

Singapore

HOLD (previously ADD)

Consensus ratings*: Buy 7 Hold 9 Sell 0

Current price:	S\$1.33
Target price:	S\$1.40
Previous target:	S\$1.70
Up/downside:	5.3%
CGS-CIMB / Consensus:	-6.5%

Reuters:	STAR.SI
Bloomberg:	STH SP
Market cap:	US\$1,714m
	S\$2,303m
Average daily turnover:	US\$1.41m
	S\$1.91m
Current shares o/s:	1,773m
Free float:	34.3%

*Source: Bloomberg

Key changes in this note

➤ FY22F/23F core EPS cut by 34.6%/28.4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.2	3.9	4.7
Relative (%)	-7.8	-2	-12.5

Major shareholders

	% held
STT Com Ltd	55.8
NTT Communication	9.9

Analyst(s)

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Starhub

Big core EPS drop in FY22F; revisit in 1H23

- FY21 core EPS was a beat (+12% vs. our forecast) on lower costs.
- However, we cut FY22F/23F core EPS by 35%/28% after considering StarHub's guidance for a big drop in service EBITDA margin.
- Downgrade to Hold with lower DCF-based TP of S\$1.40.

FY21 core EPS was a beat on lower-than-expected costs

2H21 EBITDA grew 2.3% yoy (+4.6% hoh) on higher service revenue and margin. Core EPS jumped 23.4% yoy (+15.4% hoh) as depreciation fell. FY21 EBITDA/core EPS beat our forecasts by 4%/12% (Bloomberg consensus by 2%/1%) on lower costs. 2H21 DPS was 3.9 Scts (2H20: 2.5 Scts, FY21: 6.4 Scts). StarHub's FY22/23F guidance is service revenue growth of at least 10%/5-10% yoy, service EBITDA margin of at least 20%/23% (FY21: 29.6%), 12-15% capex/sales and at least 5 Scts DPS or 80% payout ratio.

Mobile recovers hoh; cybersecurity growth remains strong

Despite stiff competition, 2H21 mobile revenue fell just 0.7% yoy. Qoq, it rose for a second quarter in a row in 4Q21. 4Q postpaid ARPU grew 3.4% qoq to S\$30 (2Q/3Q21: S\$28/29) on some roaming recovery, 20% rise in 5G subs to 300k (20% of base) and take-up of value-added services (Disney+). Postpaid subs grew nicely by 1.8% qoq. 2H21 Fixed Enterprise revenue rose a decent 6.5% yoy, led by cybersecurity (+29.0%) and Strateq (+18.1%). It fell 3.9% qoq in 4Q21 as 3Q21 had a major cybersecurity project delivery and one-off data relocation work. 2H21 broadband revenue grew 8.4% yoy (lower discounts, 2Gbps plan take-up) and Pay TV revenue fell 5.0% yoy (lower subs).

EBITDA margin improves slightly yoy on cost savings

2H21 service EBITDA margin was up 0.9% pt yoy (-0.3% pt hoh) to 29.6% owing to lower device sales and maintenance cost and staff/content cost savings. StarHub's FY22F service EBITDA margin guidance factors in higher utility cost and DARE+-related opex, while the recovery in FY23F comes as DARE+ benefits kick in and on lower utility cost.

FY22-23F core EPS and DPS lowered

We cut FY22F/23F core EPS by 35%/28%, after factoring in: a) more frontloaded DARE+ costs, b) higher utility cost, c) 700MHz spectrum amortisation (brought forward by 1 year to FY23F), d) slower roaming recovery, and e) some ARPU uplift from 5G, partly offset by shift towards SIM-only. We see core EPS falling 46% yoy in FY22F (DARE+ costs), then rising 23%/10% in FY23F/24F on full roaming recovery, Enterprise growth and start of DARE+ benefits; these imply c.2%-pt higher service EBITDA margin vs. StarHub's FY22-23 guidance. We now see lower 5.0 Scts p.a. DPS in FY22-23F (previous: 5.6-6.3 Scts).

Downgrade to Hold; DCF-based TP cut to S\$1.40 (WACC: 7.1%)

We now apply a 20% discount to StarHub's DCF-based fair value to arrive at a TP of S\$1.40 given the weak FY22F earnings outlook; investors should revisit the stock in 1H23F, in our view. Upside/downside risks: lower-than-expected costs/stiffer competition.

Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (S\$m)	2,029	2,043	2,245	2,342	2,382
Operating EBITDA (S\$m)	508.2	507.7	436.0	511.4	531.9
Operating EBITDA Margin	25.0%	24.9%	19.4%	21.8%	22.3%
Net Profit (S\$m)	157.9	149.3	79.9	98.6	108.4
Core EPS (S\$)	0.076	0.085	0.046	0.057	0.062
Core EPS Growth	(34.2%)	11.4%	(46.0%)	23.4%	10.0%
FD Core P/E (x)	17.40	15.62	28.95	23.45	21.32
DPS (S\$)	0.050	0.064	0.050	0.050	0.050
Dividend Yield	3.76%	4.81%	3.76%	3.76%	3.75%
EV/EBITDA (x)	6.52	6.07	8.07	6.81	6.34
P/FCFE (x)	4.54	3.04	NA	43.25	17.53
Net Gearing	121%	76%	139%	129%	108%
ROE	25.1%	26.3%	13.6%	16.7%	17.9%
% Change In Core EPS Estimates			(34.6%)	(28.4%)	
CGS-CIMB/Consensus EPS (x)			0.50	0.55	0.56

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Big core EPS drop in FY22F; revisit in 1H23

Figure 1: Results comparison

FYE Dec (\$\$ m)	2H21	2H20	yoy % chg	1H21	hoh % chg	FY21	FY20	yoy % chg	Prev. FY21F
Total revenue	1,068.9	1,069.2	(0.0)	973.8	9.8	2,042.7	2,028.8	0.7	2,072.5
Service revenue	831.9	808.1	2.9	779.5	6.7	1,611.4	1,589.1	1.4	1,602.5
- mobile	270.9	272.7	(0.7)	259.8	4.3	530.7	579.6	(8.4)	520.6
- pay TV	89.5	94.2	(5.0)	90.5	(1.1)	180.0	187.9	(4.2)	179.9
- broadband	98.9	91.2	8.4	95.6	3.5	194.5	176.1	10.4	195.9
- enterprise fixed	372.6	350.0	6.5	333.6	11.7	706.2	645.5	9.4	706.1
Operating costs	(809.4)	(815.6)	(0.8)	(725.6)	11.5	(1,535.0)	(1,520.6)	0.9	(1,583.7)
EBITDA	259.5	253.6	2.3	248.2	4.6	507.7	508.2	(0.1)	488.8
Service EBITDA margin (%)	29.6	28.7	0.9	29.9	(0.3)	29.6	29.3	0.4	30.5
Depn & amort.	(137.9)	(152.2)	(9.4)	(141.2)	(2.3)	(279.1)	(306.6)	(9.0)	(285.7)
EBIT	121.6	101.4	19.9	107.0	13.6	228.6	201.6	13.4	203.1
Interest expense	(25.3)	(20.8)	21.6	(23.8)	6.3	(49.1)	(40.8)	20.3	(46.8)
Interest & invt inc	2.6	0.9	>100	1.5	73.3	4.1	1.8	>100	2.8
Associates	3.3	0.4	>100	1.8	83.3	5.1	0.6	>100	3.0
Exceptionals	2.5	18.7	(86.6)	(1.0)	nm	1.5	29.5	(94.9)	-
Pretax profit	104.7	100.6	4.1	85.5	22.5	190.2	192.8	(1.3)	162.1
Tax	(22.7)	(16.5)	37.6	(17.4)	30.5	(40.1)	(32.7)	22.6	(27.0)
Tax rate (%)	21.7	16.4		20.4		21.1	17.0		16.7
Minority interest	(0.6)	(3.6)	(83.3)	(0.2)	>100	(0.8)	(2.1)	(61.9)	(2.5)
Net profit	81.4	80.5	1.1	67.9	19.9	149.3	157.9	(5.4)	132.6
Core net profit	79.3	64.3	23.4	68.7	15.4	148.1	132.8	11.5	132.6
EPS (S cts)	4.7	4.6	1.1	3.9	19.9	8.6	9.1	(5.4)	7.7
Core EPS (S cts)	4.6	3.7	23.4	4.0	15.4	8.6	7.7	11.5	7.7
DPS (cts)	3.9	2.5	56.0	2.5	56.0	6.4	5.0	28.0	6.1

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Key financial and operating indicators

Key financial indicators	2H21	2H20	yoy % chg	1H21	hoh % chg	FY21	FY20	yoy % chg
Cost composition (% revenue)								
Cost of equipment sold	20.7	22.4	(1.7)	18.5	2.1	19.6	19.5	0.1
Cost of services	15.3	16.3	(1.1)	15.7	(0.4)	15.5	17.8	(2.3)
Traffic expense	2.1	2.1	(0.0)	2.1	(0.1)	2.1	2.7	(0.6)
Staff costs	7.9	8.4	(0.5)	9.1	(1.2)	8.4	9.1	(0.7)
Operating lease	1.3	1.4	(0.1)	1.7	(0.4)	1.5	1.3	0.2
Marketing	1.1	1.1	(0.0)	1.0	0.1	1.0	1.1	(0.1)
Bad debts	(0.1)	0.5	(0.6)	0.4	(0.5)	0.2	0.6	(0.5)
Maintenance	4.0	5.5	(1.5)	4.5	(0.5)	4.2	5.3	(1.0)
Other	6.5	5.2	1.4	6.7	(0.2)	6.6	4.8	1.8
Total cost	58.8	62.8	(4.1)	59.8	-1.0	59.2	62.3	-3.1
Key operating indicators								
Mobile								
Total subs ('000)	1,952	1,978	(1.3)	1,951	0.1	1,952	1,978	(1.3)
Prepaid	468	564	(17.0)	508	(7.9)	468	564	(17.0)
Postpaid	1,484	1,414	5.0	1,443	2.8	1,484	1,414	5.0
Prepaid net add	(40)	(70)	(42.9)	(56)	(28.6)	(96)	(214)	(55.1)
Postpaid net add	41	(39)	nm	29	41.4	70	(37)	nm
Blended ARPU (\$)								
Prepaid	10	12	(13.0)	10	-	10	11	(9.1)
Postpaid	30	30	-	28	5.4	29	31	(6.5)
Churn/mth (%)	0.8	1.2	(30.4)	0.9	(11.1)	0.9	1.1	(16.7)
Pay TV								
Total subs ('000)	279	314	(11.1)	296	(5.7)	279.0	314.0	(11.1)
ARPU (\$)	44	40	8.7	41	6.1	42.3	39.3	7.6
Churn (%)	1.2	0.8	43.8	1.2	(4.2)	1.2	0.7	80.8
Broadband								
Total subs ('000)	484	498	(2.8)	489	(1.0)	484.0	498.0	(2.8)
ARPU (\$)	33.5	30.0	11.7	32.0	4.7	32.5	28.8	13.0
Churn (%)	0.7	0.7	0.1	0.8	(0.1)	0.8	0.5	0.3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Earnings revisions

FYE 31 Dec (S\$ m)	FY21	New		Old		% change	
		FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Total revenue	2,043	2,245	2,342	2,310	2,397	(2.8)	(2.3)
Service revenue	1,611	1,835	1,953	1,810	1,897	1.4	3.0
<i>change yoy (%)</i>	1.4	13.9	6.4	12.3	4.8		
- Mobile	531	563	648	556	606	1.3	6.9
<i>change yoy (%)</i>	(8.5)	6.1	15.0	4.7	9.0		
- Pay TV	180	167	149	160	143	4.2	4.2
<i>change yoy (%)</i>	(4.2)	(7.1)	(11.1)	(10.9)	(11.1)		
- Broadband	194	247	266	203	206	21.5	29.5
<i>change yoy (%)</i>	10.4	27.2	7.7	4.7	1.0		
- Fixed network services	706	857	890	890	943	(3.7)	(5.5)
<i>change yoy (%)</i>	9.4	21.4	3.9	26.1	5.9		
Sale of equipment	431	410	389	500	500	(18.0)	(22.1)
Opex	-1,535	-1,809	-1,831	-1,820	-1,891	(0.6)	(3.2)
EBITDA	508	436	511	490	505	(11.1)	1.2
<i>change yoy (%)</i>	(0.1)	(14.1)	17.3	(3.4)	3.1		
<i>service margin (%)</i>	29.6	22.2	24.8	25.1	24.8		
Depreciation	-279	-292	-338	-299	-298	(2.1)	13.4
Net interest expense	-45	-49	-53	-43	-38	14.1	38.0
Associates	5	5	5	3	3	70.0	70.0
Exceptional items	2	0	0	0	0	nm	nm
Pretax profit	190	100	126	152	172	(34.1)	(26.8)
Taxation	-40	-16	-21	-25	-29	(36.2)	(28.5)
Minority interest	-1	-4	-7	-4	-6	(7.9)	24.1
Net Profit	149	80	99	122	138	(34.6)	(28.5)
<i>change yoy (%)</i>	(5.4)	(46.5)	23.4	(18.2)	12.8		
Core Net Profit	148	80	99	122	138	(34.6)	(28.5)
<i>change yoy (%)</i>	11.5	(46.0)	23.4	(17.5)	12.8		
Core EPS	8.5	4.6	5.7	7.0	7.9	(34.6)	(28.4)
<i>change yoy (%)</i>	11.5	(46.0)	23.4	(17.5)	12.8		
Net debt/EBITDA (x)	1.0	2.2	1.8	1.5	1.7		
Key assumptions							
Mobile subs ('000)	1,952	2,018	2,241	1,965	2,063	2.7	8.6
- postpaid	1,484	1,523	1,561	1,507	1,545	1.1	1.0
- prepaid	468	495	680	458	518	8.1	31.3
Postpaid ARPU (S\$/mth)	28	29	32	29	31	(0.0)	4.3
<i>change yoy (%)</i>	(9.7)	5.2	9.1	5.2	4.6		
Prepaid ARPU (S\$/mth)	10	10	11	11	11	(3.2)	0.0
<i>change yoy (%)</i>	(9.1)	2.8	11.1	6.2	7.5		
Pay TV subs ('000)	279	249	224	249	224	0.0	0.0
<i>change yoy (%)</i>	(11.1)	(10.8)	(10.0)	(10.8)	(10.0)		
Pay TV ARPU (S\$/mth)	42	44	44	42	42	4.7	4.7
<i>change yoy (%)</i>	7.7	5.0	(1.0)	0.3	(1.0)		
Broadband subs ('000)	484	489	494	488	493	0.2	0.2
<i>change yoy (%)</i>	(2.8)	1.0	1.0	0.8	1.0		
Broadband ARPU (S\$/mth)	32	33	33	34	34	(4.2)	(4.2)
<i>change yoy (%)</i>	10.3	3.0	0.0	7.5	0.0		
Device subsidies	30	29	27	35	35	(18.3)	(22.4)
Capex	-173	-314	-285	-200	-167	57.4	70.2
<i>as % of service revenue</i>	10.7	17.1	14.6	11.0	8.8		

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Our revised DCF-based target price for StarHub is S\$1.40 (WACC: 7.1%, terminal growth: 1.0%)

FYE 31 Dec (S\$ m)	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
EBIT (1-T)	110	135	143	144	149	154	158	163	167	171
Depreciation & amortisation	267	312	323	321	316	312	309	307	305	304
Capex	-667	-285	-228	-191	-192	-192	-193	-193	-194	-195
Annual FCFE	-290	162	238	274	273	274	275	276	278	280
Terminal value										4,598
Present value of cash flow	-271	142	194	208	194	181	170	159	149	2,446
Value of firm	3,571									
Net cash/(debt) at end-FY21F	-532									
Value of Equity	3,040									
Value of Equity per share (S\$)	1.75									
20% discount (%)	-0.35									
Target price (S\$)	1.40									

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Sensitivity of target price to changes in WACC and terminal growth rate

WACC	Terminal growth rate				
	0.0%	0.5%	1.0%	1.5%	2.0%
6.0%	1.58	1.70	1.83	2.00	2.21
6.5%	1.42	1.51	1.62	1.75	1.92
7.1%	1.24	1.31	1.40	1.50	1.62
7.5%	1.16	1.22	1.29	1.38	1.48
8.0%	1.05	1.11	1.17	1.24	1.32

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: StarHub's EV/OpFCF trading band





SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

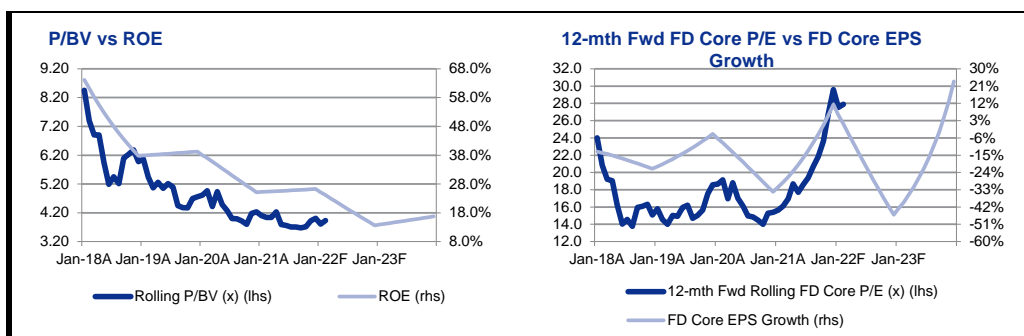
Figure 7: ASEAN telco sector comparison

Company	Bloomberg Ticker	Recom.	Current share price (local curr.)	Target price (local curr.)	Market cap (US\$ m)	Core P/E (x)		EV/EBITDA (x)		EV/OpFCF (x)		3-year CAGR (%)		Dvd Yield (%)	
						2021F	2022F	2021F	2022F	2021F	2022F	EPS	EBITDA	2021F	2022F
Maxis	MAXIS MK	REDUCE	4.43	3.80	8,275	26.3	26.6	11.2	10.4	17.4	15.0	2.8	4.2	3.8	4.5
TM	T MK	ADD	5.40	7.50	4,864	17.6	17.1	5.8	5.4	10.3	9.6	17.6	5.1	3.4	3.5
MY telcos average (ex-outliers)						27.2	24.6	8.8	8.2	14.6	13.2	10.2	3.8	3.3	3.8
SingTel	ST SP	ADD	2.55	2.90	31,331	20.1	15.6	8.4	7.4	15.7	16.9	22.1	1.8	3.7	4.8
Starhub	STH SP	HOLD	1.33	1.40	1,714	15.6	28.9	6.2	8.2	12.2	21.5	(9.5)	0.2	4.8	3.8
SG telcos average (ex-outliers)						17.9	22.3	7.3	7.8	14.0	19.2	6.3	1.0	4.3	4.3
TLKM	TLKM IJ	ADD	4,450	4,250	30,726	19.0	17.3	8.5	8.0	15.7	13.8	8.2	4.8	3.9	4.3
XL Axiata	EXCL IJ	ADD	3,080	3,550	2,302	34.4	18.2	4.7	4.5	11.7	9.9	46.8	4.8	1.5	3.3
Indosat	ISAT IJ	ADD	5,600	7,800	3,147	66.5	41.9	4.4	4.3	33.9	32.3	nm	9.4	32.1	1.2
Link Net	LINK IJ	ADD	4,360	5,200	870	13.1	13.1	5.5	4.9	16.7	13.4	2.3	7.5	2.3	2.3
Indo telcos average (ex-outliers)						22.2	16.2	5.8	5.4	14.7	12.4	19.1	6.6	10.0	2.8
AIS	ADVANC TB	ADD	237.00	247.00	21,577	26.1	25.9	8.4	8.0	12.1	11.3	0.1	3.9	3.2	3.5
DTAC	DTAC TB	ADD	46.50	52.00	3,371	33.1	32.2	5.7	5.3	11.6	10.5	(18.9)	2.1	4.5	4.6
True	TRUE TB	HOLD	5.00	5.15	5,104	nm	nm	6.9	6.9	17.1	13.3	(18.1)	5.6	1.4	1.4
Jasmine	JASIF TB	HOLD	10.90	9.60	2,670	10.0	9.9	10.2	10.0	10.2	10.0	1.3	0.5	8.5	8.3
DIF	DIF TB	ADD	14.20	17.20	4,622	12.1	12.3	12.0	12.2	12.0	12.2	0.0	(0.2)	7.4	7.3
Intouch	INTUCH TB	HOLD	78.00	73.00	7,657	23.9	23.1	24.1	23.3	24.1	23.3	0.5	0.0	3.6	3.8
Thai telcos average (ex-outliers)						21.0	20.7	11.2	10.9	14.5	13.4	(3.4)	2.0	4.8	4.8
ASEAN Telcos average (ex-outliers)						22.6	21.1	8.8	8.5	14.5	13.9	6.7	3.5	5.6	4.0

Note: Share prices as of 11 Feb 2021; Operating FCF is calculated as EBITDA minus average 3-year forward capex
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Refinitiv ESG Scores	
	
	
ESG in a nutshell	
<p>We rank StarHub second in our ASEAN telco ESG rankings, thanks to its: i) robust cybersecurity system, proactive surveillance and transparent/prompt response, ii) prime position to capture the strong demand for cybersecurity services in Singapore & Asia-Pacific, iii) superior network quality of service & reliability, iv) decent corporate governance with no major issues/controversies in the past three years, as well as v) progressive reduction in carbon emissions since 2018.</p>	
<p>Keep your eye on</p> <p>StarHub reported a data breach in Aug 21, whereby personal data of 57k customers who subscribed to its services prior to 2007 were leaked on a third-party dump website. While data protection is a major risk factor, it is also a major business opportunity. StarHub's cybersecurity revenue grew 22% yoy to S\$269m in FY21, while EBIT (excluding a one-off inventory write-off) rose 7% yoy to S\$7.6m.</p>	<p>Implications</p> <p>We have not factored in the risk of further data breaches into our forecasts at this juncture as it is difficult to predict, with any degree of certainty, the timeline or potential magnitude of the impact. StarHub has also implemented more stringent measures to manage data protection risks and has been reasonably successful in responding to breaches. In terms of business opportunities, we project StarHub's cybersecurity revenues to post a strong CAGR of 12% over 2021-24F, thus being the key growth driver for its Enterprise and total revenue.</p>
<p>ESG highlights</p> <p>Despite its good ESG performance, we think there is room for StarHub to improve on the gender diversity of its board of directors, of which females made up only 25% as at end-2020.</p>	<p>Implications</p> <p>Nonetheless, we believe StarHub's overall ESG achievements/initiatives are superior to regional peers. On an absolute basis, we do not expect its good ESG performance to have a material positive impact on revenue/earnings, as the latter is more likely to be affected by issues such as competition, mergers & acquisitions and regulatory developments, in our view. However, its already-good rankings and potential further improvements in ESG disclosures/performance in the medium-to-longer term could be upside risks and help it garner more interest from ESG-focused investors.</p>
<p>Trends</p> <p>StarHub's carbon emissions fell 9.2% yoy in 2020 due to its commendable efforts to improve energy efficiency. While it is not a major carbon emitter and energy cost constitutes less than 5% of total opex, we believe the environmental pillar may gain importance in the future amid StarHub's growing data centre business and the government possibly raising the carbon tax (S\$5/tCO₂e for 2019-23) higher than earlier indicated.</p>	<p>Implications</p> <p>A bigger and faster increase in the carbon tax (indirectly raising energy cost) or harsher penalties (fines/regulations, e.g. ban on new data centres) could impact StarHub's earnings. However, we have not incorporated this risk into our forecasts/valuation as its carbon emissions are relatively low vs. other high-emitting companies/sectors and measures are being undertaken to reduce them. For instance, StarHub has embarked on initiatives (e.g. using indirect evaporative cooling in its data centres) to decrease emissions and taken green loans to align its operations with its sustainable growth goals.</p>
<small>SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, REFINITIV</small>	

BY THE NUMBERS



Profit & Loss

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	2,029	2,043	2,245	2,342	2,382
Gross Profit	501	495	424	499	520
Operating EBITDA	508	508	436	511	532
Depreciation And Amortisation	-307	-279	-292	-338	-348
Operating EBIT	202	229	144	174	184
Financial Income/(Expense)	-39	-45	-49	-53	-49
Pretax Income/(Loss) from Assoc.	1	5	5	5	5
Non-Operating Income/(Expense)	-5	-0	0	0	0
Profit Before Tax (pre-EI)	159	188	100	126	139
Exceptional Items	34	2	0	0	0
Pre-tax Profit	193	190	100	126	139
Taxation	-33	-40	-16	-21	-23
Exceptional Income - post-tax					
Profit After Tax	160	150	84	106	117
Minority Interests	-2	-1	-4	-7	-8
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	158	149	80	99	108
Recurring Net Profit	133	148	80	99	108
Fully Diluted Recurring Net Profit	133	148	80	99	108

Cash Flow

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	508.2	507.7	436.0	511.4	531.9
Cash Flow from Inv. & Assoc.	95.7	224.1	0.0	0.0	0.0
Change In Working Capital	95.7	224.1	0.0	0.0	0.0
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	66.8	33.4	0.0	0.0	0.0
Net Interest (Paid)/Received	(40.8)	(49.1)	(53.8)	(56.6)	(52.9)
Tax Paid	(59.1)	(82.9)	(16.2)	(20.6)	(22.8)
Cashflow From Operations	666.5	857.3	366.0	434.3	456.1
Capex	(191.2)	(172.5)	(314.1)	(284.6)	(227.8)
Disposals Of FAs/subsidiaries	0.3	0.6	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(76.0)	(6.5)	(70.8)	0.0	0.0
Other Investing Cashflow	10.2	(108.5)	(276.9)	3.8	3.6
Cash Flow From Investing	(256.7)	(286.9)	(661.7)	(280.8)	(224.2)
Debt Raised/(repaid)	98.8	190.5	(100.0)	(100.0)	(100.0)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(82.2)	(86.6)	(110.8)	(86.5)	(86.5)
Preferred Dividends					
Other Financing Cashflow	(52.0)	(56.1)	(53.8)	(56.6)	(52.9)
Cash Flow From Financing	(35.4)	47.8	(264.5)	(243.2)	(239.5)
Total Cash Generated	374.4	618.2	(560.2)	(89.7)	(7.6)
Free Cashflow To Equity	508.6	760.9	(395.7)	53.5	131.9
Free Cashflow To Firm	450.6	619.5	(241.9)	210.1	284.8

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(S\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	415	833	301	243	263
Total Debtors	193	192	231	211	238
Inventories	80	50	103	52	105
Total Other Current Assets	472	528	528	528	528
Total Current Assets	1,160	1,603	1,163	1,033	1,134
Fixed Assets	755	695	827	905	915
Total Investments	0	0	0	0	0
Intangible Assets	720	712	912	812	711
Total Other Non-Current Assets	297	233	233	233	233
Total Non-current Assets	1,772	1,640	1,973	1,950	1,860
Short-term Debt	9	226	226	226	226
Current Portion of Long-Term Debt					
Total Creditors	555	694	747	683	735
Other Current Liabilities	209	173	168	162	158
Total Current Liabilities	773	1,094	1,141	1,072	1,119
Total Long-term Debt	1,164	1,139	1,039	939	839
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	163	144	144	144	144
Total Non-current Liabilities	1,327	1,282	1,182	1,082	982
Total Provisions	205	170	118	116	149
Total Liabilities	2,305	2,547	2,442	2,270	2,250
Shareholders' Equity	538	590	583	595	617
Minority Interests	88	107	111	118	126
Total Equity	627	696	694	713	743

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(12.9%)	0.7%	9.9%	4.3%	1.7%
Operating EBITDA Growth	(20.0%)	(0.1%)	(14.1%)	17.3%	4.0%
Operating EBITDA Margin	25.0%	24.9%	19.4%	21.8%	22.3%
Net Cash Per Share (S\$)	-0.44	-0.31	-0.55	-0.53	-0.46
BVPS (S\$)	0.31	0.34	0.34	0.34	0.35
Gross Interest Cover	4.94	4.66	2.67	3.07	3.47
Effective Tax Rate	17.0%	21.1%	16.1%	16.3%	16.4%
Net Dividend Payout Ratio	70%	75%	109%	88%	80%
Accounts Receivables Days	39.82	34.40	34.40	34.40	34.49
Inventory Days	21.34	15.32	15.32	15.32	15.36
Accounts Payables Days	131.1	147.4	144.5	141.7	139.3
ROIC (%)	9.1%	10.3%	7.7%	7.5%	8.0%
ROCE (%)	10.7%	11.0%	6.9%	8.7%	9.5%
Return On Average Assets	5.59%	5.95%	3.90%	4.88%	5.27%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total mobile subs ('000)	1,978.0	1,952.0	2,018.0	2,241.0	2,241.0
Mobile prepaid subs ('000)	564.0	468.0	495.0	680.0	655.0
Mobile postpaid subs ('000)	1,414.0	1,484.0	1,523.0	1,561.0	1,586.0
Blended mobile ARPU (S\$/mth/sub)	24.6	23.3	24.8	26.4	26.1
Mobile prepaid ARPU (S\$/mth/sub)	11.0	10.0	10.3	11.4	11.4
Mobile postpaid ARPU (S\$/mth/sub)	31.0	28.0	29.4	32.1	32.3
Residential pay TV subs ('000)	314.0	279.0	249.0	224.0	204.0
Residential pay ARPU (S\$/mth/sub)	39.0	42.0	44.1	43.7	43.2
Broadband subs ('000)	498.0	484.0	489.0	494.0	499.0
Broadband ARPU (S\$/mth/sub)	29.0	32.0	33.0	33.0	33.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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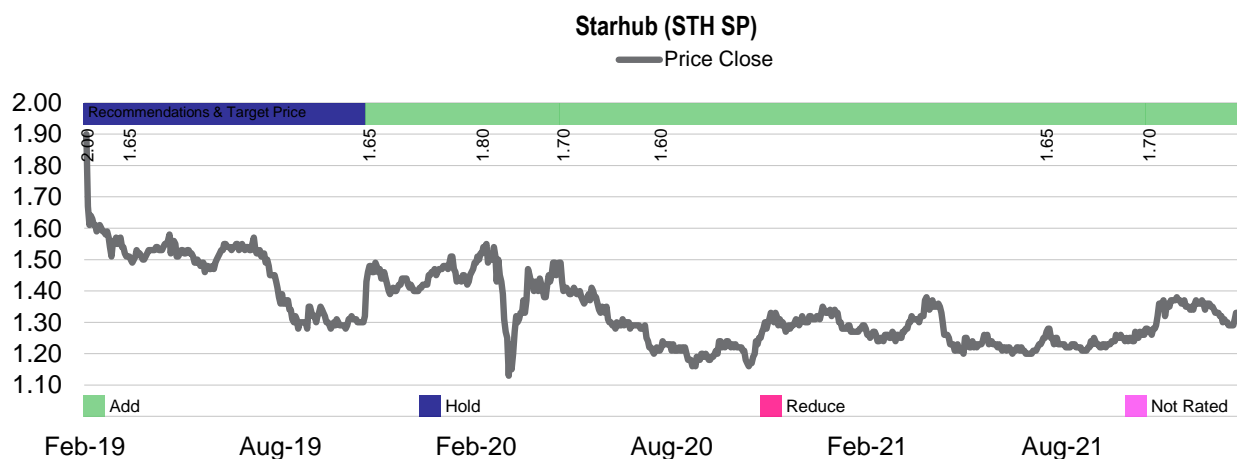
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** - Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

