

Singapore Company Update

Singtel

Bloomberg: ST SP | Reuters: STEL.SI

Refer to important disclosures at the end of this report

DBS Group Research. Equity

4 Oct 2023

BUY

Last Traded Price (3 Oct 2023): S\$2.43 (STI : 3,192.35)

Price Target 12-mth: S\$3.39 (40% upside) (Prev S\$3.18)

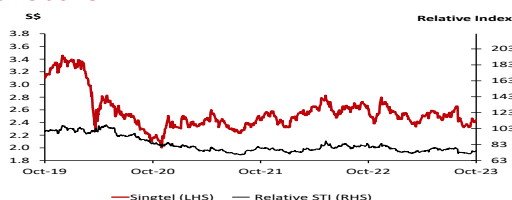
Analyst

Sachin MITTAL +65 66823699 sachinmittal@db.com

What's New

- The expansion in HoldCo discount to a record 47% level seems to be a timing issue; a delay in its core operating profit growth to 3QFY24F could be the key reason
- Potential consolidation in Singapore could aid further recovery in Singtel's core operating profit in the medium term.
- Raise FY24F/25F earnings by 3%/4%, to reflect the sale of Trustwave. Maintain BUY with a higher TP of S\$3.39, led by Singapore and Bharti

Price Relative



Forecasts and Valuation

FY Mar (S\$m)	2023A	2024F	2025F	2026F
Revenue	14,624	14,368	14,547	15,062
EBITDA	5,973	6,270	6,600	6,961
Pre-tax Profit	3,212	3,446	3,751	3,972
Net Profit	2,225	2,370	2,580	2,732
Net Pft (Pre Ex.)	2,053	2,370	2,580	2,732
Net Pft Gth (Pre-ex) (%)	6.7	15.4	8.9	5.9
EPS (S cts)	13.4	14.2	15.5	16.4
EPS Pre Ex. (S cts)	12.3	14.2	15.5	16.4
EPS Gth Pre Ex (%)	6	15	9	6
Diluted EPS (S cts)	13.4	14.2	15.5	16.4
Net DPS (S cts)	14.9	14.9	14.9	14.9
BV Per Share (S cts)	156	155	156	158
PE (X)	18.2	17.1	15.7	14.8
PE Pre Ex. (X)	19.7	17.1	15.7	14.8
P/Cash Flow (X)	12.5	11.2	9.7	9.6
EV/EBITDA (X)	8.3	7.7	7.2	6.5
Net Div Yield (%)	6.1	6.1	6.1	6.1
P/Book Value (X)	1.6	1.6	1.6	1.5
Net Debt/Equity (X)	0.4	0.3	0.3	0.2
ROAE (%)	8.2	9.1	9.9	10.5
Earnings Rev (%):		3	4	4
Consensus EPS (S cts):		14.5	16.7	19.3
Other Broker Recs:		B: 14	S: 0	H: 4

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

Would record Holding Company discount narrow?

Investment Thesis:

Benefits from geographical diversification. Singtel is the No.1 integrated player in Singapore, owns the No.2 mobile player in Australia. Singtel holds significant stakes in its telecom associates in India, Indonesia, Philippines and Thailand, contributing over 68% of the group operating profit.

Trading at record holding company (HoldCo) discount of 47% vs last 5-year average of 31%. HoldCo discount has expanded from less than 15% in FY18 to 47% currently, due to a 59% decline in its core operating profit (excluding associates) over the last 5-years. We expect HoldCo discount to narrow to 15-20%, led by a steady rise in its core operating profit. Key drivers are tariff-hikes in Australia and cost-savings from merging consumer & enterprise businesses. A divestment target of S\$6bn (over 36Scts per share) over the next 2-3 years would support special dividends, save interest costs as well as help to reduce HoldCo discount.

Potential catalyst: sector consolidation and special dividends. Singtel could benefit from potential mobile sector consolidation in Singapore. We project annual dividend per share of 14.9Scts over the next three years, supported by 3-4Scts of special dividends, leading to a total yield of 6.2%

Maintain BUY with a higher TP of S\$3.39 (prev: S\$3.18). Our fair value for the company's core business is S\$0.89 (prev: S\$0.84) per share due to higher Singapore operating profit coupled with a higher valuation of the data centre business. We value regional associates at S\$2.50 per share (prev: S\$2.34) using a 15% HoldCo discount, with most of the increase coming from higher market value of Bharti Airtel.

Key Risks

Further decline in Aussie Dollar or irrational competition in Australia could risk recovery. There can be adverse impact from Optus due to any irrational competition coupled with further decline in Aussie Dollar. Our base-case assumes a gradual recovery in Optus' operating profit which could be at risk.

At A Glance

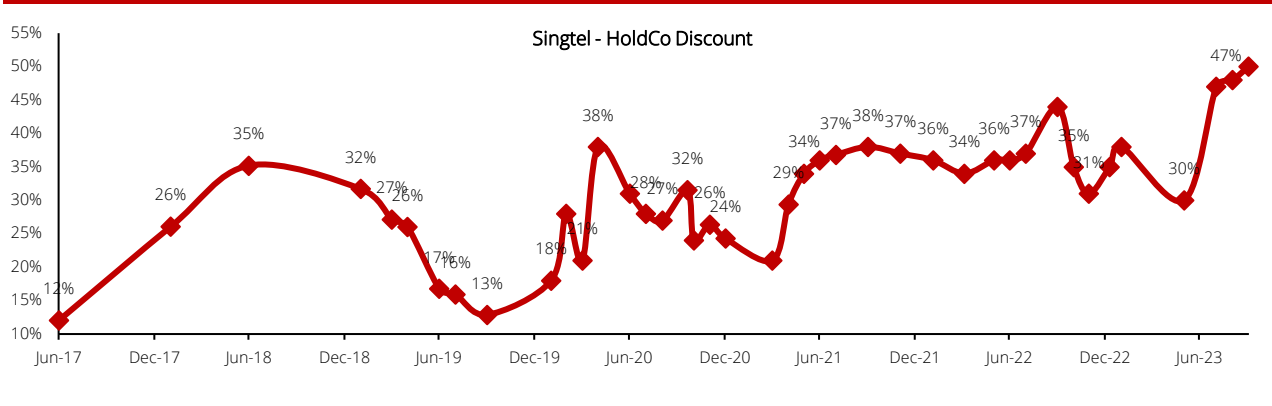
Issued Capital (m shrs)	16,504
Mkt. Cap (S\$m/US\$m)	40,106 / 29,208
Major Shareholders (%)	
Temasek Holdings Pte	52.0
Free Float (%)	48.0
3m Avg. Daily Val (US\$m)	32.9
GIC Industry : Communication Services / Telecommunication	

Singtel

WHAT'S NEW

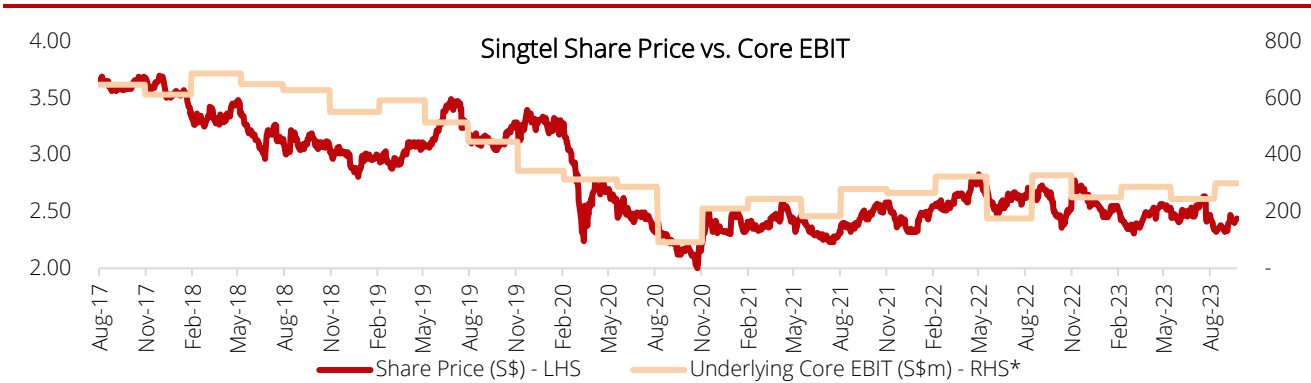
Group core operating profit is recovering, partially offset by the weak AUD

Holding Company discount for Singtel has expanded over the last 5-years (last 5-year average is at 31%)



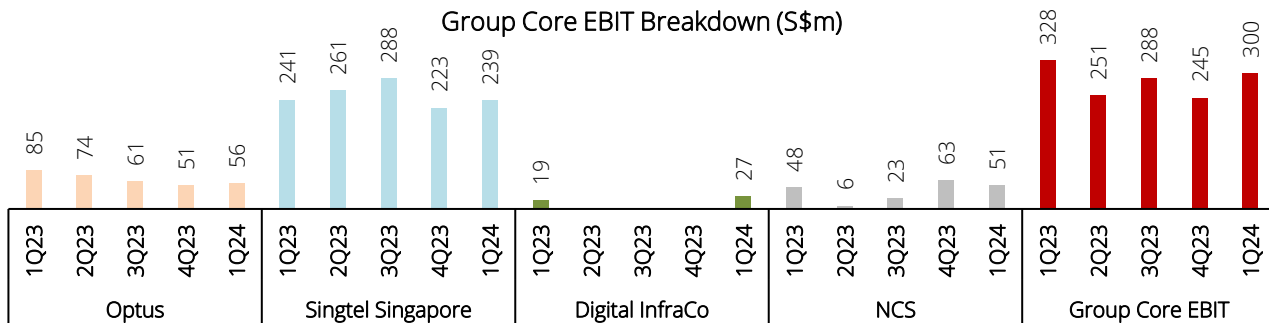
Source: Reuters, Oanda, Companies, DBS Bank

Singtel's core operating profit excluding associates has an 87% correlation with its share price, explaining higher HoldCo discount



Core EBIT excludes contributions received from associates, *Excluding NBN migration revenue, Job Support Schemes (JSS), and Amobee results
Source: Company, Reuters, DBS Bank

Group core operating profit dropped 9% y-o-y to S\$300m in 1QFY24 due to weak Optus, further expanding its HoldCo discount



Source: Company, DBS Bank

Singtel

Two key drivers for Singtel's core operating growth in 3QFY24F.

1QFY24 Singtel's core operating profit of S\$300m (- 9% y-o-y) was hurt by weak Optus. Optus' EBIT declined 35% y-o-y to S\$56m mainly due to a big rise in its operating costs from a spike in energy costs following expiry of a fixed price contract. However, we see two key drivers for Singtel's core operating profit in 3QFY24F.

1. **Optus to benefit from tariff hikes effective from Aug and Nov 2023 onwards.** Optus has raised pricing for its legacy postpaid plans by 60% from A\$30 to A\$49 effective from Aug 2023, which will affect only few customers who were on its legacy plans. On the non-mobile side, Optus has raised pricing for NBN 25 and NBN 50 by A\$1 and A\$6 per month respectively for new customers, effective from Nov 2023. According to the Australian Competition and Consumer Commission (ACCC), NBN 50 plans are the most popular internet option in Australia, accounting for 52% of the total.

More importantly, its key competitor - Telstra has raised the pricing of its mainstream post-paid plans by A\$4-6 per month from July 2023 onwards. Optus is also expected to raise pricing on its mainstream postpaid plans in response over the next few months. Optus is taking more time to raise pricing as it is waiting for virtual operators (c.25% subscriber share) to raise pricing to defend its market share. Both Telstra and Optus are in the process of raising their wholesale pricing to these virtual operators as and when their wholesale contract comes for renewal.

2. **S\$30m rise in operating profit each quarter from 3QFY24F onwards following the sale of Trustwave.** Trustwave divestment is expected to bring in annual savings of S\$120m-130m. By the end of 2Q24F (30th Sep 2023), it will be classified for sale, hence beginning of 3Q24F, an estimated S\$30m will be realized as a benefit to Singtel's core operating profit.

Singtel's core operating profit excluding associates is gradually inching up – boding well for the HoldCo discount to narrow

S\$m	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	FY27F
AUD/SGD forex	0.99	0.93	0.98	1.00	0.94	0.88	0.87	0.87	0.87
Singapore EBITDA	2,022	2,060	1,871	1,707	1,721	1,843	1,890	1,926	1,963
Australia EBITDA	2,671	2,476	1,961	2,060	1,965	1,897	1,977	2,084	2,189
Core EBIT excluding associates	2,470	1,962	1,147	1,045	1,112	1,164	1,234	1,330	1,380
y-o-y	-12%	-21%	-42%	-9%	6%	5%	6%	8%	4%
Associate Pre-tax contribution	1,536	1,743	1,798	2,136	2,287	2,530	2,732	2,951	3,187
y-o-y	-38%	13%	3%	19%	7%	11%	8%	8%	8%
Group Underlying Net Profit	2,825	2,457	1,733	1,924	2,053	2,370	2,580	2,732	2,948
y-o-y	-21%	-13%	-29%	11%	7%	15%	9%	6%	8%

Source: Company, DBS Bank

Our FY24F/25F core operating profit is 5%/9% below consensus due to a slower growth projection at Optus; any potential consolidation in Singapore could lead to our FY25F projections rising near consensus.

S\$m	Revised DBS Projections			Consensus			DBS vs. Consensus		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24	FY25	FY26
Revenue	14,368	15,547	15,062	14,831	15,297	15,754	-3%	-5%	-4%
Core EBIT excl associates	1,164	1,234	1,330	1,229	1,352	1,495	-5%	-9%	-11%
Group Underlying Net Profit	2,370	2,580	2,732	2,369	2,693	3,013	0%	-4%	9%

Source: Company, Reuters, DBS Bank

Potential consolidation in Singapore could aid further recovery in Singtel's core operating profit

Singtel

StarHub announced a S\$50m share buyback programme in June 2023. StarHub has unveiled a new initiative, setting aside approximately S\$50m for a share buyback programme aimed at repurchasing up to 3% of the company's issued share capital, equivalent to 51.9m shares. The company has also disclosed that the acquired shares will be held as treasury shares and can also be used for any potential merger and acquisition (M&A) opportunity in Singapore. Additionally, as of 1H23, StarHub maintains a low net debt-to-EBITDA ratio of 1.57x, providing ample capacity for investments.

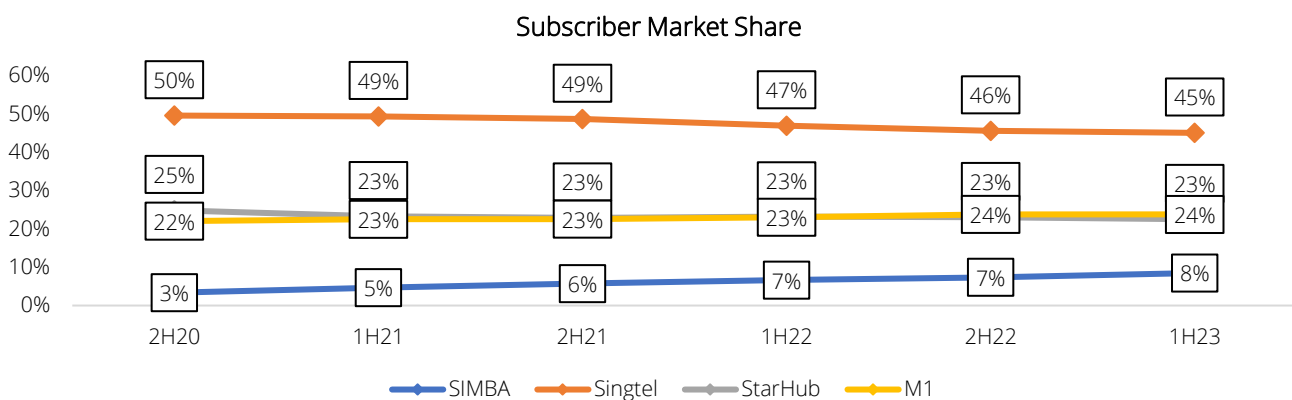
What is the rationale for SIMBA to be acquired? We see three key reasons as to why SIMBA might be a potential candidate for acquisition.

- **Slow growth in subscriber share.** SIMBA has been experiencing a slower growth in subscriber market share. For instance, SIMBA's subscriber market share gain has slowed from 3% in 2021 to 1% in 2022 (calendar year). We expect SIMBA's subscriber market share to hover between 10%-12% in the long-term, due to stiff competition from mobile virtual network operators (MVNOs).
- **Negative free cash flow despite positive EBITDA.** SIMBA has been able to narrow its EBITDA losses from (\$0.5m) in FY21 (July YE) to a positive EBITDA of S\$31m in FY23. However, despite achieving EBITDA breakeven and recording growth in EBITDA, the free cash flow (EBITDA

less capex) is still negative. As of FY23, SIMBA's negative free cash flow stood at (\$14.1m) and is expected to remain even higher over the next 2-3 years due to the 5G capex commitment since the consensus expects EBITDA CAGR of 20% over FY23-FY26. SIMBA's capex in FY23 was S\$45m and management has guided for a capex of S\$45-50m in FY24F.

- **SIMBA's outdoor coverage is decent but will require more capex for its indoor coverage expansion.** SIMBA expects to surpass 60% outdoor coverage by the end of 2023 (calendar year), compared to Singtel reaching 95% of outdoor coverage by 1H22 (calendar year) three years ahead of the target, while StarHub and M1 reached 95% and 90% by 2H22 (calendar year) respectively. SIMBA received the 2.1GHz frequency spectrum in Nov 2021 and is expected to reach at least 50% coverage before 2023 (on track) and nationwide coverage before 2026. However, providing reliable and strong indoor coverage is pivotal for SIMBA but the capex requirement for indoor coverage will be high which require more differentiated and extensive network capabilities in more dimensions.
- **Potential to sell the business above 2.5x the book value.** SIMBA's FY23 book value stood at A\$444m (S\$390m) and its net cash was A\$41m (S\$36m), translating to a book value minus net cash of A\$403m (S\$354m). Based on its current market cap of A\$990m (S\$875m), the current market cap to enterprise value is at 2.5x. It might make sense to cash out due to the rising 5G capex commitments.

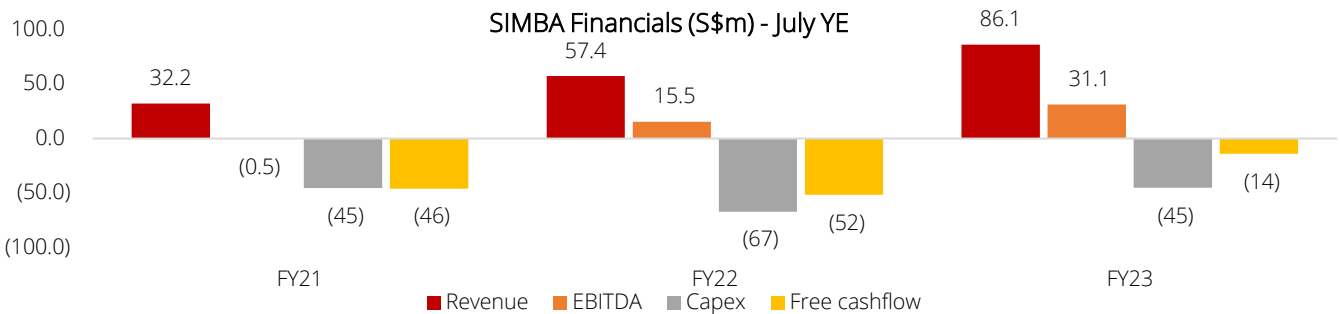
SIMBA's subscriber market share gain has slowed from 3% in 2021 to 1% in 2022 (calendar year)



*Considered calendar year for ease of comparison (Singtel is Mar YE, M1 and StarHub are Dec YE, while Tuas - which owns SIMBA - is Jul YE)
Source: Companies, DBS Bank

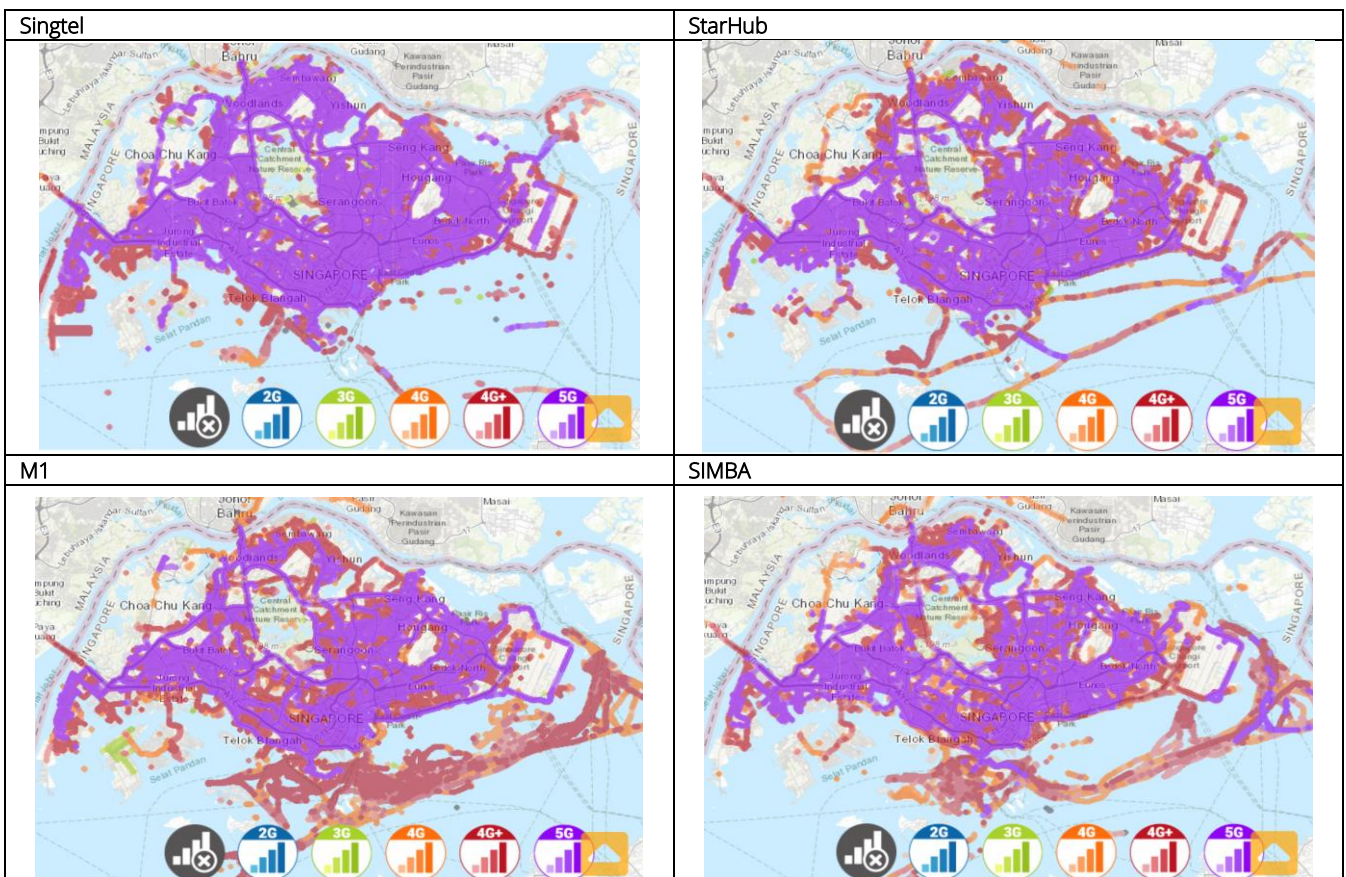
Singtel

SIMBA's free cash flow (FCF) is still negative and is expected to remain the same or increase due to rising 5G capex requirements.



Source: Company, DBS Bank

SIMBA projects to exceed 60% outdoor coverage by the end of 2023 (calendar year)



Source: nPerf

Why should StarHub be the acquirer of SIMBA? All mobile network operators (MNO) have been awarded the spectrum to operate a 5G standalone (SA) network on 2.1GHz (Singtel, StarHub+M1 and SIMBA). SIMBA has 2 paired lots (10MHz) of the 2.1GHz band which

can be a rationale on acquiring SIMBA by StarHub. Additionally, as of 1H23, StarHub maintains a low Net Debt to EBITDA ratio of 1.57 times, providing ample capacity for future investments aimed at driving growth. This financial strength ensures sufficient flexibility

for seizing potential opportunities that may arise. If StarHub acquires SIMBA for S\$875m-S\$1.0bn, its net debt to EBITDA could rise from 1.25x in FY24F to 2.8x-3.0x.

Consolidation is required in Singapore for average revenue per user (ARPU) to improve and the players investing more to improve customer experience. Consolidation in this sector offers advantages due to economies of scale, resulting in cost savings on both capital investments and operational expenditures. Southeast Asian telecom industry is witnessing consolidation to improve operational efficiency, improve net debt to EBITDA position and channel resources into new investments such as cloud, IoT and data centres. For instance, the merger between Indonesia's Indosat Ooredoo and Hutchison Indonesia saw the elimination of aggressive pricing, and now the industry is witnessing improving average revenue per user (ARPU) levels and EBITDA margin. Hence, it is about time that the Singapore market goes through consolidation to further enhance 5G investment and experience.

It may be fair to acquire SIMBA at over 20x forward EV/EBITDA, due to the value of the spectrum and future market repair. SIMBA got its initial spectrum of 900MHz and 2300 MHz spectrum quite cheap at S\$105m. Based on the price paid by other telcos, we estimate that these two spectrums are worth S\$314m. So the market value of total spectrum held by SIMBA is at least S\$370m vs S\$160m paid by SIMBA. Total Singapore mobile revenue in 2022 including

equipment sales stood at S\$3.7bn, which we estimate can recover by 15-20% gradually over 3-4 years in case of any consolidation.

We raise our Singtel's FY24F/25F underlying net profit by 3%/4% on lower net finance expenses and absence of Trustwave losses.

Singtel recorded net finance expenses of S\$52m (down 54% y-o-y) in 1Q24 on proceeds from capital recycling initiatives. We have factored in S\$1.1bn in FY24F as cash proceeds from selling a 20% stake in its regional data centre (RDC) business to Kohlberg Kravis Roberts & Co. L.P. (KKR) and S\$800m as net proceeds from the comcentre development in FY25F. Singtel expects to recycle its capital and gain an estimated S\$6.0bn, and following the above two initiatives, Singtel is left with S\$4.0bn, which is expected to be received over the next two to three years. Furthermore, the divestment of Trustwave will remove ~S\$120-130m in losses each year, or 4%-5% of group earnings, which will be realised in the next financial year (FY25F as of March year-end).

Maintain BUY with a higher TP of S\$3.39 (prev: S\$3.18). Our fair value for the company's core business is S\$0.89 (prev: S\$0.84) per share due to higher Singapore operating profit coupled with a higher valuation of the data centre business. We value regional associates at S\$2.50 per share (prev: S\$2.34) using a 15% HoldCo discount, with most of the increase coming from the high market value of Bharti Airtel

Total Spectrum holdings of SIMBA and the purchase price

Band	Spectrum	Cost S\$m
900 MHz FDD	2x5 MHz (2 lots)	105
2300 MHz TDD	8x5 MHz	
2500 MHz TDD	11.9 for 2x5 MHz (2 lots)	23.8
26/28 GHz TDD		0
2100 MHz FDD	15.5 for 2x5 MHz (2 pair)	31
		159.8

Source: Company, DBS Bank

Singtel

SOTP of Singtel and its associates

Value of the core business in Singapore & Australia is S\$0.96 (prev: S\$0.84) per share

	FY24F EBITDA (S\$m)	EV/EBITDA	Ownership	Value (S\$m)	Per Share (S\$)	Previous
*Singapore business excluding data centre	1,746	5.0	100%	8,729	0.52	0.50
Optus telco	1,937	5.0	100%	9,687	0.58	0.60
**Data centre	241	22.8	80%	4,400	0.26	0.21
Enterprise value of core business				23,916	1.44	1.31
Net debt				(7,986)	(0.48)	(0.47)
Minority interest				34	0.00	0.00
Equity value of the core business				15,964	0.89	0.84

*Excludes data centre EBITDA of S\$172m, which is expected to grow by 40% y-o-y in FY24F

**Based on KKR deal on S\$1.1bn for 20% stake Source: Company, DBS Bank

Regional associates are worth S\$2.50 (prev: S\$2.34) per share based on their market values (only Telkomsel is valued at a fair price)

	Share Price	Exchange Rates	Stake	Value (S\$m)	Per Share (S\$)	Previous
Bharti Airtel	915.00	60.84	29.4%	24,664	1.48	1.33
AIS	225.00	26.57	23.3%	5,868	0.35	0.33
InTouch	73.25	26.57	25.0%	2,210	0.13	0.14
Globe	1,829.00	41.67	46.8%	2,963	0.18	0.18
SingPost	0.50	1.00	21.8%	246	0.01	0.02
NetLink NBN Trust	0.85	1.00	24.8%	821	0.05	0.05

Regional Associates	FY23F (March YE) PER	Exchange Rates	Stake	Value (S\$m)	Per Share (S\$)	Previous
Telkomsel	15	11,251	30%	12,260	0.74	0.71

	Value (S\$m)	Per Share (S\$)	Previous
Total	49,032	2.94	2.76
HoldCo discount (25%)	(7,355)	(0.44)	(0.41)
Associate Valuation	41,677	2.50	2.34
Core business valuation		0.89	0.84
Associate valuation		2.50	2.34
SINGTEL VALUATION		3.39	3.18

Source: Companies, Reuters, Oanda, DBS Bank

Company Background

Singtel is the largest telecom operator in Singapore and its Australian subsidiary Optus is the second-largest operator in Australia. Singtel also has substantial stakes in various telcos in the region – Telkomsel in Indonesia, Bharti Airtel (Bharti) in India, AIS in Thailand, and Globe in the Philippines.

Singtel

Interim Income Statement (S\$m)

FY Mar	2H2022	1H2023	2H2023	% chg yoy	% chg hoh
Revenue	7,687	7,259	7,366	(4.2)	1.5
Cost of Goods Sold	(5,915)	(5,456)	(5,678)	(4.0)	4.1
Gross Profit	1,772	1,803	1,688	(4.7)	(6.4)
Other Oper. (Exp)/Inc	(1,299)	(1,225)	(1,155)	(11.1)	(5.7)
Operating Profit	473	578	533	12.7	(7.8)
Other Non Opg (Exp)/Inc	0	0	0	-	-
Associates & JV Inc	1,090	1,157	1,130	3.7	(2.3)
Net Interest (Exp)/Inc	(178)	(196)	(163)	8.4	16.8
Exceptional Gain/(Loss)	54	165	7	(87.0)	(95.8)
Pre-tax Profit	1,439	1,704	1,507	4.7	(11.6)
Tax	(438)	(530)	(449)	2.3	(15.4)
Minority Interest	(5)	(5)	(4)	33.3	(28.0)
Net Profit	995	1,169	1,055	6.0	(9.8)
Net profit bef Except.	941	1,004	1,048	11.3	4.4
EBITDA	1,563	1,735	1,663	6.4	(4.1)
Margins (%)					
Gross Margins	23.1	24.8	22.9		
Opg Profit Margins	6.2	8.0	7.2		
Net Profit Margins	12.9	16.1	14.3		

Source of all data: Company, DBS Bank

Historical PE and PB band



Source: Bloomberg Finance L.P., DBS Bank estimates



Source: Bloomberg Finance L.P., DBS Bank estimates

Singtel

Key Assumptions

FY Mar	2022A	2023A	2024F	2025F	2026F
Singapore Revenue	7,524	7,056	6,927	6,822	6,952
Singapore EBITDA	22.7	24.4	26.6	27.7	27.7
Optus Revenue (A\$m)	7,836	8,053	8,456	8,878	9,322
Optus EBITDA Margin (%)	26.4	25.9	25.5	25.6	25.7
Associate pre-tax	2,136	2,287	2,530	2,732	2,951

Income Statement (\$m)

FY Mar	2022A	2023A	2024F	2025F	2026F
Revenue	15,339	14,624	14,368	14,547	15,062
Cost of Goods Sold	(11,725)	(11,134)	(10,823)	(10,875)	(11,248)
Gross Profit	3,614	3,490	3,545	3,672	3,815
Other Opg (Exp)/Inc	(2,570)	(2,379)	(2,380)	(2,438)	(2,485)
Operating Profit	1,045	1,112	1,164	1,234	1,330
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	2,136	2,287	2,530	2,732	2,951
Net Interest (Exp)/Inc	(312)	(359)	(248)	(215)	(309)
Exceptional Gain/(Loss)	25.0	172	0.0	0.0	0.0
Pre-tax Profit	2,894	3,212	3,446	3,751	3,972
Tax	(934)	(978)	(1,068)	(1,163)	(1,231)
Minority Interest	(11.0)	(8.4)	(8.4)	(8.4)	(8.4)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	1,949	2,225	2,370	2,580	2,732
Net Profit before Except.	1,924	2,053	2,370	2,580	2,732
EBITDA	5,903	5,973	6,270	6,600	6,961
Growth					
Revenue Gth (%)	(1.9)	(4.7)	(1.8)	1.2	3.5
EBITDA Gth (%)	4.8	1.2	5.0	5.3	5.5
Opg Profit Gth (%)	(8.9)	6.4	4.7	6.0	7.8
Net Profit Gth (Pre-ex) (%)	11.0	6.7	15.4	8.9	5.9
Margins & Ratio					
Gross Margins (%)	23.6	23.9	24.7	25.2	25.3
Opg Profit Margin (%)	6.8	7.6	8.1	8.5	8.8
Net Profit Margin (%)	12.7	15.2	16.5	17.7	18.1
ROAE (%)	7.1	8.2	9.1	9.9	10.5
ROA (%)	4.0	4.7	5.1	5.6	5.9
ROCE (%)	1.7	1.9	2.1	2.2	2.4
Div Payout Ratio (%)	79.0	111.2	104.7	96.1	90.8
Net Interest Cover (x)	3.3	3.1	4.7	5.7	4.3

Source: Company, DBS Bank

Interim Income Statement (\$\$m)

FY Mar	2H2021	1H2022	2H2022	1H2023	2H2023
Revenue	8,219	7,653	7,687	7,259	7,366
Cost of Goods Sold	(6,360)	(5,810)	(5,915)	(5,456)	(5,678)
Gross Profit	1,859	1,843	1,772	1,803	1,688
Other Oper. (Exp)/Inc	(1,308)	(1,270)	(1,299)	(1,225)	(1,155)
Operating Profit	551	573	473	578	533
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	913	1,047	1,090	1,157	1,130
Net Interest (Exp)/Inc	(191)	(135)	(178)	(196)	(163)
Exceptional Gain/(Loss)	(809)	(29.0)	54.0	165	7.00
Pre-tax Profit	464	1,456	1,439	1,704	1,507
Tax	(373)	(496)	(438)	(530)	(449)
Minority Interest	(4.0)	(6.0)	(5.4)	(5.0)	(3.6)
Net Profit	87.0	954	995	1,169	1,055
Net profit bef Except.	896	983	941	1,004	1,048
EBITDA	1,464	1,620	1,563	1,735	1,663

Growth

Revenue Gth (%)	10.7	(6.9)	0.4	(5.6)	1.5
EBITDA Gth (%)	(1.1)	10.7	(3.5)	11.0	(4.1)
Opg Profit Gth (%)	(7.6)	4.0	(17.5)	22.2	(7.8)
Net Profit Gth (%)	(81.3)	996.6	4.3	17.5	(9.8)

Margins

Gross Margins (%)	22.6	24.1	23.1	24.8	22.9
Opg Profit Margins (%)	6.7	7.5	6.2	8.0	7.2
Net Profit Margins (%)	1.1	12.5	12.9	16.1	14.3

Balance Sheet (\$\$m)

FY Mar	2022A	2023A	2024F	2025F	2026F
Net Fixed Assets	14,250	13,385	13,656	13,869	14,161
Invt in Associates & JVs	13,040	11,788	10,155	9,152	7,684
Other LT Assets	13,711	12,774	12,479	12,183	11,888
Cash & ST Invt	2,130	1,668	2,607	3,887	5,663
Inventory	270	346	330	334	346
Debtors	5,245	5,013	4,841	4,901	5,075
Other Current Assets	485	1,556	1,556	1,556	1,556
Total Assets	49,131	46,530	45,624	45,883	46,373
ST Debt	1,614	983	983	983	983
Creditor	5,596	5,310	4,469	4,525	4,685
Other Current Liab	1,845	2,006	2,343	2,438	2,506
LT Debt	10,254	9,910	9,610	9,610	9,610
Other LT Liabilities	1,713	2,307	2,307	2,307	2,307
Shareholder's Equity	28,125	26,005	25,895	25,995	26,247
Minority Interests	(16.0)	9.00	17.4	25.8	34.2
Total Cap. & Liab.	49,131	46,530	45,624	45,883	46,373
Non-Cash Wkg. Capital	(1,441)	(401)	(85.1)	(171)	(214)
Net Cash/(Debt)	(9,738)	(9,225)	(7,986)	(6,706)	(4,930)
Debtors Turn (avg days)	127.2	128.0	125.2	122.2	120.9
Creditors Turn (avg days)	234.6	232.5	216.4	199.1	196.2
Inventory Turn (avg days)	11.0	13.1	15.0	14.7	14.5
Asset Turnover (x)	0.3	0.3	0.3	0.3	0.3
Current Ratio (x)	0.9	1.0	1.2	1.3	1.5
Quick Ratio (x)	0.8	0.8	1.0	1.1	1.3
Net Debt/Equity (X)	0.3	0.4	0.3	0.3	0.2
Net Debt/Equity ex MI (X)	0.3	0.4	0.3	0.3	0.2
Capex to Debt (%)	20.8	20.9	24.1	24.1	25.3

Source: Company, DBS Bank

Singtel

Cash Flow Statement (\$m)

FY Mar	2022A	2023A	2024F	2025F	2026F
Pre-Tax Profit	2,894	3,212	3,446	3,751	3,972
Dep. & Amort.	2,722	2,574	2,576	2,633	2,680
Tax Paid	(352)	(346)	(731)	(1,068)	(1,163)
Assoc. & JV Inc/(loss)	(2,136)	(2,287)	(1,391)	(1,503)	(1,623)
Chg in Wkg.Cap.	270	(70.0)	(653)	(8.8)	(25.2)
Other Operating CF	278	146	357	371	381
Net Operating CF	3,676	3,229	3,604	4,175	4,222
Capital Exp.(net)	(2,472)	(2,278)	(2,552)	(2,550)	(2,676)
Other Invs.(net)	127	(47.0)	0.0	0.0	0.0
Invs in Assoc. & JV	(234)	(1,186)	1,400	800	1,300
Div from Assoc & JV	1,622	1,547	1,624	1,706	1,791
Other Investing CF	1,934	1,209	0.0	0.0	0.0
Net Investing CF	977	(755)	473	(44.6)	414
Div Paid	(1,139)	(1,552)	(2,480)	(2,480)	(2,480)
Chg in Gross Debt	(2,710)	(641)	(300)	0.0	0.0
Capital Issues	(1.0)	0.0	0.0	0.0	0.0
Other Financing CF	586	(761)	(357)	(371)	(381)
Net Financing CF	(3,264)	(2,954)	(3,137)	(2,851)	(2,861)
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	1,389	(480)	939	1,280	1,776
Opg CFPS (S cts)	20.6	19.8	25.6	25.1	25.5
Free CFPS (S cts)	7.27	5.71	6.31	9.75	9.28

Source: Company, DBS Bank

Target Price & Ratings 12-mth History



Note : Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	11 Nov 22	2.69	3.15	BUY
2:	09 Feb 23	2.53	3.18	BUY

Source: DBS Bank

Analyst: Sachin MITTAL

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

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

Completed Date: 4 Oct 2023 17:32:30 (SGT)

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DBS Regional Research Offices

HONG KONG

DBS (Hong Kong) Ltd

Contact: Dennis Lam
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Paul Yong
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
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