Corporate Update

Celcomdigi Berhad

(6947 | CDB MK) Main | Telecommunication

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain BUY

Unchanged Target Price **RM3.54**

On Firmer Ground

Getting its act together. We are keeping our **BUY** recommendation on CDB with an unchanged DCF-derived target price of RM3.54. After three years of synergy activities, we view that the group is in a better shape. CDB's refreshed mobile offerings in early 2026 showed that the group is now more in-tune with the market. This could lead to more resilient ARPU for both prepaid and postpaid. Meanwhile, the tightening of prepaid SIM, especially for tourist, is not expected to have much impact on CDB. The new CelcomDigi app serves as an effective communication tool to interact with the customers. On another note, operating cost structure is anticipated to become more favourable as annual opex saving is expected to more than doubled by 2028. Nonetheless, there could be downside risk once the equity transfer of DNB's share took place.

More in-tune to market competition. In early 2026, the group refreshed both its 5G prepaid and 5G postpaid plan. Notably, for the prepaid segment, we saw the slightly higher entry point of RM30/mth as opposed to RM25/mth in the previous offerings. This is more in-tune to the market offerings, especially as compared to its nearest peer. We view that the revamped This could help to provide some support to the prepaid revenue. To recall, the prepaid revenue has been under pressure in 2025, declining by -4.6%yoy.

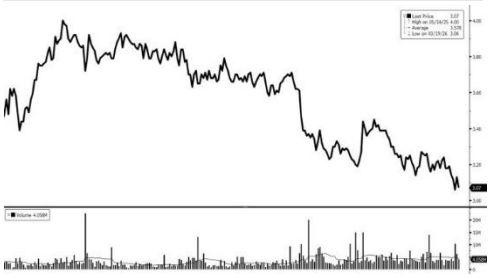
Meanwhile, there is less changes made on the postpaid segment, apart from the upgraded 5G speed capped as well as some additional bundling proposition. This should help to provide a steady push in the postpaid revenue which saw a +1.7%yoy expansion. Our check with the management indicates that the initial response has been encouraging, with healthy adoption from both new sign-ups and existing customers migrating to the new plans. ARPU is expected to be more resilient, supported by stronger value propositions, improved segmentation and a focus on higher-value customers.

Minimal impact from VMY2026. On February 2026, the Malaysian Communications and Multimedia Commission (MCMC) has introduced a tighter prepaid SIM rules which aimed at curbing online scams and identity theft. One of the frameworks include a limit of two SIM card with three months validity for each tourist coming into Malaysia. Management do not anticipate any material impact from this measure. This is because most of the tourist stay for less than 90 days which falls within the permitted usage period and the allowance of up to two SIM registration per passport provides sufficient flexibility for travellers.

New app migration is progressing well. In October 2025, CDB introduced the new CelcomDigi app, a single app that covers both Celcom and Digi customers. This also serves a milestone in the post-merger activities. Note that on 1st April 2026, both the Celcom Life and MyDigi apps will be fully retired.

RETURN STATISTICS	
Price @ 27h March 2026 (RM)	3.04
Expected share price return (%)	+16.4
Expected dividend yield (%)	+4.7
Expected total return (%)	+21.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4,7	-4.5
3months	-4,7	-7.1
12 months	-12.6	-22.8

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 (%)	4.7	5.2	5.8

KEY STATISTICS

FBM KLCI	1,712.65
Issue shares (m)	11,731.51
Estimated free float (%)	25.76
Market Capitalisation (RM'm)	5,663.78
52-wk price range	RM2.93 – RM4.00
3-mth average daily volume (m)	4.93
3-mth average daily value (RM'm)	15.98
Top Shareholders (%)	
Axiata Group Bhd	33.10
Employees Provident Fund Board	10.74
Amanah Saham Nasional Bhd	6.59

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The new app consolidates prepaid, postpaid, fibre and supplementary line management into a single platform, offering features such as automated reload, entertainment integration, roaming pre-booking, enhanced security and 24/7 AI-powered support. Overtime, the platform will also enable the introduction of additional partner services and lifestyle offerings within one seamless digital ecosystem. Thus, the new app will give the management better control and agility over new product/services rollout which will help to improve its competitiveness. Note that the new app has around eight million users in early March 2026. For context, as at 4Q25, there are about 6.1m postpaid and 12.3m prepaid users.

Focusing on optimising the operating cost. Since the early days of the merger, much of the synergies extracted originated from capex saving. However, from 2026 onwards, there will be a shift in focus to opex saving. For context, in 2025, the group achieved opex saving of around RM300m. This is expected to increase steadily to around RM700 – RM800m by 2028. For 2026, management guided that the execution of initiatives will take place in 1QFY26 and 2QFY26. The initiatives will be under "proof of concept" and trial run, particularly for those that involves shutting down sites because of low utilization of traffic and tweaking speed caps for traffic management. Note that the initiatives will not be on IT consolidations only but span across various lines of businesses. Thus, customer experience will be monitored on a real-time basis. Since the initiative will be carried out in 1HFY26, we should see the bulk of the savings to materialise in 2HFY26.

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)	21.07	21.38	20.36	18.22	16.45
Dividend Per Share (sen)	14.30	14.70	14.19	15.85	17.56
Dividend yield (%)	4.70	4.84	4.67	5.21	5.78
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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MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

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