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Company – Results | Malaysia

Monday, 17 August 2026

CelcomDigi (CDB MK)

2Q26: In Line; Raised 2026 Opex Savings To RM470m

Highlights

- CelcomDigi reported sequentially higher 2Q26 core net profit of RM430m, reflecting average revenue per account growth of 2% qoq and 8% yoy as well as RM100m in synergistic opex savings in the quarter.
- Key highlights from 2Q26 are: a) DNB will be equity accounted in 4Q26, with minimal earnings impact in 2026 and no cash call expected from DNB in the foreseeable years; and b) management raising 2026 synergistic opex savings to RM470m.
- Maintain BUY with a DCF-based target price of RM4.05. The stock offers attractive dividend yield of 5.2%.

2Q26 Results

Year to 31 Dec (RMm)	2Q26	qoq%	yoy%	1H26	yoy%
Revenues	3,186	(0.7)	0.2	6,394	0.1
Reported EBITDA	1,367	(3.3)	(0.6)	2,780	2.1
EBITDA Margin (%)	43	(1.1)	(0.4)	43	(41.8)
Net profit	398	(4.8)	(9.4)	816	(0.8)
Core Net profit	430	2.9	(0.5)	848	(1.6)
EPS (sen)	3.5	(4.0)	(7.7)	7.0	0.0
DPS (sen)	3.4	0.0	(10.5)	6.8	(9.3)
Subscribers ('000)	20,309	(0.3)	(1.5)		
Blended ARPUs (RM/mth)	40	(2.4)	(2.4)		
Cost Structure (% of revenue)	2Q25	3Q25	4Q25	1Q26	2Q26
Direct expenses	25.5%	26.1%	30.5%	26.0%	26.9%
S&M	5.4%	5.0%	4.6%	5.0%	4.8%
Staff cost	5.5%	6.0%	6.0%	6.0%	5.8%
Bad debts	3.2%	3.2%	3.8%	2.3%	1.6%
G&A, others	16.8%	16.8%	14.5%	16.7%	18.1%

Source: CelcomDigi, UOB Kay Hian

Analysis

- **2Q26 core earnings in line.** CelcomDigi reported a 3% qoq increase in 2Q26 underlying net profit of RM430m (-1% yoy). Underlying net profit excludes a RM32m settlement cost and stamp due, which we gather will be minimal in the coming quarter. 1H26 underlying net profit of RM848m (-2% yoy) accounted for 48% and 47% of house and street's 2026 full-year forecasts respectively, within expectations.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	12,679	12,956	13,263	13,402	13,608
EBITDA	6,154	5,621	5,861	5,869	5,960
Operating profit	2,321	2,672	2,891	3,306	3,723
Net profit (rep./act.)	1,378	1,514	1,725	2,005	2,362
Net profit (adj.)	1,730	1,660	1,725	2,005	2,362
EPS	14.7	14.1	14.7	17.1	20.1
PE (x)	19.3	20.1	19.3	16.6	14.1
P/B (x)	2.1	2.1	2.1	2.1	2.1
EV/EBITDA (x)	7.5	8.2	7.7	7.5	7.3
Dividend yield (%)	5.0	5.2	5.2	6.0	7.1
Net margin (%)	10.9	11.7	13.0	15.0	17.4
Net debt/(cash) to equity (%)	79.2	79.9	74.8	66.7	60.9
Interest cover (x)	3.8	4.4	4.5	5.0	5.8
ROE (%)	10.7	10.4	10.8	12.6	15.0
Consensus net profit	n.a	n.a	1,717	1,879	2,096
UOBKH/Consensus (x)	n.a	n.a	1.00	1.07	1.13

Source: CelcomDigi, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	RM2.84
Target Price	RM4.05
Upside	42.8%

Stock Data

Sector	Communication Services
Bloomberg ticker	CDB MK
Shares issued (m)	11,731.5
Market cap (RMm)	33,313.6
Market cap (US$m)	8,150.7
3-mth avg daily t'over (US$m)	2.7

Price Performance (%)

52-week high/low				RM3.86/RM2.65
1mth	3mth	6mth	1yr	YTD
(6.0)	(11.0)	(12.6)	(26.0)	(11.0)

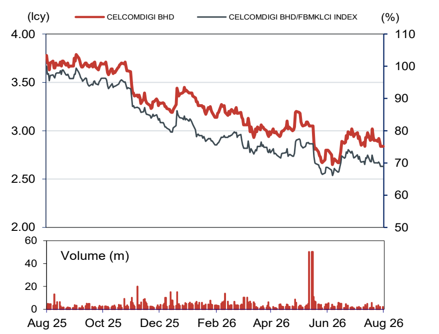
Major Shareholders (%)

Telenor ASA	33.1
Axiata Group Bhd	33.1
Employees Provident Fund	10.8

Balance Sheet Metrics

FY26F NAV/Share (RM)	1.36
FY26F Net Debt/Share (RM)	1.02

Price Chart



Source: Bloomberg

Company Description

Mobile operator in Malaysia, providing 2G, 3G and 4G services.

- **Dividends stable qoq.** The group declared its second interim net DPS of 3.4 sen/share (99% dividend payout). We project flattish full-year DPS of 14.7 sen (101% payout), translating to a 5.2% dividend yield.
- **2026 full-year synergistic savings of RM470m higher than initial guidance.** CelcomDigi has raised its 2026 opex and COGS savings target to RM470m (from RM460m), driven by operational efficiency gains across its network infrastructure. The savings will help to buffer higher 5G wholesale costs (rising 25% yoy) due to higher 5G traffic consumption. 2Q26 saw an additional RM100m flowthrough of synergistic cost savings, reflecting cumulative savings of RM141m ytd. We expect higher savings to be reflected in 2H26, yielding a positive earnings trajectory.

Higher 2026 Synergistic Cost Savings of RM470m

Source: CelcomDigi, UOB Kay Hian

- **2Q26 postpaid revenue rose 2% yoy to RM1,104m (flat qoq),** driven by stable ARPU of RM60/month (reflecting plan upgrades and continued migration to convergence plans) and net adds of 31,000 qoq. We expect the encouraging postpaid service revenue trend to continue into 3Q26.
- **Prepaid revenue fell 3% yoy and 1% qoq to RM1,016m** as CelcomDigi focuses on quality subscribers, leading to a loss of 113,000 subscribers in the quarter. Positively, the telco defended ARPU at RM28/month thanks to targeted value proposition.
- **Home and fibre base robust expansion.** CelcomDigi's convergence offerings through its flagship CelcomDigi ONE plan continues to show aggressive net adds of 18,000 qoq with a stable sequential ARPU of RM103/month (2Q25: RM99/month).

Valuation/Recommendation

- **Maintain BUY with a DCF-based target price of RM4.05.** At our fair value, the stock trades at +0.5SD 2027F EV/EBITDA of 9.9x. CelcomDigi remains on track to achieving its synergistic target of RM700m-800m in annual cost savings beyond 2027.

Earnings Revision/Risk

- No changes to earnings.
- We revised our 2026-28 DPS forecast to 14.9/17.2/20.1 sen/share respectively, to reflect a lower dividend payout of 101% (previously 104%).

Share Price Catalyst/Risk

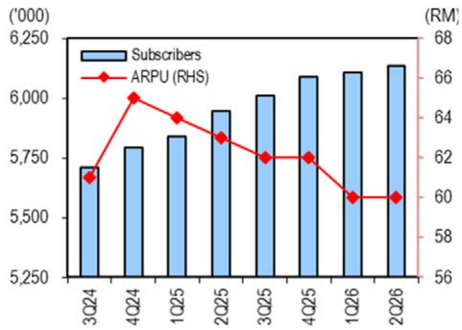
- **Slight clarity on DNB's future.** Digital Nasional Berhad (DNB) is projected to direct its near-term capex towards scaling network capacity and enhancing traffic management capabilities to accommodate increasing data consumption. Notably, the company's new shareholders do not anticipate additional equity cash calls or capital injections over the next few years, with funding requirements likely to be met through debt financing.

Performance Guidance For 2026

	2026 guidance
Service Revenue	Low single-digit growth.
EBIT	Low single-digit growth.
Capex intensity	Around 12-13% of total revenue, focusing on enhancing IT platforms and network enhancement.

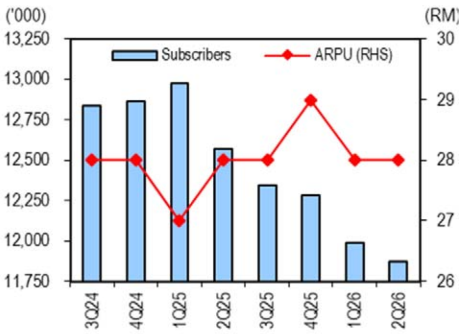
Source: CelcomDigi, UOB Kay Hian

Quarterly Postpaid ARPU And Subs



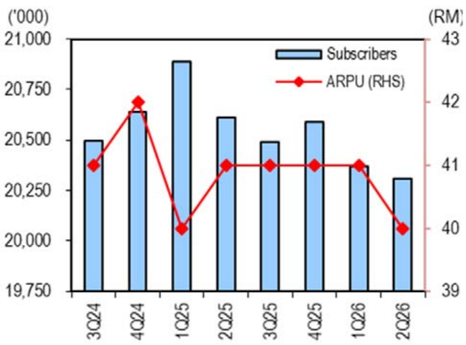
Source: CelcomDigi, UOB Kay Hian

Quarterly Prepaid ARPU And Subs



Source: CelcomDigi, UOB Kay Hian

Quarterly Blended ARPU And Total Subs



Source: CelcomDigi, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	12,956	13,263	13,402	13,608
EBITDA	5,621	5,861	5,869	5,960
Deprec. & amort.	2,848	2,969	2,563	2,237
EBIT	2,672	2,891	3,306	3,723
Net interest income/(expense)	(569)	(599)	(661)	(632)
Pre-tax profit	2,103	2,292	2,645	3,090
Tax	(573)	(550)	(635)	(742)
Minorities	(16)	(16)	(16)	(16)
Net profit	1,514	1,726	1,994	2,332
Net profit (adj.)	1,660	1,726	1,994	2,332

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	6,671	5,773.3	4,766.1	4,105.0
Other LT assets	24,979	24,763.3	24,547.9	24,332.4
Cash/ST investment	872	2,096.3	3,901.8	5,327.4
Other current assets	3,944	4,266.9	4,309.7	4,373.2
Total assets	36,464	36,899.8	37,525.4	38,138.0
ST debt	3,044	860.3	360.3	-139.7
Other current liabilities	5,309	5,331.8	5,384.7	5,466.1
LT debt	10,595	13,192.5	14,192.5	15,192.5
Other LT liabilities	1,537	1,537.1	1,537.1	1,537.1
Shareholders' equity	15,979	15,978.1	15,974.6	15,967.7
Minority interest	124	140.2	156.7	173.1
Total liabilities & equity	36,464	36,899.8	37,449.1	38,023.7

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	4,024	5,103.7	5,244.1	5,233.7
Pre-tax profit	2,103	2,292.4	2,646.4	3,092.1
Tax	(573)	(550.2)	(635.1)	(742.1)
Deprec. & amort.	2,848	2,969.4	2,562.9	2,237.3
Associates	(0)	-	76.2	38.1
Working capital changes	(309)	(206.7)	10.1	14.9
Other operating cashflows	(44)	598.7	583.6	593.3
Investing	(1,470)	(1,834.4)	(1,280.1)	(1,288.0)
Capex (maintenance)	(1,574)	(1,856.8)	(1,340.2)	(1,360.8)
Proceeds from sale of assets	-	-	-	1.0
Others	104	22.4	60.1	72.8
Financing	(2,001)	(1,951.0)	(2,158.4)	(2,521.0)
Dividend payments	(1,736)	(1,743.1)	(2,014.8)	(2,356.9)
Issue of shares	-	-	-	-
Proceeds from borrowings	1,204	413.2	500.0	500.0
Others/interest paid	(375)	(621.1)	(643.6)	(665.1)
Net cash inflow (outflow)	553	1,318.3	1,805.5	1,424.6
Beginning cash & cash equivalent	224	778.0	2,096.3	3,901.8
Changes due to forex impact	-	-	-	1.0
Ending cash & cash equivalent	778	2,096.3	3,901.8	5,327.4

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	43.4	44.2	43.8	43.8
Pre-tax margin	16.2	17.1	19.5	22.4
Net margin	12.8	12.9	14.7	16.9
ROA	4.6	4.5	5.1	5.9
ROE	10.4	10.7	12.4	14.6
Growth				
Turnover	2.2	2.4	1.0	1.5
EBITDA	(8.7)	4.3	0.1	1.5
Pre-tax profit	21.1	7.9	15.0	16.7
Net profit	9.9	12.9	15.1	16.9
Net profit (adj.)	(4.1)	2.9	15.1	16.9
EPS	(4.1)	2.9	15.1	16.9
Leverage				
Debt to total capital	48.5	45.8	45.8	45.9
Debt to equity	85.4	88.0	91.1	94.3
Net debt/(cash) to equity	79.9	74.8	66.7	60.9
Interest cover	4.4	4.5	4.7	5.0