

23 May 2025

Communications | Telecommunications

Singtel (ST SP)

Buy (Maintained)

More Value Creation; BUY

Target Price (Return): SGD4.50 (13.9%)
 Price (Market Cap): SGD3.95 (USD50,500m)
 ESG score: 3.3 (out of 4)
 Avg Daily Turnover (SGD/USD) 115m/86.5m

- **Keep BUY, SOP TP lifted to SGD4.50 (from SGD3.80), 14% upside, c.5% yield.** Singtel's FY25 results were in line. The new SGD2bn share buyback programme is EPS accretive and adds to the group's strong capital management narrative with a higher capital recycling target unveiled. Singtel remains our preferred Singapore telco pick. We stay positive on its outlook with improving ROIC, capital management upside, and operational execution as rerating catalysts. Our TP includes a 4% ESG premium.
- **Broadly in line.** 4QFY25 (Mar) core earnings of SGD600m (-12% QoQ, +4% YoY) brought FY25 core earnings to SGD2.47bn (+9% YoY, +11% on constant currency), at 98% and 96% of our and consensus' estimates. This was largely driven by the solid Optus and NCS EBIT growth of 55% and 39% YoY and Airtel's stellar performance. Cost savings of SGD250m across both Singapore operations and Optus brought cumulative savings to SGD400m, at two-thirds of the 3-year target of SGD600m in cost-outs. A final DPS of SGD0.10 puts FY25 DPS at SGD0.17, meeting consensus' estimates but slightly short of our forecast (FY24: SGD0.16). This includes a value realisation dividend (VRD) of SGD0.047 (SGD0.03-0.06 guidance). Core DPR of 82% tracks the 70-90% DPR guidance.
- **Singapore operations stable; Optus repricing effect flowing through base; Airtel on a roll.** Singapore EBIT was stable as cost savings offset higher 700MHz spectrum amortisation charges. Singapore mobile ARPU slipped further, due to the still intense market competition. Optus' mobile service revenue gained 4% on price uplifts on postpaid. It has repriced over 70% of its back book, supportive of further ARPU gains in the mid-term with existing postpaid customers subjected to another SGD2-6/month price hike from 4 Jun. Meanwhile, Airtel's solid quarterly showing was instrumental in driving associate growth (+7% YoY), with ARPU hitting another quarterly high.
- **Capital recycling target raised with SGD2bn share buyback value realisation plan.** More than half of the SGD6bn capital recycling target has been achieved (FY25: SDG1.9bn) with the divestment of a 1.2% stake in Airtel last week raising SGD2bn. Management has upped the mid-term capital recycling target to SGD9bn. We view the new 3-year share buyback programme positively to drive further shareholder value accretion. Singtel is guiding for high single-digit EBIT growth for FY26F with product simplification and efficiencies driving another SGD200m in cost-outs. Post results, we adjust FY26-27F forecasts by -1 to -4% and introduce FY28 forecasts. Our TP is lifted after tagging a higher target EV/EBITDA on Optus (6.2x vs 5x previously) to reflect its operational improvements and market valuation updates on key associates.

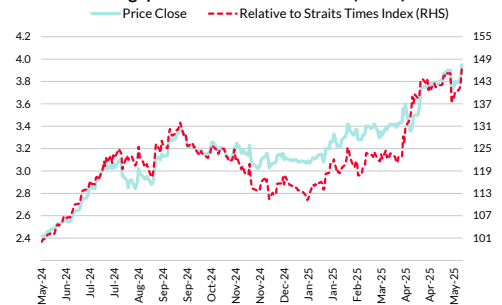
Analyst

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Share Performance (%)

| | YTD | 1m | 3m | 6m | 12m |
|----------------------------|------|-----|------|------|-------|
| Absolute | 28.2 | 3.9 | 20.4 | 29.1 | 64.6 |
| Relative | 25.8 | 1.7 | 21.7 | 25.5 | 47.3 |
| 52-wk Price low/high (SGD) | | | | 2.41 | -3.95 |

Singapore Telecommunications (ST SP)



Source: Bloomberg

| Forecasts and Valuation | Mar-24 | Mar-25 | Mar-26F | Mar-27F | Mar-28F |
|---------------------------------|--------|--------|---------|---------|---------|
| Total turnover (SGDm) | 14,128 | 14,146 | 14,535 | 14,971 | 15,571 |
| Recurring net profit (SGDm) | 2,260 | 2,469 | 2,787 | 3,189 | 3,544 |
| Recurring net profit growth (%) | 10.1 | 9.2 | 12.9 | 14.4 | 11.1 |
| Recurring P/E (x) | 28.36 | 26.42 | 23.40 | 20.45 | 18.41 |
| P/B (x) | 2.7 | 2.6 | 2.6 | 2.5 | 2.3 |
| P/CF (x) | 10.32 | 10.22 | 9.73 | 9.43 | 8.86 |
| Dividend Yield (%) | 3.8 | 4.3 | 4.9 | 5.1 | 5.1 |
| EV/EBITDA (x) | 20.10 | 19.83 | 18.67 | 18.06 | 16.58 |
| Return on average equity (%) | 2.9 | 10.1 | 11.0 | 12.2 | 13.1 |
| Net debt to equity (%) | 29.2 | 34.3 | 35.4 | 38.9 | 40.8 |

Source: Company data, RHB

Overall ESG Score: 3.3 (out of 4)

E Score: 3.0 (GOOD)

S Score: 3.0 (GOOD)

G Score: 4.0 (EXCELLENT)

Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis

Overall tCO₂e emissions marked a notable decline in FY24, in part due to the 34% reduction in Scope 3 emissions with the use of supplier specific emission factors and applying hybrid methods to a wider data set. Both Scope 1-2 emissions saw a 7% reduction in 2024 or a 26% reduction over the 2015 baseline

| Emissions (tCO ₂ e) | Mar-23 | Mar-24 | Mar-25 | Mar-26 |
|--------------------------------|-----------|-----------|--------|--------|
| Scope 1 | 6,251 | 6,204 | - | - |
| Scope 2 | 434,349 | 402,915 | - | - |
| Scope 3 | 3,836,769 | 2,553,001 | - | - |
| Total emissions | 4,277,369 | 2,962,120 | na | na |

Source: Company data, RHB

Latest ESG-Related Developments

Optus was hit by a cyber-security attack in Sept 2022 with personal information related to 9.8m subscribers compromised. On Nov 8 2023, Optus' network was down for over 12 hours nationwide owing to technical issues.

ESG Unbundled

Overall ESG Score: 3.3 (out of 4)

Last Updated: 22 May 2025

E Score: 3.0 (GOOD)

Singtel is committed to keeping global temperature increases within 1.5°C and reaching net-zero emissions by 2050 and a 25% renewable energy target by 2025. The company actively participates in the GSM Association (GSMA) Board and its Climate Action Committee to lead the industry on a science-based sector-specific decarbonisation pathway

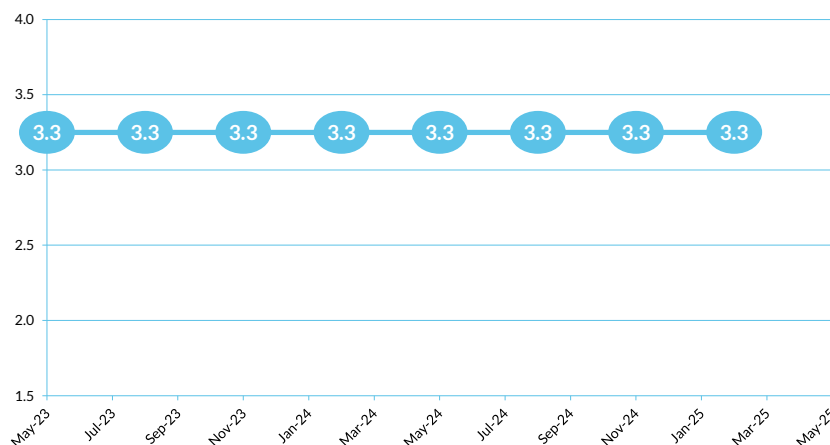
S Score: 3.0 (GOOD)

Optus was hit by a cyber-security attack in Sept 2022 with personal information of 9.8m subscribers compromised. In Nov 2023, a nationwide network outage occurred which led to the shutdown of Optus' mobile services for more than 12 hours. The group invests significantly in employee training and development programmes to build a future-ready workforce. The gender diversity efforts have been constantly recognised by external parties including being listed in the Bloomberg Gender-Equality Index

G Score: 4.0 (EXCELLENT)

The Board is made up of 12 Directors of which 84% are independent, and 25% are women. There is full disclosure of director remuneration including salaries and bonuses on a named basis. Singtel regularly provides corporate updates to the investment community, embodying good transparency and disclosure practices

ESG Rating History



Source: RHB

Financial Exhibits

| Asia | Financial summary (SGD) | Mar-24 | Mar-25 | Mar-26F | Mar-27F | Mar-28F |
|---|-------------------------------------|---------------|---------------|----------------|----------------|----------------|
| Singapore | Recurring EPS | 0.14 | 0.15 | 0.17 | 0.19 | 0.21 |
| Communications | DPS | 0.15 | 0.17 | 0.20 | 0.20 | 0.20 |
| Singtel | BVPS | 1.45 | 1.51 | 1.55 | 1.61 | 1.68 |
| ST SP | Return on average equity (%) | 2.9 | 10.1 | 11.0 | 12.2 | 13.1 |
| Buy | | | | | | |
| | Valuation metrics | Mar-24 | Mar-25 | Mar-26F | Mar-27F | Mar-28F |
| Valuation basis | Recurring P/E (x) | 28.36 | 26.42 | 23.40 | 20.45 | 18.41 |
| Sum-of-the parts (SOP) valuation | P/B (x) | 2.7 | 2.6 | 2.6 | 2.5 | 2.3 |
| | FCF Yield (%) | 6.3 | 6.5 | 6.9 | 7.2 | 7.9 |
| | Dividend Yield (%) | 3.8 | 4.3 | 4.9 | 5.1 | 5.1 |
| Key drivers | EV/EBITDA (x) | 20.10 | 19.83 | 18.67 | 18.06 | 16.58 |
| i. Strong earnings recovery; | EV/EBIT (x) | 62.71 | 54.46 | 50.40 | 43.15 | 39.91 |
| ii. Cost savings; | | | | | | |
| iii. Capital recycling. | | | | | | |
| | Income statement (SGDm) | Mar-24 | Mar-25 | Mar-26F | Mar-27F | Mar-28F |
| Key risks | Total turnover | 14,128 | 14,146 | 14,535 | 14,971 | 15,571 |
| i. Stronger-than-expected mobile competition; | Gross profit | 3,378 | 3,557 | 3,946 | 4,155 | 4,597 |
| ii. Weaker-than-expected earnings; | EBITDA | 3,597 | 3,792 | 4,056 | 4,265 | 4,707 |
| iii. SGD strength. | Depreciation and amortisation | (2,444) | (2,411) | (2,554) | (2,480) | (2,752) |
| | Operating profit | 1,153 | 1,381 | 1,502 | 1,785 | 1,955 |
| | Net interest | (303) | (343) | (347) | (362) | (376) |
| Company Profile | Pre-tax profit | 1,641 | 3,537 | 3,935 | 4,500 | 4,998 |
| Singtel is the largest integrated telecommunications group in the Asia Pacific with class leading mobile assets in Singapore, Australia, India, Indonesia, Thailand and Philippines, amongst others | Taxation | (919) | (1,057) | (1,141) | (1,305) | (1,449) |
| | Reported net profit | 713 | 2,469 | 2,787 | 3,189 | 3,544 |
| | Recurring net profit | 2,260 | 2,469 | 2,787 | 3,189 | 3,544 |
| | Cash flow (SGDm) | Mar-24 | Mar-25 | Mar-26F | Mar-27F | Mar-28F |
| | Cash flow from operations | 6,211 | 6,381 | 6,705 | 6,915 | 7,359 |
| | Capex | (2,150) | (2,133) | (2,199) | (2,198) | (2,197) |
| | Cash flow from investing activities | 247 | (2,407) | (2,396) | (2,394) | (2,392) |
| | Dividends paid | (2,560) | (2,543) | (2,873) | (3,220) | (3,303) |
| | Cash flow from financing activities | (1,993) | (4,028) | (3,117) | (3,478) | (3,573) |
| | Cash at beginning of period | 1,668 | 4,605 | 2,773 | 2,750 | 1,948 |
| | Net change in cash | 4,465 | (54) | 1,192 | 1,043 | 1,395 |
| | Ending balance cash | 6,133 | 4,551 | 3,964 | 3,793 | 3,343 |
| | Balance sheet (SGDm) | Mar-24 | Mar-25 | Mar-26F | Mar-27F | Mar-28F |
| | Total cash and equivalents | 4,605 | 2,773 | 2,750 | 1,948 | 1,422 |
| | Tangible fixed assets | 10,047 | 10,280 | 9,925 | 9,643 | 9,089 |
| | Total assets | 46,198 | 46,784 | 48,650 | 50,454 | 52,508 |
| | Short-term debt | 570 | 1,469 | 1,469 | 1,469 | 1,469 |
| | Total long-term debt | 11,330 | 10,203 | 10,703 | 11,203 | 11,703 |
| | Total liabilities | 21,234 | 20,827 | 22,011 | 22,860 | 23,689 |
| | Total equity | 24,964 | 25,957 | 26,640 | 27,594 | 28,819 |
| | Total liabilities & equity | 46,198 | 46,784 | 48,650 | 50,454 | 52,508 |
| | Key metrics | Mar-24 | Mar-25 | Mar-26F | Mar-27F | Mar-28F |
| | Revenue growth (%) | (3.4) | 0.1 | 2.7 | 3.0 | 4.0 |
| | Recurrent EPS growth (%) | 8.1 | 7.4 | 12.9 | 14.4 | 11.1 |
| | Gross margin (%) | 23.9 | 25.1 | 27.2 | 27.8 | 29.5 |
| | Operating EBITDA margin (%) | 25.5 | 26.8 | 27.9 | 28.5 | 30.2 |
| | Net profit margin (%) | 5.0 | 17.5 | 19.2 | 21.3 | 22.8 |
| | Dividend payout ratio (%) | 347.4 | 113.7 | 115.5 | 103.6 | 93.2 |
| | Capex/sales (%) | 15.2 | 15.1 | 15.1 | 14.7 | 14.1 |
| | Interest cover (x) | 3.81 | 4.03 | 4.33 | 4.94 | 5.20 |

Source: Company data, RHB

Figure 1: Results summary

| FYE Mar (SGDm) | 4QFY24 | 3QFY25 | 4QFY25 | QoQ (%) | YoY (%) | FY24 | FY25 | YoY (%) | Comments |
|--------------------------------|--------------|--------------|--------------|---------------|------------|----------------|----------------|------------|--|
| Group revenue | 3,506.0 | 3,629.0 | 3,525.0 | (2.9) | 0.5 | 14,127.0 | 14,146.0 | 0.1 | Stable excluding Trustwave |
| Optus | 1,757.0 | 1,856.0 | 1,708.0 | (8.0) | (2.8) | 7,131.0 | 7,134.0 | 0.0 | Optus mobile revenue grew 4.1% in FY25 |
| Singtel Singapore | 973.0 | 976.0 | 956.0 | (2.0) | (1.7) | 3,892.0 | 3,809.0 | (2.1) | Singapore mobile service revenue was flat YoY in FY25 |
| NCS | 737.0 | 742.0 | 743.0 | 0.1 | 0.8 | 2,834.0 | 2,916.0 | 2.9 | Driven by government spending with enterprise booking of SGD3.2bn in FY25 |
| Digital InfraCo | 102.0 | 112.0 | 103.0 | (8.0) | 1.0 | 414.0 | 435.0 | 5.1 | Utility cost pass throughs for data center customers and re-pricing of contracts |
| EBITDA | 875.0 | 943.0 | 902.0 | (4.3) | 3.1 | 3,597.0 | 3,792.0 | 5.4 | Cost savings of SGD250m achieved in FY25 |
| EBITDA margin | 25.0% | 26.0% | 25.6% | (0.4) | 0.6 | 25.5% | 26.8% | 1.3 | |
| Share of associates | 644.0 | 657.0 | 673.0 | 2.4 | 4.5 | 2,338.0 | 2,499.0 | 6.9 | Led by Airtel and AIS |
| - Airtel | 232.0 | 296.0 | 300.0 | 1.4 | 29.3 | 755.0 | 992.0 | 31.4 | |
| - Telkomsel | 196.0 | 165.0 | 152.0 | (7.9) | (22.4) | 806.0 | 671.0 | (16.7) | Lower stake in Telkomsel and competition |
| - Advanced Info Service (AIS) | 91.0 | 104.0 | 122.0 | 17.3 | 34.1 | 339.0 | 411.0 | 21.2 | Stronger fibre broadband and mobile growth |
| - Globe Telecom | 82.0 | 54.0 | 59.0 | 9.3 | (28.0) | 287.0 | 269.0 | (6.3) | |
| - Intouch | 36.0 | 36.0 | 41.0 | 13.9 | 13.9 | 148.0 | 150.0 | 1.4 | Mainly from stronger AIS performance |
| - Others | 7.0 | 2.0 | (1.0) | >100 | >100 | 3.0 | 6.0 | 100.0 | Includes Netlink Trust and start-up losses at GXS Bank |
| EBITDA and share of associates | 1,519.0 | 1,600.0 | 1,575.0 | (1.6) | 3.7 | 5,935.0 | 6,291.0 | 6.0 | |
| Depreciation | (626.0) | (600.0) | (602.0) | 0.3 | (3.8) | (2,444.0) | (2,411.0) | (1.4) | |
| EBIT | 893.0 | 1,000.0 | 973.0 | (2.7) | 9.0 | 3,491.0 | 3,880.0 | 11.1 | |
| PBT | 809.0 | 921.0 | 885.0 | (3.9) | 9.4 | 3,188.0 | 3,538.0 | 11.0 | |
| Tax | (228.0) | (239.0) | (283.0) | 18.4 | 24.1 | (919.0) | (1,057.0) | 15.0 | |
| MI | (2.0) | (2.0) | (2.0) | nm | nm | (8.0) | (11.0) | nm | |
| Core net profit | 579.0 | 680.0 | 600.0 | (11.8) | 3.6 | 2,261.0 | 2,470.0 | 9.2 | In line with our and consensus estimates |
| Exceptional Items | (2,387.0) | 639.0 | 640.0 | n.m. | n.m. | (1,466.0) | 1,321.0 | (190.1) | |
| Reported profit | (1,808.0) | 1,319.0 | 1,240.0 | n.m. | n.m. | 795.0 | 3,791.0 | 376.9 | |

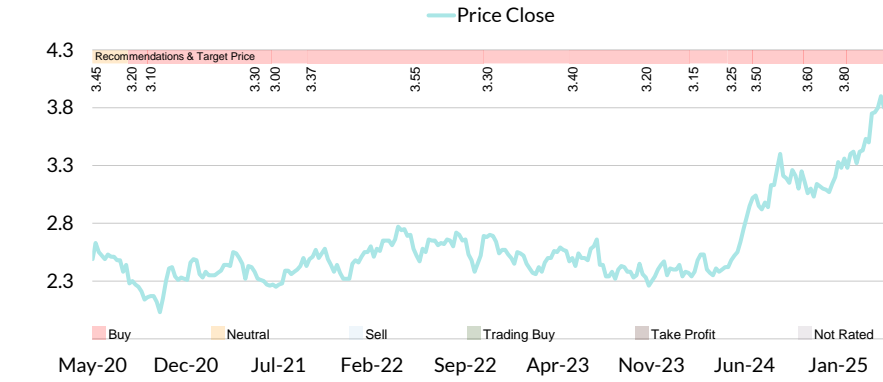
Source: Company data, RHB

Figure 2: SOP valuation

| | Stake | Value (SGDm) | Attributable value (SGDm) | Value/share (SGD) | % of total | Basis |
|---------------------------|-------|--------------|---------------------------|-------------------|-------------|---------------------|
| Subsidiaries | | | | | | |
| Singtel Singapore | 100% | 12,512.8 | 12,512.8 | 0.76 | 13.2 | 7x CY26 EV/EBITDA |
| Optus Australia | 100% | 13,605.2 | 13,605.2 | 0.82 | 14.3 | 6.2x CY26 EV/EBITDA |
| Total subsidiaries | | | 26,118.0 | 1.58 | 27.5 | |
| Associates | | | | | | |
| Bharti Airtel | 28.3% | 173,913.3 | 49,217.5 | 2.98 | 51.8 | Market price |
| Telkomsel | 30.1% | 19,069.8 | 5,740.0 | 0.35 | 6.0 | RHB's valuation |
| AIS | 23.3% | 33,553.6 | 7,818.0 | 0.47 | 8.2 | Consensus TP |
| Globe | 46.7% | 7,211.4 | 3,367.7 | 0.20 | 3.5 | Market price |
| Intouch | 21.3% | 11,451.4 | 2,439.2 | 0.15 | 2.6 | Market price |
| SingPost | 25.5% | 1,270.1 | 323.9 | 0.02 | 0.3 | Market price |
| Total associates | | | 68,906.2 | 4.17 | 72.5 | |
| Grand Total | | | 95,024.3 | 5.75 | | |
| Net debt | | | (7,295.0) | -0.44 | | |
| Equity Valuation | | | 87,729.3 | 5.31 | | |
| Holdco discount | | | | -1.06 | | 20% discount |
| ESG | | | | 0.21 | | |
| TP (SGD) | | | | 4.46 | | |

Source: RHB

Recommendation Chart



Source: RHB, Bloomberg

| Date | Recommendation | Target Price | Price |
|------------|----------------|--------------|-------|
| 2025-02-19 | Buy | 3.80 | 3.37 |
| 2024-11-13 | Buy | 3.60 | 3.19 |
| 2024-09-05 | Buy | 3.50 | 3.14 |
| 2024-07-18 | Buy | 3.50 | 3.06 |
| 2024-05-23 | Buy | 3.25 | 2.41 |
| 2024-02-26 | Buy | 3.15 | 2.34 |
| 2023-11-10 | Buy | 3.20 | 2.36 |
| 2023-09-18 | Buy | 3.40 | 2.41 |
| 2023-05-25 | Buy | 3.40 | 2.53 |
| 2022-11-11 | Buy | 3.30 | 2.69 |
| 2022-05-29 | Buy | 3.55 | 2.70 |
| 2021-10-04 | Buy | 3.37 | 2.46 |
| 2021-08-12 | Buy | 3.00 | 2.37 |
| 2021-07-13 | Buy | 3.00 | 2.29 |
| 2021-05-27 | Buy | 3.30 | 2.45 |

Source: RHB, Bloomberg

RHB Guide to Investment Ratings

| | |
|---------------------|--|
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