+13.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.9	-3.5
3months	1.9	-17.5
12 months	-12.6	-21.7

INVESTMENT STATISTICS

FYE Dec (RM)	2026E	2027F	2028F
Revenue	13,482	13,935	14,461
Operating Profit	2,901	3,253	3,612
Profit Before Tax	2,336	2,610	2,891
Core PATAMI	1,752	1,957	2,168
Core EPS	15	17	18
DPS	14.2	15.9	17.6
Dividend Yield (%)	4.4%	4.9%	5.4%

KEY STATISTICS

FBM KLCI	1,756.39
Issue shares (m)	11731.51
Estimated free float (%)	25.74
Market Capitalisation (RM'm)	38,127.40
52-wk price range	RM3.19 - RM4
3-mth average daily volume (m)	4.75
3-mth average daily value (RM'm)	16.03
Top Shareholders (%)	
Axiata Group Bhd	33.10
Telenor ASA	33.10
Employees Provident Fund Board	10.74

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Earnings and TP adjustment. We updated our financial model to account for the full year FY25 results as well as making some housekeeping adjustments. This led to around 9% to 10% downward revision in earnings. Note that this excludes any potential future impact from the incorporation of DNB's earnings as the transaction has yet been completed.

Post the earnings adjustments, our DCF-derived target price was adjusted slightly lower to RM3.54 from RM3.67 previously. We have made no changes to our valuation parameters at this juncture.

CELCOMDIGI BHD: 4QFY25 RESULTS SUMMARY

FYE 31st December (in RM'm, unless otherwise stated)	Quarterly			Cumulative		
	4QFY25	%YoY	% QoQ	FY25	FY24	%YoY
Revenue	3,445.1	-0.1	-1.7	12,957.7	12,679.4	2.2
EBITDA	1,403.9	-11.0	-5.0	5,519.3	5,573.9	-1.0
Depreciation and amortisation	-812.3	-5.9	2.7	-2,847.5	-3,263.5	-12.7
EBIT/(LBIT)	591.6	-15.9	-12.0	2,671.8	2,310.4	15.6
Finance costs	-147.2	-4.0	1.0	-587.5	-610.1	-3.7
Finance income	4.6	59.3	15.6	18.1	12.8	40.8
Share of profit of associate	1.0	-83.1	-158.1	0.6	23.3	n.m.
PBT	450.1	-17.2	-15.9	2,102.9	1,736.4	21.1
Taxation	-97.0	-8.2	-3.8	-572.9	-346.4	65.4
PAT/LAT	353.1	-20.6	-20.2	1,530.0	1,389.9	10.1
MI	3.5	148.2	-5598.1	16.4	12.2	n.m.
PATAMI	349.6	-21.9	-22.3	1,513.5	1,377.7	9.9
Normalised PATAMI	399.6	-2.1	-7.8	1,667.9	1,692.7	-1.5
EPS/(LPS) (sen)	3.0	-21.9	-22.3	14.2	14.4	-1.5
EBITDA margin (%)	40.8	-5.3	-1.5	42.6	44.0	-1.4
EBIT margin (%)	17.2	-3.9	-2.4	20.6	18.2	2.4
Normalised PATAMI margin (%)	11.6	-0.3	-0.8	12.9	13.3	-0.5
Effective tax rate (%)	21.5	3.0	3.8	27.2	20.0	7.3

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	12,679	12,958	13,482	13,935	14,461
EBITDA	5,799	5,475	6,011	6,207	6,436
EBIT	2,797	2,672	2,901	3,253	3,612
PBT	1,735	2,103	2,336	2,610	2,891
Reported PATAMI	1,389	1,530	1,752	1,957	2,168
Normalised PATAMI	1,693	1,668	1,752	1,957	2,168
Normalised EPS (sen)	14.43	14.22	14.93	16.68	18.48
Normalised EPS Growth (%)	-21.27	-1.46	5.03	11.74	10.78
PER (x)	22.52	22.86	21.76	19.48	17.58
Dividend Per Share (sen)	14.30	14.70	14.19	15.85	17.56
Dividend yield (%)	4.40	4.52	4.36	4.88	5.40
Balance Sheet (RM'm)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
Fixed assets	6,594	6,671	5,313	4,171	3,227
Intangible assets	18,943	18,891	18,891	18,891	18,891
Others	6,676	6,087	6,087	6,087	6,087
Non-current assets	**32,214**	**31,649**	**30,291**	**29,149**	**28,205**
Cash	237	872	4,335	7,611	10,704
Trade debtors	3,148	3,171	3,324	3,436	3,566
Others	476	772	775	778	782
Current assets	**3,861**	**4,815**	**8,434**	**11,825**	**15,052**
Trade creditors	4,371	4,301	4,475	4,626	4,800
Short-term debt	1,860	3,044	3,044	3,044	3,044
Others	797	1,008	1,008	1,008	1,008
Current liabilities	**7,029**	**8,353**	**8,527**	**8,678**	**8,852**
Long-term debt	11,189	10,595	12,595	14,595	16,595
Others	1,668	1,537	1,537	1,537	1,537
Non-current liabilities	**12,857**	**12,132**	**14,132**	**16,132**	**18,132**
Share capital	16,596	16,596	16,596	16,596	16,596
Retained earnings	-521	-741	-653	-556	-447
Minority interest	114	124	124	124	124
Equity	**16,189**	**15,979**	**16,067**	**16,164**	**16,273**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	1,735	2,103	2,336	2,610	2,891
Depreciation & amortisation	3,263	2,803	3,110	2,954	2,824
Changes in working capital	-475	-1,075	17	36	41
Others	-304	193	-604	-674	-747
Operating cash flow	4,219	4,024	4,860	4,925	5,009
Capital expenditure	-2,687	-1,577	-1,753	-1,812	-1,880
Others	441	107	118	22	24
Investing cash flow	-2,245	-1,470	-1,635	-1,790	-1,856
Debt raised/(repaid)	-2,143	-945	2,000	2,000	2,000
Equity raised/(repaid)	0	0	0	0	1
Dividends paid	-1,654	-1,736	-1,664	-1,860	-2,060
Others	1,630	680	0	0	-1
Financing cash flow	-2,167	-2,001	336	140	-60
Net cash flow	-193	553	3,561	3,276	3,094
Beginning cash flow	394	219	774	4,335	7,611
Ending cash flow	200	774	4,335	7,611	10,704
Profitability margin (%)	**2024A**	**2025A**	**2026E**	**2027F**	**2028F**
EBITDA margin	46	42	45	45	45
PBT margin	14	16	17	19	20
PATAMI margin	13	13	13	14	15

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