Celcomdigi Berhad

(6947 | CDB MK) Main | Telecommunication

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM3.54**

Corporate Update

Towards Unlocking RM600m in Annualised Savings

Earnings growth to accelerate in FY2027. We are keeping our **BUY** recommmendation on Celcomdigi Bhd (CDB) with an unchanged DCF-derived **target price of RM3.54**. As seen in 3QFY26 quarterly results, the group maintain its steady financial performance. Service revenue continues to rise gradually, especially on consumer postpaid, home & fiber and enterprise connectivity & solutions. Meanwhile, cost remains at bay, supported by progressive structural cost savings. On the latter, we should see more meaningful impact from 4QFY26 onwards. Given the share price weakness, dividend yield is attractive at more than 5%. While DNB's share transfer agreement has yet to be completed, goals has been identified to enable the group to extract greater value on 5G as well as to tap into new growth opportunities.

Quarterly earnings steadily improve. CDB's 3QFY26 normalised earnings came in at RM404m, an increase of +0.9%yoy. This was mainly supported by +1.4%yoy expansion in service revenue as well as lower effective tax rate of 25.7%.

Figure 1: Service revenue breakdown

	3QFY26	3QFY25	Variance (%)	Commentary
Postpaid	1,115	1,086	2.7	Higher postpaid subs (+3.0%yoy)
Prepaid	1,027	1,051	-2.3	Impacted by new registration requirement
Home& Fibre	98	74	32.4	Higher household reach (+27.7%yoy) and higher ARPU (+7.8%yoy)
Enterprise	229	244	-6.1	Lower bulk SMS traffic which impact the enterprise mobile segment

Source: Company, MBSBR

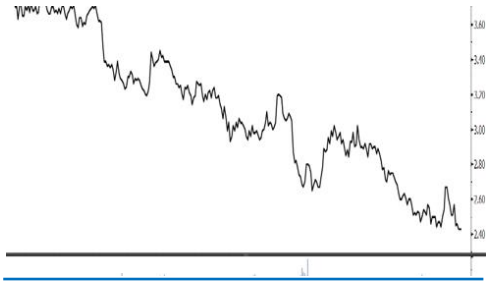
Kept pace with expectation. The above contributed to 9MFY26 normalised earnings of RM1,259m, an improvement of +2.2%yoy. The service grew at a steady pace of +1.5%yoy. Meanwhile, there is only marginal increase in total expenses to RM7,540 (+1.4%). Lower cost was seen across almost all cost items except for COGS (+7.8%yoy) and operations and maintenance (+5.9%yoy). All in, the 9MFY26 financial performance still came in within our expectation, making up 71.9% of our full year FY26 earnings estimates.

Structural cost savings on track. Management shared that the group has achieved structural cost savings of RM282m for 9MFY26. The 2026 structural cost savings have also been adjusted slightly higher to RM476m (+1.3%yoy). To recall, initially the management guided Rm450m structural cost transformation across COGS and OPEX.

RETURN STATISTICS

Price @ 19th November 2026 (RM)	2.43
Expected share price return (%)	+45.6
Expected dividend yield (%)	+5.7
Expected total return (%)	+51.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.2	0.6
3months	-5.4	-7.1
12 months	-28.3	-25.7

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 (%)	5.7	6.4	7.1

KEY STATISTICS

FBM KLCI	1,566.16
Issue shares (m)	11,731.51
Estimated free float (%)	25.68
Market Capitalisation (RM'm)	28,504.26
52-wk price range	RM2.41 – RM3.47
3-mth average daily volume (m)	2.94
3-mth average daily value (RM'm)	7.72
Top Shareholders (%)	
Axiata Group Bhd	33.10
Telenor ASA	33.10
Employees Provident Fund Board	10.73

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Based on the revised guidance, 4QFY26 structural cost savings should amount to RM194m which form the balance 40.8%. On this note, management also lifted full year 2026 EBIT guidance to mid-single digit from low-single digit previously. The achievement of 2026 target would lead to RM600m in annualised savings, which can be seen in 2027.

Positioning DNB for growth. Management remains steadfast that the existing loss-making position of DNB should have immaterial impact on the group. While the stakeholders are still working towards the completion of the share transfer agreement, three main goals have been identified. These includes: i) modernize the 5G network, ii) lower the cost of running a 5G network, and iii) deepen 5G indoor coverage.

Quarterly dividend sustained at 3.4sen. The group declared 3QFY26 dividend of 3.4sen, a consistent quantum as compared to 2QFY26. This led to cumulative 9MFY26 dividend of 10.2sen which made up 71.8% of our full year FY26 dividend of 14.2sen.

CELCOMDIGI BHD: 3QFY26 RESULTS SUMMARY

FYE 31st December (in RM'm, unless otherwise stated)	Quarterly			Cumulative		
	3Q26	%YoY	% QoQ	9MFY26	9MFY25	%YoY
Revenue	3,306	5.8	3.8	9,700	9,513	2.0
EBITDA	1,366	1.4	-0.5	4,154	4,116	0.9
Depreciation and amortisation	-647	-7.5	-2.1	-1,994	-2,035	-2.0
EBIT/(LBIT)	719	11.0	1.0	2,160	2,081	3.8
Finance costs	-167	12.2	7.1	-478	-440	8.6
Finance income	6	5.6	20.0	17	13	30.8
Share of profit of associate	-2	-4.8	-33.3	-5	-1	n.m.
PBT	556	10.6	-0.4	1,694	1,653	2.5
Taxation	-143	-6.2	-6.5	-454	-476	-4.6
PAT/LAT	413	18.0	2.0	1,240	1,177	5.4
MI	5	-42.8	-28.6	16	13	n.m.
PATAMI	408	19.6	2.5	1,224	1,164	5.2
Normalised PATAMI	404	0.9	-7.6	1,259	1,232	2.2
EPS/(LPS) (sen)	3	19.6	2.5	10.7	10.5	2.2
EBITDA margin (%)	41	-4.2	-4.1	42.8	43.3	-0.4
EBIT margin (%)	22	4.9	-2.7	22.3	21.9	0.4
Normalised PATAMI margin (%)	12	-3.7	-10.0	13.0	13.0	0.0
Effective tax rate (%)	26	-15.3	-6.2	26.8	28.8	-2.0

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)	17.18	17.44	16.61	14.86	13.42
Dividend Per Share (sen)	14.30	14.70	14.19	15.85	17.56
Dividend yield (%)	5.77	5.93	5.72	6.39	7.08

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: 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