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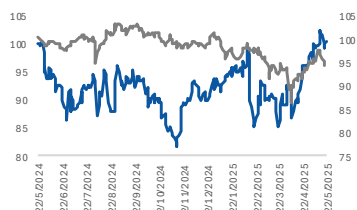
Recommendation:	HOLD
Current Price:	RM 3.92
Previous Target Price:	RM 4.00
Target Price:	↔ RM 4.00
Capital Upside/Downside:	2.0%
Dividend Yield (%):	3.6%
Total Upside/Downside	5.6%

Stock information

Board	MAIN
Sector	Telecommunication
Bursa / Bloomberg Code	6947 / CDB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares Issued (m)	11,731.5
Market Cap (RM' m)	45,987.5
52-Week Price Range (RM)	4.09-3.25
Beta (x)	1.1
Free float (%)	23.3
3M Average Volume (m)	2.8
3M Average Value (RM' m)	10.2

Top 3 Shareholders

	(%)
Axiata Group Bhd	33.1
Telenor Ase	33.1
Employees Provident Fund Board	10.6

Share Price Performance

	1M	3M	12M
Absolute (%)	6.8	14.3	-3.4
Relative (%)	4.0	19.1	2.6

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM' m)	13002	13172	13504
PATAMI (RM' m)	1690	2029	2389
CNP (RM' m)	1690	2029	2389
EPS - core (sen)	14.4	17.3	20.4
P/E(x)	26.9	22.4	19.0

CelcomDigi Berhad

Steady Core Performance Amid Soft Topline

- CDB reported 1QFY25 CNP of RM421.5m which was within ours and consensus forecasts, accounting for 24.9% and 22.6% of forecasts respectively.
- D&A charges are expected to increase in the coming quarters, normalising at a run-rate of RM725m per quarter.
- Reiterate our HOLD recommendation with unchanged TP of RM4.00 based on WACC 6.5% and terminal growth of 0.5%.

Results within expectations. 1QFY25 CNP of RM421.5m came well within both ours and consensus expectation, making up to 24.9% and 22.6% of forecasted CNP respectively. CNP was derived after stripping out one-off adjustments of RM37.7m (Fixed assets disposal losses: RM13.8m, allowance for credit loss on receivables: RM31.7m and others: -RM7.8m)

YoY. 1QFY25 CNP rose +4.0% yoy, thanks to prudent cost management efforts that reduced operational expenditure, as well as lower D&A. Revenue for the quarter grew mildly to RM3.2bn (+1.2% yoy) mainly driven by subscriber growth in postpaid and home fibre from higher take-up rate on its convergence plans.

QoQ. CNP increased by +15.7% qoq mainly due to the absence of one-off ROU asset impairment and lower depreciation recognised. That said, revenue for the quarter slid -1.2% qoq, dragged by the prepaid segment given the seasonally softer usage, fewer calendar days, and lower interconnect rates.

Outlook. Management remained committed in achieving its low single-digit service revenue growth guidance, despite the tepid performance in 1QFY25. This is underpinned by various ongoing initiatives, including strategic pricing of its product offerings and the rollout of enterprise NetCo solutions. We also note that D&A for the quarter stood at RM625m, below the normalised run-rate of RM725m, due to an audit adjustment carried forward from FY24. As this was a one-off adjustment, we expect D&A charges to increase in the coming quarters. Meanwhile, 1QFY25 capex-to-sales remained relatively low at 5.6% (vs the full-year guidance of 14-16%) as 5G integration-related spending has yet to commence. Consequently, we foresee further acceleration in capital expenditure as the Group advances its 5G rollout plans and other network expansion initiatives.

Earnings Revision. Given that the reported earnings are deemed within expectations, we kept our forecast unchanged.

Valuation. Reiterate our **HOLD** recommendation with unchanged **target price of RM4.00** based on DCF valuation (WACC of 6.5% with a long-term growth rate of 0.5%).

Risk. Aggressive price competition. Changes in government regulations. Higher-than-expected 5G capex affecting cashflow and dividend.

Results Note

Friday, 23 May, 2025

Results Comparison

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue	3,209.3	3,171.0	12	3,276.0	(2.0)	3,209.3	3,171.0	12	Home fibre and postpaid continue to drive yoy growth
EBITDA	1,350.0	1,342.8	0.5	1,328.3	16	1,350.0	1,342.8	0.5	qoq dragged by lower prepaid ARPU
Pre-tax profit	553.1	427.3	29.4	181.0	205.5	553.1	427.3	29.4	
Net profit	383.8	376.5	1.9	157.0	144.4	383.8	376.5	1.9	Margin improvement thanks to prudent cost
Core net profit	421.5	405.1	4.0	364.2	15.7	421.5	405.1	4.0	management
Core EPS (sen)	3.6	3.5	4.0	3.1	15.7	3.6	3.5	4.0	
EBITDA margin (%)	42.1	42.3		40.5		42.1	42.3		
PBT margin (%)	17.2	13.5		5.5		17.2	13.5		
Core net profit margin (%)	13.1	12.8		11.1		13.1	12.8		

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue									
Postpaid	1,066.0	1,033.0	3.2	1,062.0	0.4	1,066.0	1,033.0	3.2	
Prepaid	1,056.0	1,121.0	(5.8)	1,088.0	(2.9)	1,056.0	1,121.0	(5.8)	
Home & Fiber	55.0	37.0	48.6	56.0	(18)	55.0	37.0	48.6	
Enterprise	282.0	294.0	(4.1)	56.0	403.6	282.0	294.0	(4.1)	
Subscribers									
Postpaid	5,839.0	5,499.0	6.2	5,793.0	0.8	5,839.0	5,499.0	6.2	higher take-up on convergence plans
Prepaid	12,975.0	13,322.0	(2.6)	12,862.0	0.9	12,975.0	13,322.0	(2.6)	strategic shift away from one-time Prepaid SIM acc
Home & Fiber	205.0	124.0	65.3	188.0	9.0	205.0	124.0	65.3	
Enterprise	1,636.0	1,521.0	7.6	1,551.0	5.5	1,636.0	1,521.0	7.6	
ARPU									
Postpaid	60.0	63.0	-4.8	60.0	-	60.0	63.0	(4.8)	
Prepaid	27.0	28.0	-3.6	28.0	(3.6)	27.0	28.0	(3.6)	
Home & Fiber	96.0	105.0	-8.6	107.0	-10.3	96.0	105.0	(8.6)	

Source: Company, Apex Securities

Results Note

Friday, 23 May, 2025

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	12685.0	12679.4	12790.6	12959.0	13281.5
Operating Profit	6157.2	5798.4	5875.6	5823.3	6233.9
EBITDA	5952.3	5482.3	5664.5	5606.0	6010.0
Depreciation & Amortisation	2585.0	3229.4	3429.0	3050.3	2669.5
EBIT	2722.9	2332.3	2235.5	2555.6	3340.5
Net Finance Income/ (Cost)	-539.0	-597.3	-627.9	-615.3	-511.5
Associates & JV	15.0	30.7	31.6	32.6	33.6
Pre-tax Profit	2184.0	1735.0	1607.6	1940.3	2829.0
Tax	-888.0	-614.2	385.8	465.7	679.0
Profit After Tax	1584.4	1361.8	1221.8	1474.6	2150.0
Minority Interest	0.0	-14.6	-12.4	-15.0	-21.8
Net Profit	1584.4	1376.4	1234.2	1489.6	2171.9
Exceptionals	149.6	174.4	0.0	0.0	0.0
Core Net Profit	1758.8	1651.5	1234.2	1489.6	2171.9

Key Ratios

FYE Sep	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	15.0	14.1	10.5	12.7	18.5
P/E (x)	25.8	27.5	36.8	30.5	20.9
P/B (x)	2.8	2.8	2.9	2.8	2.7
EV/EBITDA (x)	9.9	10.6	10.1	9.9	9.1
DPS (sen)	12.2	13.2	14.1	8.9	13.0
Dividend Yield (%)	3.2%	3.4%	3.6%	2.3%	3.3%
EBITDA margin (%)	46.9%	43.2%	44.3%	43.3%	45.3%
EBIT margin (%)	21.5%	18.4%	17.5%	19.7%	25.2%
PBT margin (%)	17.2%	13.7%	12.6%	15.0%	21.3%
PAT margin (%)	12.5%	10.7%	9.6%	11.4%	16.2%
NP margin (%)	12.5%	10.9%	9.6%	11.5%	16.4%
CNP margin (%)	13.9%	13.0%	9.6%	11.5%	16.4%
ROE (%)	10.8%	10.0%	7.8%	9.1%	12.7%
ROA (%)	4.8%	4.6%	3.5%	4.4%	6.2%
Gearing (%)	91.2%	79.0%	80.0%	65.0%	65.0%
Net gearing (%)	83.8%	76.6%	72.7%	62.1%	52.1%

Valuations

Terminal Growth Rate	0.5%
WACC	6.5%
Fair Value (RM)	4.10
ESG premium/discount	0.0%
Implied Fair Value (RM)	4.10

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	1221.0	397.0	1162.0	467.4	2211.1
Receivables	2425.0	2474.0	3176.0	3217.8	3297.9
Inventories	164.0	247.0	263.6	267.0	273.7
Other current assets	-395.0	743.5	214.5	214.5	214.5
Total Current Assets	3415.0	3861.5	4816.0	4166.8	5997.1
Fixed Assets	6409.0	6127.0	5083.8	4107.0	3562.5
Intangibles	18695.0	18951.0	18943.0	18943.0	18943.0
Other non-current assets	7908.0	7135.7	6676.5	6676.5	6676.5
Total Non-current assets	33012.0	32213.7	30703.3	29726.4	29181.9
Short-term Debt	4139.0	2228.0	0.0	0.0	0.0
Payables	3522.0	4285.0	4898.1	5054.4	4992.0
Other Current Liabilities	696.0	909.0	294.8	294.8	294.8
Total Current Liabilities	8357.0	7422.0	5192.9	5349.2	5286.8
Long-term Debt	10748.0	10769.0	12737.1	10587.6	11118.7
Other non-current liabilities	1798.0	2088.3	1668.0	1668.0	1668.0
Total Non-current Liabilities	12546.0	12857.3	14405.1	12255.6	12786.7
Shareholder's equity	16212.0	16348.0	15807.1	16174.2	16991.3
Minority interest	103.0	111.0	114.3	114.3	114.3
Total Equity	16315.0	16459.0	15921.4	16288.6	17105.7

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	2184.0	1735.0	1607.6	1940.3	2829.0
Depreciation & amortisation	3150.0	3429.0	3050.3	2669.5	2315.6
Changes in working capital	656.0	631.0	-105.5	111.0	-149.1
Others	-3172.9	-384.6	105.0	-69.9	-303.2
Operating cash flow	2817.0	5410.4	4657.4	4650.9	4692.3
Net capex	-888.0	-1806.0	-1918.6	-2073.4	-2125.0
Others	-1534.0	-44.6	0.0	0.0	0.0
Investing cash flow	-2422.0	-1850.6	-1918.6	-2073.4	-2125.0
Changes in borrowings	1890.0	-11605.9	-312.4	-2149.6	531.1
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Dividends paid	-1011.0	-1502.0	-1502.0	-1122.5	-1354.8
Others	-258.0	8722.9	0.0	0.0	0.0
Financing cash flow	621.0	-4384.9	-1814.4	-3272.0	-823.6
Net cash flow	-825.2	-193.3	924.5	-694.5	1743.6
Forex	0.0	0.0	0.0	0.0	0.0
Others	1017.0	-790.6	0.0	0.0	0.0
Beginning cash	205.4	1221.4	237.5	1162.0	467.4
Ending cash	397.2	237.5	1162.0	467.4	2211.1

Results Note

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ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Total carbon emissions rose to 561,756 tCO ₂ e (+4.5% yoy) in FY24. However, carbon intensity per data usage improved to 0.09 tCO ₂ e/TB (from 0.10).
Waste & Effluent	★★★	Waste per employee fell significantly from 182kg to 94kg. General waste collected dropped to 290 tonnes (from 664 tonnes)
Energy	★★	Energy consumption decreased slightly to 896 GWh, but usage per customer remained high at 43.95 KWh (vs. 44.45).
Water	★★★	In FY24, water consumption dropped to 65,485 m ³ from 151,284 m ³ , averaging 21.27 m ³ per employee.
Compliance	★★★	In compliance with local and international environmental regulations.

Social

Diversity	★★★	Fairly balanced between male to female ratio at 52% and 48% respectively.
Human Rights	★★★	No substantiated human rights complaints. Policies aligned with UDHR and UNGPs remain in effect.
Occupational Safety and Health	★★★	LTIR increased to 0.44 from 0.14. No fatalities reported. More employees trained on safety.
Labour Practices	★★★	Pay scale based on prevailing industry market rates as stipulated by the Act 732 National Wages Consultative Council Act

Governance

CSR Strategy	★★★	Provide connectivity support during national crises, such as deploying free 5G Home WiFi units to more than 200 Temporary Evacuation Centres (TECs) nationwide during the year-end monsoon floods.
Management	★★	Board composition: 4/10 Independent, 3/10 female. Some progress but still room for improvement
Stakeholders	★★★	4x analyst briefings per annum, 1x AGM per annum

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.