Celcomdigi Berhad

(6947 | CDB MK) Main | Telecommunication

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

Upholding the Spirit of Sustainability

Embedding sustainability into the organsation's DNA. We are keeping our **BUY** recommmendation on Celcomdigi Bhd (CDB) with an unchanged DCF-derived **target price of RM3.54**. While the main focus of the merger exercise has been on the amalgamation of the two entities, Celcomdigi remain relentless in its ESG pursuit. This can be seen from the declaration of the 5-year ESG strategy which centers on bulidign an inclusive, sustainable and trusted digital society. With this in place, we view that CDB would be able to contintue to uphold the sustainability metrics from the major ESG rating providers.

Priority areas are benchmarked against global ESG standards. At present, CDB holds an ESG Rating of:

i.) 3.9 on the FTSE4Good Bursa Malaysia Index (achieving maximum 4 stars)
ii.) Score of 23.4 (Medium Risk) on the Morningstar Sustainalytics ESG Risk Rating
iii.) 'A' rating on the MSCI
iv.) RAM Ratings AAA/Stable sukuk rating; and
v.) 4-Star Lister under the ESG Select List by the UN Global Compact Network Malaysia, Brunei & Cambodia (UNGCMYB).

The above demonstrated that the group has maintained strong recognition for its sustainability management, climate governance, responsible business practices and digital inclusion initiatives.

Note that for the MSCI Rating, the group has been recently relegated to A from AA previously. This could possibly be due to the changes in MSCI's updated methodology and industry assessment criteria that places greater emphasis on Privacy and Data Security. We understand that the group remain in regular engagement with MSCI to better understand these methodological developments and will in future be proactive to ensure our disclosures appropriately reflect our latest sustainability performance and risk management practices. Given that the downgrade was primarily due to variance in disclosure, we view that there should be no issue for CDB to revert to the previous rating.

Actionable ESG roadmap. Recall, to ensure that the group adhered to the ESG standards, the group has launched an ESG strategy in 2024, that embeds sustainability attributes into their corporate strategy and business operations. The four main priorities include:

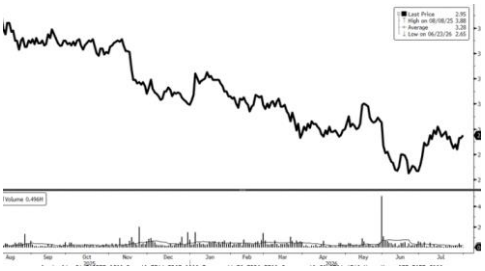
- enabling an inclusive and safe digital access for all Malaysians;
- maintaining a sustainable value chain;
- building a good governance and performance culture; and
- managing environmental impact and actions.

Maintain **BUY**

Unchanged Target Price **RM3.54**

RETURN STATISTICS	
Price @ 31st July 2026 (RM)	2.95
Expected share price return (%)	+20.0
Expected dividend yield (%)	+5.4
Expected total return (%)	+25.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	10.5	6.4
3months	10.5	-2.0
12 months	-23.2	-32.7

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	14.9	16.7	18.5
DPS	14.2	15.9	17.6
Dividend Yield (%)	4.8	5.4	6.0

KEY STATISTICS

FBM KLCI	1,724.90
Issue shares (m)	11,731.51
Estimated free float (%)	25.68
Market Capitalisation (RM'm)	34,603.93
52-wk price range	RM2.65 – RM3.89
3-mth average daily volume (m)	3.93
3-mth average daily value (RM'm)	11.56
Top Shareholders (%)	
Axiata Group Bhd	33.10
Telenor ASA	33.10
Employees Provident Fund Board	10.75

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Note that there are clear commitments, measurable KPIs and management accountability for each of these priorities which are being monitored on a quarterly and annual basis. Since the launch, the group has made steady progress across all aspects of its ESG roadmap, with strengthened governance and management oversight. Progress is generally presented across the environmental, social and governance pillars.

Environmental. Across FY24 and FY25, the group has managed to achieve 4% reduction in combined Scope 1 and Scope 2 emissions. This is expected to improve further towards a non-linear -6%yoy reduction pathway for Scope 1 and Scope 2 emissions via strengthened data integrity, improved operational efficiencies, enhanced supplier engagement, and in alignment to the development of national policy frameworks, market mechanisms and renewable energy pathways. We note that some of the key highlights mainly revolves around setting progressive target towards net-zero carbon emissions by 2050, modernizing infrastructure for energy efficiency, deploying smart green innovations as well as proper recording and disclosures.

Social. The group's social and community efforts focus on digital safety, inclusion, and youth education through key initiatives like the CelcomDigi S.A.F.E. Internet program, digital skills workshops, and SME empowerment. Note that the awareness campaigns have reached more than 18m Malaysians in promoting safer online behaviours, cyber wellness and scam awareness and preventions. Some of the new initiatives including enhanced child online safety reporting capabilities, network-level scam protection measures, device-level internet safety solutions and broader digital literacy programmes. Key highlights revolve around maintaining a superior customer experience which is trackable based on CNES and CSAT score, continuation of the Celcomdigi young talent programme to develop future digital talent, execution of safety and anti-scam campaign with various stakeholders as well as SME digitalisation support.

Governance. CelcomDigi's corporate governance efforts focus on strong board oversight, ethical business standards, and robust risk management aligned with the Malaysian Code on Corporate Governance (MCCG). The strategy is driven by active board oversight and committees and management forums to ensure accountability, data protection, and sustainable practices. For 2025, key components include the Board's strategic planning and risk management, the Governance, Risk and Compliance Committee (GRC), and official reporting submissions.

Table 1: List of notable ESG achievements

Environmental	Social	Governance
a. Obtained Science Based Targets initiative (SBTi) validation for near-term and long-term emissions reduction targets, reinforcing CelcomDigi's Net Zero ambition by 2050. b. Continued improving network energy efficiency through AI-enabled network optimisation and deployment of Static and Dynamic Sleep Features across 15,000 network sites. c. Progressed network decarbonisation through the planned electrification of diesel-powered sites, reducing reliance on diesel powered generators while improving operational efficiency. d. Strengthening network asset inventorisation, enabling more accurate electricity consumption tracking and improving greenhouse	a. Continued to deliver a superior customer experience by sustaining Customer Network Experience Score (CNES) and Customer Satisfaction Score (CSAT) above targets, demonstrating the effectiveness of our investments in resilient network infrastructure and customer-centric products. b. The second cohort of the CelcomDigi Young Talent Programme (YTP) was launched in H1 2026, reinforcing the Company's commitment to developing Malaysia's future digital talent. This programme is aimed at building a future-ready digital workforce for Malaysia. c. OnlineSafety IRL 2.0 campaign jointly driven by the Malaysian Ministry of Communications, CelcomDigi Berhad, Meta, Tonton and Ratio:Cause. The campaign which ended in June mobilised content	a. Board and Management oversight of ESG, enterprise risk, compliance and sustainability matters, with quarterly monitoring of ESG KPIs and strategic commitments. b. Continued rollout of the OneGovernance Framework, integrating ethics, compliance, privacy, enterprise risk management and sustainability governance into a coordinated enterprise-wide governance framework. c. ISO/IEC 27001 Information Security Management System (ISMS) and ISO 22301 Business Continuity Management System (BCMS) certifications, reinforcing internationally recognised standards for information security and organisational resilience. d. Continued implementation of the Privacy Monitoring Programme, covering business functions across

gas emissions accounting across the network.

e. Continued enhancing climate data governance and emissions management systems to improve reporting accuracy and readiness for evolving sustainability disclosure requirements.
f. Advanced implementation of IFRS S2 Climate-related Disclosures, leveraging available reporting transition reliefs to strengthen governance, internal controls and climate data management ahead of full implementation.
g. Continued alignment of climate governance and emissions accounting with internationally recognised frameworks including the GHG Protocol, SBTi and TCFD recommendations.
h. Improved operational energy performance through ongoing network modernisation and optimisation initiatives, supporting increasing data traffic demand while enhancing overall energy efficiency.
i. Strengthening Scope 3 emissions management through greater supplier engagement, improved emissions visibility and integration of sustainability considerations across the value chain.
j. Continuous learning and capacity building as a steering committee member in the CEO Action Network (CAN), a peer-to-peer coalition of over 70 CEOs and board members from leading Malaysian businesses dedicated to driving corporate sustainability and climate action, and as an active member of the UN Global Compact Network Malaysia, Brunei (UNGCMBC) and as a corporate friend in the Climate Governance Malaysia (CGM) network, the Malaysian chapter of the World Economic Forum's Chapter Zero Alliance.

creators and young leaders to equip citizens to spot, stop, and report AI-enabled online scams, and adopt good practices and preventive solutions – through creation of more than 200 online content and community outreach.
d. The Future Skills for All (FS4A) initiative delivers inclusive digital education across Malaysia. Integrated into the Ministry of Education's DELIMa learning platform, FS4A provides national-syllabus online computing and coding lessons, tutorials, and assessments. The national programme for the past two years focused on training all schools across the state of Sarawak and Selangor and successfully trained over 150 special education teachers from disability-inclusive schools.
e. Maintained a proactive, organisation-wide safety culture by consistently achieving LTIF below the 0.4 target and upholding ISO 14001, ISO 45001 and ISO 45003 certifications.

the organisation, alongside the Business Partner Monitoring Programme to strengthen oversight of third-party data protection and privacy controls.
e. Expanded enterprise data governance through continuous monitoring of key privacy and data governance controls, enhancing accountability, regulatory compliance and operational assurance.
f. Advanced development of an enterprise Responsible AI Governance Framework to guide responsible AI adoption, incorporating principles of fairness, transparency, accountability, privacy and human oversight.
g. Strengthened cybersecurity resilience through continuous investments in threat monitoring, endpoint protection, security operations, phishing simulations and organisation-wide cyber awareness training.
h. Enhanced responsible supply chain governance by embedding ESG considerations into supplier due diligence, procurement processes and ongoing supplier engagement and inspections, supported by the Business Partner Conduct Principles and interventions.
i. Implemented the Policy Governance Framework, a company-wide policy standardisation and harmonisation exercise to improve governance consistency, accountability and organisational clarity.
j. Reinforced ethical business conduct through mandatory Code of Conduct training, conflict of interest declarations, whistleblowing mechanisms with non-retaliation safeguards, and regular compliance awareness programmes.
k. Strengthened organisational resilience through regular business continuity exercises, crisis management simulations and disaster recovery testing to validate

		preparedness for operational disruptions. l. Continued enhancement of sustainability reporting governance, strengthening internal controls, data quality and assurance readiness in preparation for full adoption of IFRS Sustainability Disclosure Standards (IFRS S1 & S2).

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 (%)	-21.26	-1.48	5.02	11.74	10.78
PER (x)	20.44	20.75	19.76	17.68	15.96
Dividend Per Share (sen)	14.30	14.70	14.19	15.85	17.56
Dividend yield (%)	4.85	4.98	4.81	5.37	5.95
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

MBSB RESEARCH is part of MBSB Investment Bank Berhad 197501002077 (24878-X)

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MBSB 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