

Insights Direct Company Note

Singapore Telecommunications Ltd

Bloomberg : ST SP Equity | Reuters : STEL.SI | TR PermID : 5000056385

DBS Group Research . Equity

23-Feb-2022 (View Latest Version )

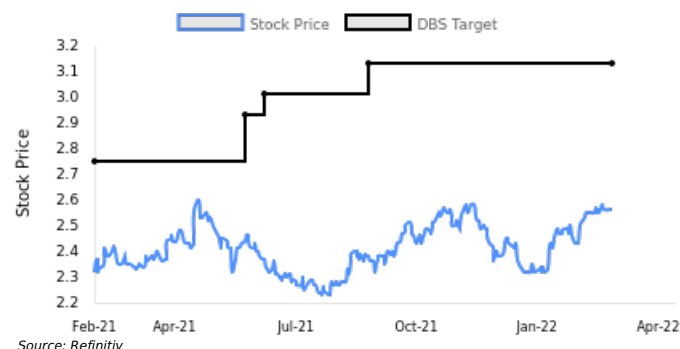
ANALYST

Sachin Mittal sachinmittal@dbs.com

BUY

Price	Mkt Cap	Target Price	Total Return
SGD 2.56	SGD 42.28 B	SGD 3.13	26.0%

STOCK PRICE



RIDE FOR RECOVERY @ 36% HOLDCO DISCOUNT

INVESTMENT THESIS

Key Arguments:

- **Trading at 36% holding company (HoldCo) discount vs 21% average over the last 7 years.** HoldCo discount should narrow to 10-15% due to an improving core business led by Australia.
- **Offers ~4% yield which should grow with 9% annual growth in earnings over FY22-24F.** This is based on 75% payout ratio given strong balance sheet and divestment targets in place. Bharti is the key growth driver
- **Potential catalyst** - S\$2bn worth of divestments from digital advertising, Trustwave & Property.

FORECASTS AND VALUATION (SGD, M)

FY Mar	FY2020A	FY2021A	FY2022F	FY2023F
Revenue	16,542	15,644	15,909	16,390
EBITDA	6,286	5,630	6,142	6,493
Pre-tax Profit	2,041	1,371	2,986	3,293
Net Profit	1,075	553.8	2,084	2,266
Net Pft (Pre Ex.)	2,457	1,733	2,084	2,266
Net Pft Gth (Pre-ex) (%)	(13.0)	(29.5)	20.3	8.7
EPS (SGD)	6.59	3.35	12.62	13.72
EPS Pre Ex. (SGD)	15.05	10.49	12.62	13.72
EPS Gth Pre Ex (%)	(13.0)	(30.3)	20.3	8.7
Diluted EPS (SGD)	6.59	3.35	12.62	13.72
Net DPS (SGD)	12.25	4.78	8.84	9.61
BV Per Share (SGD)	164.1	160.4	164.2	168.3
PE (x)	38.0	74.5	19.8	18.2
PE Pre Ex. (x)	16.6	23.8	19.8	18.2
P/Cash Flow (x)	9.3	9.9	11.2	9.7
EV/EBITDA (x)	8.6	9.5	8.6	8.0
Net Div Yield (%)	4.9	1.9	3.5	3.8
P/Book Value (x)	1.5	1.6	1.5	1.5
Net Debt/Equity (x)	0.5	0.5	0.4	0.4
ROAE (%)	3.8	2.1	7.8	8.3

Sum-of-the-Parts Valuation

Maintain BUY with higher target price (TP) of S\$3.13. Our fair value for the company's core business is S\$0.70 per share (prev. S\$0.64). We value regional associates at S\$2.43 per share (prev S\$2.38) due to higher value of Globe at PHP2,500 per share (prev 1,800).

Valuation of the core businesses in Singapore and Australia

	FY22F EBITDA (S\$m)	EV/EBITDA	Ownership	Value (S\$m)	Per Share (S\$)
Singapore telco	1,688 (prev. 1,666)	5.0	100%	8,440	0.50
Optus telco	1,978 (prev. 1,818)	5.0	100%	9,891	0.59
Optus towers	100	18.0	100%	1,800	0.11
Data centre	100	18.0	100%	1,800	0.11
Digital Business				1,193	0.07
Debt				(11,441)	(0.68)
Equity value of the core business				10,633	0.70

Market value of regional associates (except Bharti at its fair value) has risen from S\$2.38 to S\$2.43

WHAT'S NEW

Date	Title
2022-02-23 09:58:32	Singtel - Implications of Comcentre divestment?

Singtel will divest Comcentre to a joint venture (JV) company and hold a majority stake

We estimate 2-3% benefit to Singtel's earnings and see more divestments ahead.

Maintain BUY with unchanged TP of S\$3.13. Holding Company discount of 38% is too high compared to 21% historical average.

Singtel will divest Comcentre to a joint venture (JV) company with the appointed developer and hold a majority stake. Singtel has shortlisted two developers from the first phase of the tender and expect to close the tender process in March and make the final appointment by May. The total cost of development, including land costs, is estimated to be in excess of S\$2 billion. As the anchor tenant of the new development, Singtel will occupy around 30% of the space, with the remaining space leased out to tenants. This will contribute a recurring income stream for Singtel in the long term.

Details on the new building which might take ~3-years to be completed . The new Comcentre is expected to have a total gross floor area of over 110,000 square metres comprising Grade A office buildings, a retail component and the Singtel's existing Orchard Exchange, which houses critical telecom infrastructure. Singtel has also obtained in-principle approval from the Singapore Land Authority to extend the lease on all the lots that make up Comcentre to 2089. The redevelopment is expected to be completed at the end of 2028.

We estimate 2-3% benefit to Singtel's earnings while making the company asset lighter. We assume Singtel to have a 51% stake in the JV and get 30% of the space for free. With no grade A office building in Orchard currently, we assume monthly rental rate in 3-years to be S\$12-15 per sq ft and cap rate of 4% based on inputs from our property team. This could lead to an additional pre-tax earnings of S\$48m-S\$60m and the company can crystallize the value of the building later.

[Our estimates of rental income from the new building when ready](#)

GFA	sqft	1,184,040	
NLA	sqft	1,006,434.00	
Rental	S\$ psf / mth	12	15
Revenue	S\$m	144.93	181.16
EBITDA	S\$m	94.20	117.75
Cap Rate	(%)	4%	4%
Fair value	S\$m	2,355	2,944
Value psf		2,340	2,925

Source: DBS Bank

This is a part of series of divestments planned by Singtel . As per media news, Singtel has Iso appointed an investment bank Moelis for the divestment of its loss-making unit Amobee. Singtel is also keen to sell its North American business of Trustwave.

We maintain BUY on Singtel with unchanged TP of S\$3.13 .Singtel's holding company discount of 38% is quite high compared to its historical average of 21% over the last 7-years.

CRITICAL EQUITY FACTORS (CF)

CF 1: Underlying core earnings from Singapore and Australia

Underlying core earnings from Singapore and Australia is expected to grow at a CAGR of 14% over FY21-23F after bottoming out in FY21.

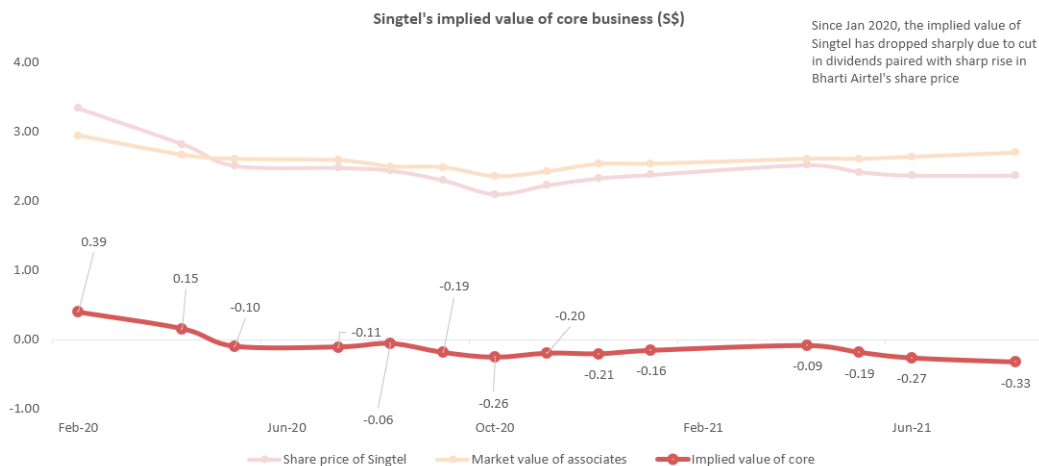
27 Aug 2021

Singtel's underlying core earnings from Singapore and Australia has a strong 81% positive correlation with its share price from 1Q18 (last three years).

We project FY22F core EBITDA from Singapore and Australia to increase by 4% compared to the 16% decline. We expect Singapore EBITDA to decline by 4% y-o-y to S\$1,788m in FY22F due to continued weakness in operating revenue, led by declines in roaming, prepaid mobile and voice revenues. The drop in tourist numbers and continued movement restrictions are expected to impact Singtel's Singapore operations in FY22F. However, in FY23F, we estimate a 4% y-o-y growth in Singapore EBITDA, led by a recover in roaming revenue that tends to generate higher margins as well as an overall rebound in the Singapore telco sector.

Australia EBITDA is expected to grow at 11.4% in FY22F, primarily led by Australia consumer business recovery on rising penetration of higher ARPU Optus Choice plans which generate higher margins. NBN migration revenue fell to A\$42 million from A\$108 million in 1Q22 along the expected lines but still Australia consumer EBITDA rose 23.5% y-o-y to S\$506m. The core business is not assigned any value at all.

Value of core business



Singapore Telecommunications Ltd - Core EBITDA vs. Share Price



Singapore Telecommunications Ltd - Singapore Operations EBITDA vs. Share Price



SingTel Optus Pty Ltd - EBITDA vs. Singapore Telecommunications Ltd - Share Price



CF 2: Associate pre-tax profit growth

Associate recovery started in FY20A which is likely to accelerate into FY22F and FY23F

14 Jan 2022

Overall, associate pre tax profit has a 31% positive correlation to Singtel's share price from 1Q18 onwards.

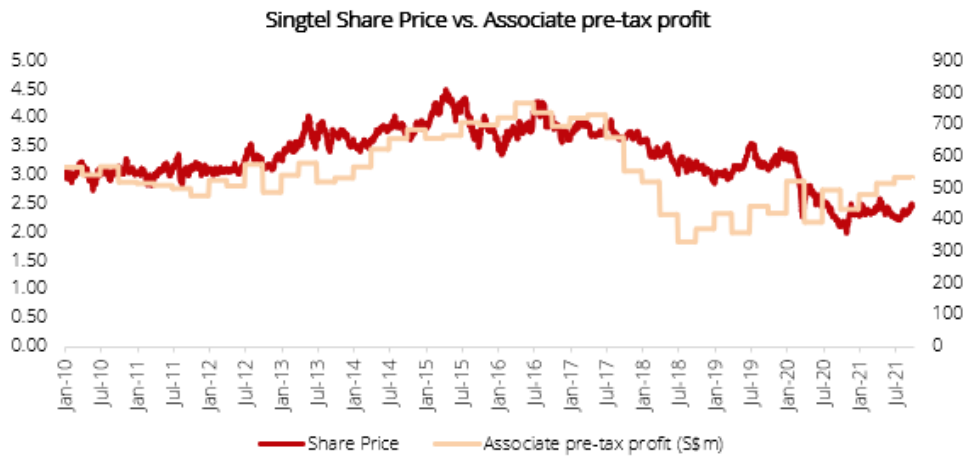
Bharti should be the key growth driver. We expect Bharti to implement another 20% y-o-y tariff hike in FY22F with its ARPU increasing by 33% over 2Q21A-4Q23F. As such, Bharti's anticipated turnaround will result in its pre-tax profit contribution to Singtel increasing by ~S\$384/285 in FY22/23F respectively. Taking these factors into consideration, we now expect associate pre-tax contribution growth of 21%/14% y-o-y in FY22/23F respectively.

Telkomsel is expected to be stable following the increase in data pricing in Indonesia. Telkomsel claimed the unlimited plans frenzy by implementing Fair Usage Policy (FUP) and further raised pricing by 4-9% to its unlimited plans. Data pricing has become rationalized in Indonesia hence the contribution from Telkomsel to Singtel is expected to remain stable over FY22F/23F.

Exchange rate fluctuations to impact earnings and valuation of Singtel . In terms of forex sensitivity, every 10% change in Indian Rupee compared to Singapore Dollar will have 3.5% impact on our Singtel's valuation. We also recommend investors to monitor Indonesian Rupiah (IDR), as every 10% change in IDR will impact Singtel's valuation and earnings by 2.5% and 3.0% respectively.

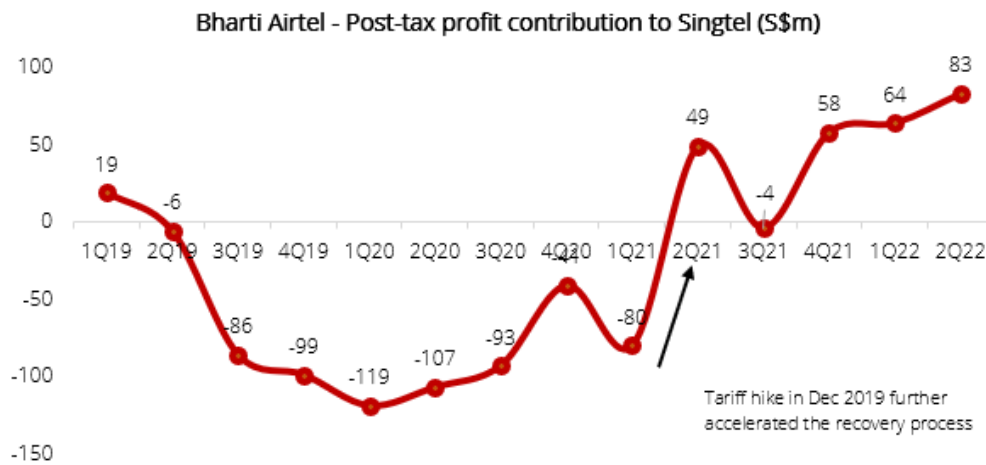
Associate pre-tax profit and Bharti's post-tax profit contribution

Associates contributed pre-tax profit of S\$533m (+3.7% q-o-q, +8.1% y-o-y) in 2Q22



Source: Reuters, Company, DBS Bank

Bharti's tariff hike in Dec 2019 started the recovery process



Source: Reuters, Company, DBS Bank

Singapore Telecommunications Ltd - Share Price vs. Associate Pre-Tax Profit



Singapore Telecommunications Ltd - Share Price vs. Telekomunikasi Selular PT - Pre-Tax Profit



Singapore Telecommunications Ltd - Share Price vs. Bharti Airtel Ltd - Pre-Tax Profit



Singapore Telecommunications Ltd - Share Price vs. Advanced Info Service PCL - Pre-Tax Profit



Singapore Telecommunications Ltd - Share Price vs. Intouch Holdings PCL - Pre-Tax Profit



Singapore Telecommunications Ltd - Share Price vs. Globe Telecom Inc - Pre-Tax Profit



Singapore Telecommunications Ltd - Share Price vs. NetLink NBN Trust - Pre-Tax Profit



Singapore Telecommunications Ltd - Share Price vs. Singapore Post Ltd - Pre-Tax Profit



CF 3: Non-core asset divestment

Three key divestment catalysts in place to fetch the fair value of core business.

09 Jun 2021

In our view, Singtel could divest assets worth 29-31 Scts per share - Optus’s towers in the near term, followed by others. According to media news, the proposed sale and leaseback of Optus’s towers began on 15 April 2021 - attracting investors from both Australia and abroad. The estimated value of the project is ~A\$2.0bn (~S\$2.08bn). Towers in Australia tend to be valued at 18x-20x EV/EBITDA while core telco business is valued at only 5x EV/EBITDA, implying spacious room for unlocking of trapped value.

Singtel has officially indicated potential for value unlocking from Optus’s towers and digital businesses

Non-core asset	Valuation
Optus towers	S\$1.6-2.0bn (10-12 Scts per share)
Data centres	S\$2.0bn (12 Scts per share)
Digital business	S\$1.2bn (7 Scts per share)

Source: Company, DBS Bank

NetLink Trust divestment

Unlocking value in NetLink Trust

Reduced 100% stake in NetLink Trust to 24.99% with a consideration of S\$1.89bn. A special dividend of 35Scts were distributed from the proceeds in FY18.



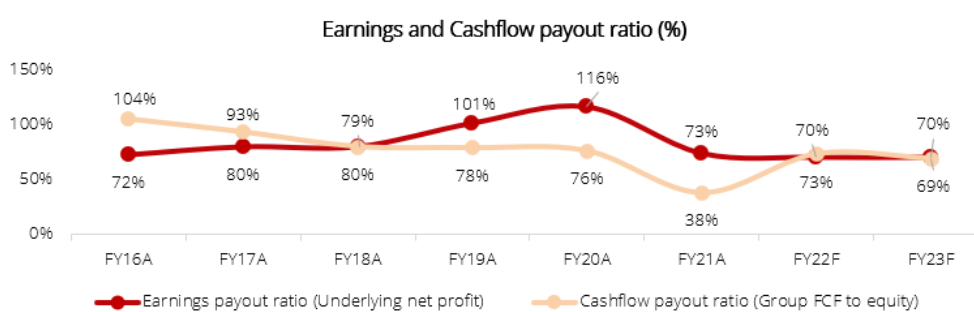
CF 4: Dividend Yield

Sustainable level of dividends imply that Singtel may re-rate to its average dividend yield of 4.3%.

27 Aug 2021

We project 8.8Scts/9.5 Scts dividend per share in FY22/23F based on a 70% payout ratio. Net debt-to-adj. EBITDA (core EBITDA + associate dividends) is likely to fall below 2.0x in FY23F from 2.3x in FY21, easing pressure on its credit rating.

Earnings and Cashflow Payout Ratio



Source: Company, DBS Bank

Dividend Yield

Singtel is trading at 12-month forward dividend yield of 4.0%, near its 5-year average of 4.3%



Source: Reuters, Company, DBS Bank

CF 5: Singapore Digital Banking Licence

Grab-Singtel led consortium wins Singapore Digital Banking Licence (DFB)

07 Dec 2020

On 4th December 2020, the Monetary Authority of Singapore (MAS) announced four successful digital banking applicants. The Grab-Singtel led consortium was awarded the licence to operate as a Digital Full Bank (DFB). Operations are expected to commence by early 2022 and MAS has asked all the successful applicants to meet relevant prudential requirements and licencing pre-conditions before granting the respective banking licences. Grab will own 60% of the JV while the remaining 40% will be held by Singtel.

Using South Korea’s Kakao Bank as a proxy, we have identified that a DFB should have three key parameters to be successful and achieve profitability and they are, 1) userbase 2) technology and 3) high frequency and real time data.

Kakao Bank has been able to secure a market share of 2.6% in the consumer loans market (excluding mortgages) within 3 years of its launch and achieved breakeven in 2 years. We estimate that the Grab-Singtel JV (joint venture) has a potential to win 2%-4% share of the Singapore consumer market (excluding mortgages) in 5-years while achieving breakeven in 4-5 years.

The Grab-Singtel JV might be less successful than Kakao Bank mainly due to three reasons, 1) Kakao Talk and Kakao Pay are much entrenched compared to Grab and Grab Pay 2) local banks in Singapore are much digitally advanced compared to South Korean banks and 3) Singapore is a more mature market with Singapore population being almost one-tenth of population of South Korea.

Key Assumptions - Singapore Digital Banking Market

Key Assumptions – Singapore Digital Banking Market

	S\$m	S\$m	S\$m
Singapore consumer market size - FY19	15,500		
Mortgages as a percentage of total consumer loans	63%		
Ex-mortgage Singapore consumer banking market - FY19	5,735		
Annual growth rate assumption	2%		
Ex-mortgage Singapore consumer banking market - FY25F	6458	6458	6458
Projected share of consumer market (ex-Mortgage) for a DFB	2%	3%	4%
Income from consumer market (ex-Mortgage)	129	194	258
Expected PBT margin of a successful bank by FY25F	10%	15%	20%
PBT of a successful DFB by FY25F	13	29	52
Projected paid up capital by FY25F	1500	1,500	1,500
ROE of a successful DFB bank by FY25F	0.9%	1.9%	3.5%

Source: Monetary Authority of Singapore, Companies, DBS Bank

About Company

VALUATION

Sum-of-the-Parts Valuation

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Optus towers	100	18.0	100%	1,800	0.11	0.11
Data centre	100	18.0	100%	1,800	0.11	0.11
Digital Business				1,193	0.07	0.07
Debt				(11,441)	(0.68)	(0.69)
Equity value of the core business				10,633	0.70	0.64

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	Share Price	Exchange Rates	Stake	Value (S\$m)	Per share (S\$)	Previous
Bharti Airtel*	630.00	54.80	32%	20,129	1.20	1.20
AIS	170.00	22.62	23%	5,208	0.31	0.31
InTouch	64.25	22.62	21%	1,913	0.11	0.11
Globe	2,500	37.00	47%	4,242	0.25	0.19
SingPost	0.71	1.00	22%	349	0.02	0.02
NetLink NBN Trust	0.98	1.00	25%	955	0.06	0.06
Regional Associates	FY21F (March YE) PER	Exchange Rates	Stake	Value (S\$m)	Per share (S\$)	Previous
Telkomsel	15	11,000	35%	12,488	0.75	0.75
				Value (S\$m)	Per share (S\$)	Previous
Total				45,160	2.70	2.64
Hold co discount (10%)				(4,516)	(0.27)	(0.26)
Associate Valuation				40,644	2.43	2.38

*Based on our conservative fair value of INR630.00 which is at a 10% discount to the mean consensus target price of INR700

Source: Company, DBS Bank

Where we differ

Our revised FY22F earnings are 9% below consensus estimates. A c.S\$300m drop in National Broadband Network (NBN) migration fees at Optus and a slow growth at Telkomsel might weigh on consensus FY22F/23F earnings.

Key risk to our view

Bear-case valuation of S\$2.27. Under this scenario, we assume that the core business would decline, leading to a 40% cut in our valuation of the core business while regional associates would also see a 20% drop in their market value.

PROFILE

Company Profile

Singapore Telecommunications is the largest telecom operator in Singapore having presence in over 21 countries together with Optus and regional associates. Singapore Telecommunication's Australian subsidiary, Optus is the second-largest telecom operator in Australia. Singapore Telecommunications also has substantial stakes in telcos in the region – Telkomsel in Indonesia, Bharti Airtel (Bharti) in India, AIS in Thailand and Globe in the Philippines. In addition to the core telecom services, Singapore Telecommunication offer a wide range of digital solutions encompassing cloud, cyber security and digital advertising to enterprises as well as entertainment and mobile financial services to millions of consumers.

At A Glance	
Issued Capital (m shrs)	16,514
Major Shareholders (%)	
Temasek Holdings Pte Ltd	52.5
Central Provident Fund	5.1
Free Float (%)	48.1
3m Avg. Daily Val (US\$m)	45.8
GIC Industry: Communication Services / Telecommunication Services	

Business Segments

1) **Australia Consumer.** Australia Consumer revenue comprise of mobile, fixed broadband, voice and equipment sales in Australia. Fixed broadband revenue includes NBN migration revenue. As of FY21, Australia consumer represented 44% of Group's revenue.

2) **Singapore Consumer.** Singapore Consumer offers mobile, fixed broadband, voice, pay television, content and digital services, as well as equipment sales in Singapore. Singapore Consumer segment contributed 12% to the Groups revenue in FY21.

3) **Group Enterprise.** This segment comprises of comprehensive and integrated ICT solutions to enterprise customers in Singapore, Australia, U.S., Europe and the region, covering mobile, equipment sales, fixed voice and data, managed services, cloud computing, cyber security, IT services and professional consulting. The Group Enterprise segment accounted for 38% of the Group's revenue in FY21.

4) **Group Digital Life.** Group Digital Life (GDL) focuses on leveraging the latest Internet technologies and assets of the Group's operating companies to develop new revenue and growth engines by entering into adjacent businesses where it has a competitive advantage. GDL has two key businesses – digital marketing (Amobee) and advanced analytics and intelligence capabilities (DataSpark), and it also serves as Singtel's digital innovation engine through Innov8. This segment accounted for 6% of the Group's revenue in FY21.

5) **International Group.** International Group (IG) leads the Group's efforts in capturing value from its investments in the regional markets. IG also strives to strengthen Singtel's relationship with its overseas partners and drives regional initiatives. In addition, IG has two key digital businesses – mobile financial business, and gaming and digital content business.

Balance Sheet

Balance sheet needs to be managed carefully. Singtel's net debt-to-FY21 adjusted EBITDA (adjusted for guided cash dividends from associates of S\$1.4bn) stood at 2.3x, above the 2.0x required by credit rating agencies to maintain the same credit rating. This is likely to fall to 2.0x in FY23F even without any asset divestments, supported by lower dividends of 9/10 Scts per share. A potential exit from non-core assets in FY22F could help to unlock the value of the core business and lead to below 2.0x net debt-to-EBITDA in FY22F only.

Environmental, Social, Governance

Singtel rewards its management on various ESG key performance indicators (KPIs). For example, the company is targeting to reduce carbon emission intensity (kWh/TB) by 30% by 2020 and 50% by 2030, using 2015 as a baseline. At least 80% of waste generated within its operations is disposed via reuse, recycling or incineration with energy recovered. The company also set a community investment target of S\$100m to support vulnerable persons through various enabling and inclusion initiatives during 2016-2020.

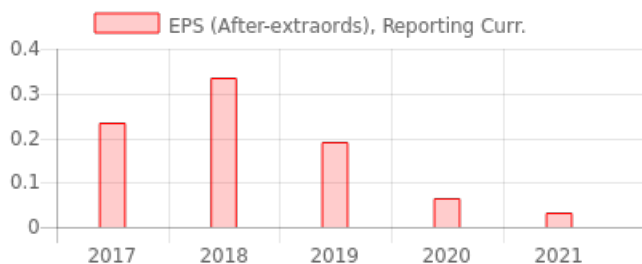
Key Assumptions

About Company

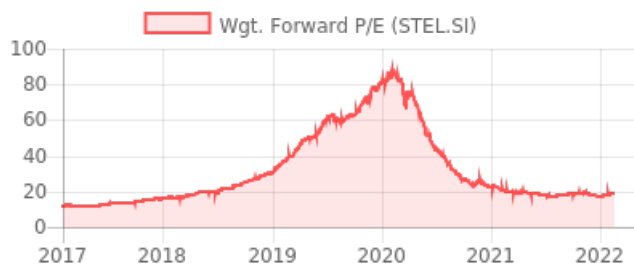
FY Mar	2019A	2020A	2021A	2022F	2023F
Singapore Revenue (S\$m)	8,365	8,169	7,481	7,450	7,509
Singapore EBITDA Margin (%)	24.2	25.2	25.0	24.0	24.7
Optus Revenue (A\$m)	9,103	8,958	8,321	8,903	9,349
Optus EBITDA Margin (%)	29.7	29.6	24.0	24.0	24.5
Associate pre-tax earnings (S\$m)	1,536	1,743	1,798	2,169	2,462

Company Ratios

EPS (After-extraordinaries)



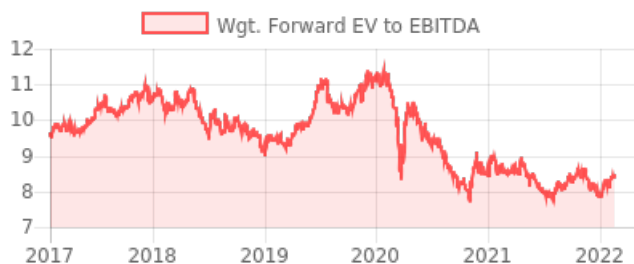
Wgt. Forward P/E (STEL.SI)



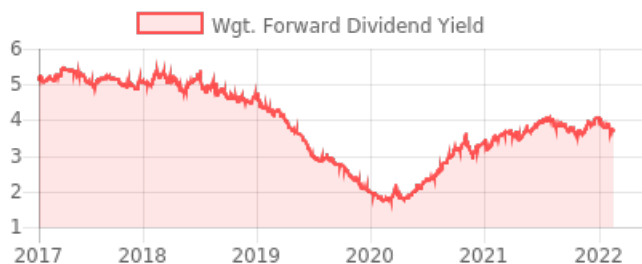
Wgt. Forward P/B (STEL.SI)



Wgt. Forward EV to EBITDA



Wgt. Forward Dividend Yield



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PE (x)	38.0	74.5	19.8	18.2
PE Pre Ex. (x)	16.6	23.8	19.8	18.2
P/Cash Flow (x)	9.3	9.9	11.2	9.7
EV/EBITDA (x)	8.6	9.5	8.6	8.0
Net Div Yield (%)	4.9	1.9	3.5	3.8
P/Book Value (x)	1.5	1.6	1.5	1.5
Net Debt/Equity (x)	0.5	0.5	0.4	0.4
ROAE (%)	3.8	2.1	7.8	8.3

INCOME STATEMENT (SGD, M)

FY Mar	FY2020A	FY2021A	FY2022F	FY2023F
Revenue	16,542	15,644	15,909	16,390
Cost of Goods Sold	(12,180)	(11,954)	(12,078)	(12,502)
Gross Profit	4,363	3,690	3,831	3,888
Other Opng (Exp)/Inc	(2,401)	(2,543)	(2,604)	(2,661)
Operating Profit	1,962	1,147	1,227	1,227
Other Non Opg (Exp)/Inc	0.000	0.000	0.000	0.000
Associates & JV Inc	1,743	1,798	2,169	2,462
Net Interest (Exp)/Inc	(282.0)	(395.6)	(409.1)	(395.9)
Exceptional Gain/(Loss)	(1,382)	(1,179)	0.000	0.000
Pre-tax Profit	2,041	1,371	2,986	3,293
Tax	(988.0)	(811.0)	(895.9)	(1,021)
Minority Interest	22.00	(6.00)	(6.00)	(6.00)
Preference Dividend	0.000	0.000	0.000	0.000
Net Profit	1,075	553.8	2,084	2,266
Net Profit before Except.	2,457	1,733	2,084	2,266
EBITDA	6,286	5,630	6,142	6,493
Growth				
Revenue Gth (%)	(4.8)	(5.4)	1.7	3.0
EBITDA Gth (%)	0.9	(10.4)	9.1	5.7
Opg Profit Gth (%)	(20.6)	(41.5)	6.9	(0.0)
Net Profit Gth (Pre-ex) (%)	(13.0)	(29.5)	20.3	8.7
Margins & Ratio				
Gross Margins (%)	26.4	23.6	24.1	23.7
Opg Profit Margin (%)	11.9	7.3	7.7	7.5
Net Profit Margin (%)	6.5	3.5	13.1	13.8
ROAE (%)	3.8	2.1	7.8	8.3
ROA (%)	2.2	1.1	4.3	4.7
ROCE (%)	2.4	1.1	2.1	2.0
Div Payout Ratio (%)	186.0	142.6	70.0	70.0
Net Interest Cover (x)	7.0	2.9	3.0	3.1

BALANCE SHEET (SGD, M)

FY Mar	FY2020A	FY2021A	FY2022F	FY2023F
Net Fixed Assets	12,425	13,590	13,756	13,957
Invts in Associates & JVs	13,712	13,084	12,771	12,544
Other LT Assets	15,642	14,793	14,503	14,212
Cash & ST Invts	1,000	755.0	1,412	2,515
Inventory	280.0	272.0	365.8	376.8
Debtors	5,559	5,444	5,360	5,522
Other Current Assets	337.0	62.00	62.00	62.00
Total Assets	48,955	47,999	48,229	49,190
ST Debt	3,970	2,034	2,034	2,034
Creditor	5,641	5,977	4,948	5,098
Other Current Liab	968.0	1,126	1,754	1,879
LT Debt	10,202	10,825	10,825	10,825
Other LT Liabilities	1,360	1,525	1,525	1,525
Shareholder's Equity	26,789	26,486	27,111	27,791
Minority Interests	25.00	26.00	32.00	38.00
Total Cap. & Liab.	48,955	47,999	48,229	49,190
Non-Cash Wkg. Capital	(433.0)	(1,325)	(914.7)	(1,016)
Net Cash/(Debt)	(13,172)	(12,104)	(11,447)	(10,344)
Debtors Turn (avg days)	127.4	128.4	123.9	121.2
Creditors Turn (avg days)	217.8	228.8	213.7	189.1
Inventory Turn (avg days)	13.3	10.9	12.5	14.0
Asset Turnover (x)	0.3	0.3	0.3	0.3
Current Ratio (x)	0.7	0.7	0.8	0.9
Quick Ratio (x)	0.6	0.7	0.8	0.9
Net Debt/Equity (x)	0.5	0.5	0.4	0.4
Net Debt/Equity ex MI (x)	0.5	0.5	0.4	0.4
Capex to Debt (%)	15.8	18.6	20.4	21.1

CASH FLOW STATEMENT (SGD, M)

FY Mar	FY2020A	FY2021A	FY2022F	FY2023F
Pre-Tax Profit	2,041	1,371	2,986	3,293
Dep. & Amort.	2,581	2,685	2,746	2,804
Tax Paid	(491.9)	(164.0)	(268.0)	(895.9)
Assoc. & JV Inc/(loss)	(1,743)	(1,798)	(1,193)	(1,354)
Chg in Wkg.Cap.	363.8	584.0	(1,039)	(23.52)
Other Operating CF	1,627	1,497	437.2	437.2
Net Operating CF	4,378	4,175	3,671	4,260
Capital Exp.(net)	(2,241)	(2,397)	(2,623)	(2,715)
Other Invts.(net)	(54.40)	(7.00)	0.000	0.000
Invts in Assoc. & JV	(759.1)	(263.0)	0.000	0.000
Div from Assoc & JV	1,439	1,434	1,506	1,581
Other Investing CF	133.5	1.00	0.000	0.000
Net Investing CF	(1,482)	(1,232)	(1,117)	(1,134)
Div Paid	(2,857)	(1,273)	(1,459)	(1,586)
Chg in Gross Debt	726.2	(1,693)	0.000	0.000
Capital Issues	0.000	447.0	0.000	0.000
Other Financing CF	(278.5)	(659.0)	(437.2)	(437.2)
Net Financing CF	(2,409)	(3,178)	(1,896)	(2,023)
Currency Adjustments	0.000	0.000	0.000	0.000
Chg in Cash	487.5	(235.0)	657.0	1,103
Opg CFPS (SGD)	24.60	21.75	28.52	25.94
Free CFPS (SGD)	13.10	10.77	6.34	9.36

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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Target Price & Ratings History



#	Date of Report	Closing Price	12-m Target Price	Rating
1	21 Feb'21	2.76	3.02	BUY
2	21 Feb'21	3.31	3.40	HOLD
3	21 Feb'21	3.18	3.25	HOLD
4	21 Feb'21	3.15	3.12	HOLD
5	21 Feb'21	3.27	3.12	HOLD
6	21 Feb'21	3.18	3.12	HOLD
7	21 Feb'21	3.33	3.60	BUY
8	21 Feb'21	3.25	3.80	BUY
9	21 Feb'21	3.30	3.80	BUY
10	21 Feb'21	3.22	3.63	BUY
11	21 Feb'21	2.99	3.52	BUY
12	21 Feb'21	2.52	2.80	BUY
13	21 Feb'21	2.57	2.85	BUY
14	21 Feb'21	2.38	3.13	BUY
15	21 Feb'21	2.68	3.22	BUY
16	21 Feb'21	2.49	3.09	BUY
17	21 Feb'21	2.40	3.04	BUY
18	21 Feb'21	2.35	2.85	BUY
19	21 Feb'21	2.27	2.69	BUY
20	21 Feb'21	2.16	2.69	BUY
21	21 Feb'21	2.15	2.69	BUY
22	21 Feb'21	2.10	2.69	BUY
23	21 Feb'21	2.09	2.69	BUY
24	21 Feb'21	2.30	2.69	BUY
25	21 Feb'21	2.41	2.75	BUY
26	21 Feb'21	2.46	2.93	BUY

Analysts: Sachin Mittal

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