

Singapore Company Update

Singtel

Bloomberg: ST SP | Reuters: STEL.SI

Refer to important disclosures at the end of this report

DBS Group Research. Equity

26 Feb 2024

BUY

Last Traded Price (23 Feb 2024): S\$2.37 (STI : 3,184.91)
Price Target 12-mth: S\$3.27 (38% upside) (Prev S\$3.39)

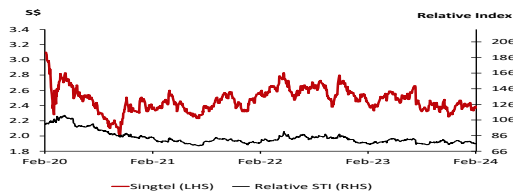
Analysts

Sachin MITTAL +65 66823699 sachinmittal@dbs.com

What's New

- 3Q24 underlying earnings of S\$559m (flat y-o-y, +1.6% q-o-q) was 6%-7% below our estimates, on sharp drop in Airtel Africa and Telkomsel weakness; core operating profit was in line, led by NCS, Digital Infracore, and an absence of Trustwave losses
- We lower our FY24F/25F group earnings by 9% each on weakness in associates, bringing us 8%/15% below consensus
- Maintain BUY with a lower TP of S\$3.27, with 37% upside potential. Key catalysts for the share price will be ROIC upliftment, higher dividends, and divestments

Price Relative



Forecasts and Valuation

FY Mar (S\$m)	2023A	2024F	2025F	2026F
Revenue	14,624	14,013	14,165	14,653
EBITDA	5,973	5,869	6,136	6,466
Pre-tax Profit	3,212	3,152	3,425	3,576
Net Profit	2,225	2,166	2,355	2,459
Net Pft (Pre Ex.)	2,053	2,166	2,355	2,459
Net Pft Gth (Pre-ex) (%)	6.7	5.5	8.7	4.4
EPS (S cts)	13.4	13.0	14.1	14.8
EPS Pre Ex. (S cts)	12.3	13.0	14.1	14.8
EPS Gth Pre Ex (%)	6	6	9	4
Diluted EPS (S cts)	13.4	13.0	14.1	14.8
Net DPS (S cts)	14.9	11.1	12.7	13.3
BV Per Share (S cts)	156	158	159	161
PE (X)	17.7	18.2	16.8	16.1
PE Pre Ex. (X)	19.2	18.2	16.8	16.1
P/Cash Flow (X)	12.2	11.7	10.0	9.9
EV/EBITDA (X)	8.2	8.0	7.4	6.8
Net Div Yield (%)	6.3	4.7	5.4	5.6
P/Book Value (X)	1.5	1.5	1.5	1.5
Net Debt/Equity (X)	0.4	0.3	0.2	0.2
ROAE (%)	8.2	8.3	8.9	9.2
Earnings Rev (%)		(9)	(9)	(10)
Consensus EPS (S cts):		14.6	16.4	18.6
Other Broker Recs:		B: 15	S: 0	H: 2

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

Focus on core operating profit trajectory

Investment Thesis:

Benefits from geographical diversification. Singtel is the No.1 integrated player in Singapore and owns the No.2 mobile player in Australia. Singtel holds significant stakes in its telecom associates in India, Indonesia, the Philippines, and Thailand, which contribute over 67% of the group's operating profit in FY23.

Holding company (HoldCo) discount has expanded to 48% compared to last 5-year average of 33%. The HoldCo discount has expanded from less than 15% in FY18 to 48%, as the share does not reflect the rise in the market value of its associates. This can be explained by Singtel's ROIC falling below its WACC due to a sharp decline in core operating profit over the last five years. We expect the HoldCo discount to narrow to 20%, (i) with a recovery in core operating profit led by annual cost-savings of S\$200m over FY23F-26F and growth in its NCS and data-centre business, and (ii) a divestment target of S\$6bn (>36Scts per share) over FY23-26F including associates. This should uplift the ROIC and support a ~90% payout ratio over the next three years.

Potential catalyst: ROIC exceeding WACC with 2HFY24F results, divestments, and higher dividends. We project Singtel's ROIC would breakeven with its WACC in FY24F. Singtel could also benefit from potential divestments and a higher payout ratio of 90% in 2H24F vs. a 77% payout ratio in 1H24.

Maintain BUY with a lower TP of S\$3.27 (prev: S\$3.39). We cut our FY24F/25F earnings by 9% each, reflecting the lower contribution from Bharti Airtel and Telkomsel. After expanding the HoldCo discount to 20% (15% earlier), regional associates are worth S\$2.51 per share (prev: S\$2.56), mainly due to a drop in Telkomsel's value, offsetting the rise in the market value of Bharti. We also lower the fair value of the core business in Singapore & Australia to S\$0.76 (prev: S\$0.84) per share, as we lower our Optus valuation to 4x 12m forward EV/EBITDA (5x earlier) to reflect its lower ROIC.

Key Risks

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

At A Glance

Issued Capital (m shrs)	16,504
Mkt. Cap (S\$m/US\$m)	39,116 / 29,123
Major Shareholders (%)	
Temasek Holdings Pte Ltd	52.0
Free Float (%)	48.0
3m Avg. Daily Val (US\$m)	41.7
GIC Industry : Communication Services / Telecommunication Services	

Singtel

WHAT'S NEW

3Q24 underlying earnings were ~6%-7% below, on associate weakness

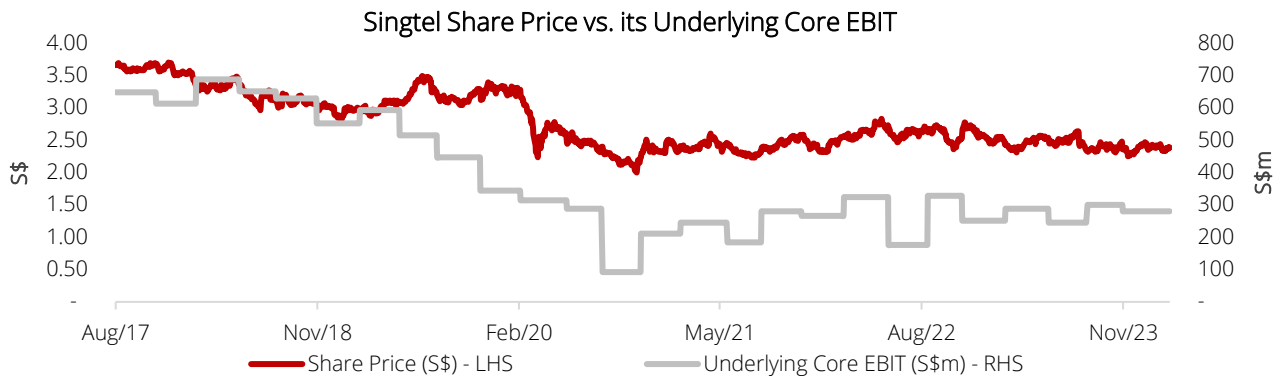
3Q24 underlying earnings of S\$559m (+1.6% q-o-q, flat y-o-y) were 6%-7% below our expectations on sharp drop in Airtel Africa and Telkomsel weakness. In 3Q24 (Mar YE), Singtel recorded flattish y-o-y (+1.6% q-o-q) underlying earnings of S\$559m, 6%-7% below our estimates. The weakness stems from lower-than-expected pre-tax contribution from associates, which fell by 8.8% y-o-y (-16% q-o-q) to S\$509m. Bharti Airtel recorded strong operating profit across the India and Africa segments. However, its pre-tax earnings contribution dropped 21% y-o-y to S\$146m. This was due to the steep depreciation of local currencies in Africa, especially the Nigerian naira, leading to currency translation losses for its foreign currency-denominated liabilities. Telkomsel's performance was impacted by lower mobile earnings on accelerated declines in legacy services and higher operating expenses and depreciation charges.

3Q24 underlying core operating profit (EBIT) of S\$324m (+16% q-o-q, +13% y-o-y) was in line, led by NCS, Digital InfraCo, and the absence of Trustwave losses. Singtel's core EBIT stood at S\$324m (+16% q-o-q, +13% y-o-y), led by NCS, Digital InfraCo,

and the absence of Trustwave losses. NCS witnessed growth in its Enterprise and Government businesses and NCS EBIT grew by 31% q-o-q (up 139% y-o-y), on the back of resource and cost optimisation and a reduction in acquisition-related costs. NCS recorded strong bookings of S\$694m in 3Q24 with a pipeline of projects in various sectors. Trustwave losses were absent in 3Q24, as it was classified as a subsidiary held for sale by the end of 2Q24, saving an estimated S\$30m every quarter. **Singtel declared an interim dividend of 5.2 Scts per share in 1H24 and is on track to reach the upper end of its 70%-90% payout ratio guidance.**

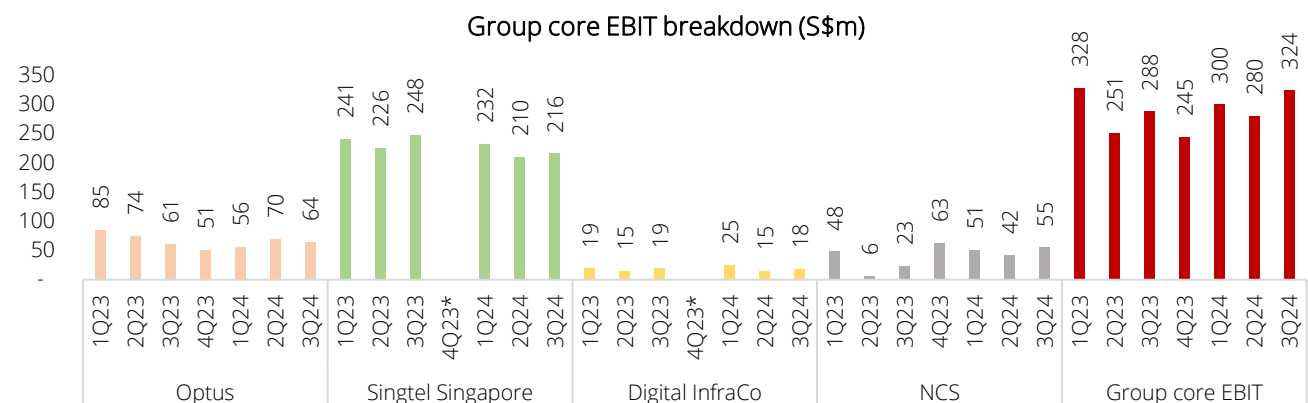
Recovery in core EBIT is crucial in supporting upliftment in ROIC. Return on Invested Capital (ROIC) upliftment is a key catalyst in driving Singtel's share price and we expect Singtel to breakeven with its weighted average cost of capital (WACC) in FY24F. To support this, recovery in core EBIT from Singapore and Australia is critical. Core EBIT has been exhibiting a positive correlation of 83% with Singtel's share price over the last six years.

Singtel's core operating profit (which excludes associates) has a high correlation of 83% with its share price



Source: Company, Reuters, DBS Bank Ltd

Core operating profit (EBIT) of S\$324m (+16% q-o-q, +13% y-o-y) was in line, led by NCS, Digital InfraCo, and the absence of Trustwave losses



Source: Company, DBS Bank Ltd

We have lowered our FY24F/25F underlying earnings by 9% each on associate weakness. In 3Q24, Telkomsel and Bharti Airtel exhibited weaknesses in their contribution to Singtel's underlying earnings, resulting in a reduction in their overall contribution for FY24F/25F. Hence, based on their 9M24 performance, we have lowered Bharti Airtel's pre-tax contribution by 7%/4% in

FY24F/25F and Telkomsel's contribution by 22% each in FY24F/25F. This results in us revising our underlying earnings for FY24F/25F by 9% each. Our underlying earnings are now 8%/15% below consensus, mainly due to the associate weakness.

Associate pre-tax contribution has been lowered by 11% each in FY24F/25F on weakness in Telkomsel and Bharti Airtel.

S\$m	2023	PREVIOUS		REVISED		% change	
		2024	2025	2024	2025	2024	2025
Telkomsel	862	862	868	802	830	-7%	-4%
Bharti Airtel	694	937	1,134	729	882	-22%	-22%
AIS	297	297	297	297	297	0%	0%
InTouch	113	113	113	113	113	0%	0%
Globe	301	301	301	301	301	0%	0%
NetLink	62	62	62	62	62	0%	0%
Others including SingPost	(42)	(42)	(42)	(42)	(42)	0%	0%
Total	2,287	2,530	2,733	2,261	2,442	-11%	-11%
Growth	7%	11%	8%	-1%	8%		

Source: Company, DBS Bank Ltd

Our revised FY24F/25F underlying earnings is 8%/15% below consensus on associate weakness.

S\$m	FY23	DBS Revised				Consensus			DBS vs Cons		
		FY24	FY25	FY26	FY27	FY24	FY25	FY26	FY24	FY25	FY26
Revenue	14,624	14,013	14,165	14,653	14,505	14,969	15,356	-3%	-5%	-5%	
EBIT	1,112	1,138	1,198	1,247	1,128	1,250	1,396	1%	-4%	-11%	
Associate pre-tax	2,287	2,261	2,442	2,638	2,603	3,078	3,472	-13%	-21%	-24%	
Underlying Net Profit	2,053	2,166	2,355	2,459	2,348	2,769	3,079	-8%	-15%	-20%	

Source: Company, Visible Alpha, DBS Bank Ltd

Maintain BUY with a lower TP of S\$3.27 (prev: S\$3.39). The lower TP stems from a 11% reduction in associate contribution for both FY24F/25F, reflecting Bharti Airtel's and Telkomsel's weakness. Our fair value for the company's core business in Singapore & Australia is S\$0.76 (prev: S\$0.84) per share on 4x

12m forward EV/EBITDA for Optus (prev: 5x EV/EBITDA) to reflect its low ROIC and its lower net debt position. Regional associates, after a 20% HoldCo discount (prev: 15% discount), are worth S\$2.51 per share (prev: S\$2.56) on Telkomsel weakness.

SOTP of Singtel and its associates

Value of the core business in Singapore & Australia is S\$0.76 (prev: S\$0.84) per share

	12m forward EBITDA (S\$m)	EV/EBITDA	Ownership	Value (S\$m)	Per Share (S\$)	Previous
Singapore business excluding Data Centre*	1,682	5.0	100%	8,410	0.50	0.52
Optus telco	1,849	4.0	100%	7,396	0.44	0.58
Data centre**			80%	4,396	0.26	0.26
Enterprise Value of Core Business				20,202	1.21	1.37
Net Debt				(7,519)	(0.45)	(0.54)
Minority interest				34	0.00	0.00
Equity value of the core business				12,717	0.76	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 Ltd

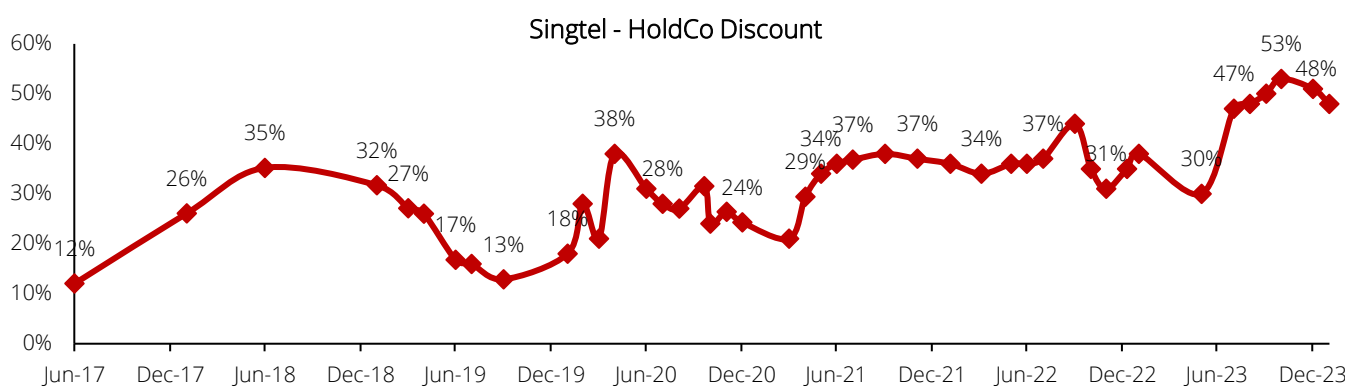
Regional associates are worth S\$2.51 (prev: S\$2.56) per share based on their market values (only Telkomsel is valued at a fair price)

	Share Price	Exchange Rates	Stake	Value (S\$m)	Per share (S\$)	Previous
Bharti Airtel	1,100.00	61.73	29.9%	30,082	1.81	1.79
AIS	209.00	26.72	23.3%	5,420	0.33	0.34
InTouch	70.75	26.72	25.0%	2,123	0.13	0.13
Globe	1,763.00	41.56	46.8%	2,863	0.17	0.17
SingPost	0.41	1.00	21.8%	201	0.01	0.01
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	14	11,613	30%	10,740	0.64	0.71

	Value (S\$m)	Per share (S\$)	Previous
Total	52,251	3.14	3.20
Hold co discount (20%)	(10,450)	(0.63)	(0.64)
Associate Valuation	41,801	2.51	2.56
Core business valuation		0.76	0.84
Associate valuation		2.51	2.56
SINGTEL VALUATION		3.27	3.39

Source: Companies, Reuters, Oanda, DBS Bank Ltd

HoldCo discount for Singtel has expanded over the last 5 years (last 5-year average is 33%)


Source: Companies, Reuters, Oanda, DBS Bank Ltd

Company Background

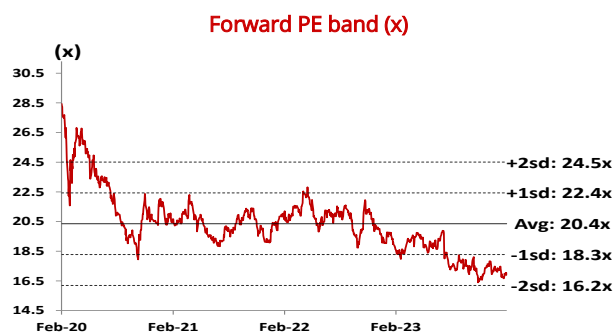
Singtel is the largest telecom operator in Singapore and its Australian subsidiary Optus is the second-largest operator in Australia. Singtel also has substantial stakes in various telcos in the region – Telkomsel in Indonesia, Bharti Airtel (Bharti) in India, AIS in Thailand, and Globe in the Philippines.

Interim Income Statement (\$m)

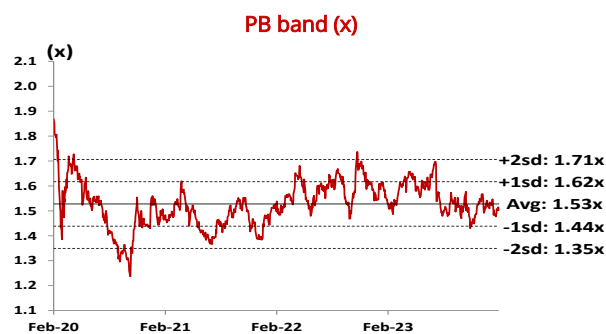
FY Mar	1H2023	2H2023	1H2024	% chg yoy	% chg hoh
Revenue	7,259	7,366	7,028	(3.2)	(4.6)
Cost of Goods Sold	(5,456)	(5,678)	(5,368)	(1.6)	(5.5)
Gross Profit	1,803	1,688	1,660	(7.9)	(1.7)
Other Oper. (Exp)/Inc	(1,225)	(1,155)	(1,080)	(11.8)	(6.5)
Operating Profit	578	533	580	0.3	8.8
Other Non Opg (Exp)/Inc	0	0	0	-	-
Associates & JV Inc	1,157	1,130	1,195	3.2	5.7
Net Interest (Exp)/Inc	(196)	(163)	(128)	34.7	21.5
Exceptional Gain/(Loss)	165	7	1,015	515.2	nm
Pre-tax Profit	1,704	1,507	2,662	56.2	76.6
Tax	(530)	(449)	(521)	(1.7)	16.1
Minority Interest	(5)	(4)	(4)	12.0	22.2
Net Profit	1,169	1,055	2,136	82.7	102.5
Net profit bef Except.	1,004	1,048	1,121	11.7	7.0
EBITDA	1,735	1,663	1,775	2.3	6.7
Margins (%)					
Gross Margins	24.8	22.9	23.6		
Opg Profit Margins	8.0	7.2	8.3		
Net Profit Margins	16.1	14.3	30.4		

Source of all data: Company, DBS Bank Ltd

Historical PE and PB band



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



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

Key Assumptions

FY Mar	2022A	2023A	2024F	2025F	2026F
Singapore Revenue	7,524	7,056	6,913	6,794	6,913
Singapore EBITDA	22.7	24.4	26.0	26.6	26.6
Optus Revenue (A\$m)	7,836	8,053	8,069	8,473	8,896
Optus EBITDA Margin (%)	26.4	25.9	25.5	25.6	25.7
Associate pre-tax	2,136	2,287	2,261	2,442	2,638

Income Statement (\$m)

FY Mar	2022A	2023A	2024F	2025F	2026F
Revenue	15,339	14,624	14,013	14,165	14,653
Cost of Goods Sold	(11,725)	(11,134)	(10,601)	(10,666)	(11,020)
Gross Profit	3,614	3,490	3,413	3,499	3,633
Other Opng (Exp)/Inc	(2,570)	(2,379)	(2,274)	(2,301)	(2,386)
Operating Profit	1,045	1,112	1,138	1,198	1,247
Other Non Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	2,136	2,287	2,261	2,442	2,638
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	3,152	3,425	3,576
Tax	(934)	(978)	(977)	(1,062)	(1,108)
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	2,166	2,355	2,459
Net Profit before Except.	1,924	2,053	2,166	2,355	2,459
EBITDA	5,903	5,973	5,869	6,136	6,466
Growth					
Revenue Gth (%)	(1.9)	(4.7)	(4.2)	1.1	3.4
EBITDA Gth (%)	4.8	1.2	(1.7)	4.6	5.4
Opg Profit Gth (%)	(8.9)	6.4	2.4	5.2	4.1
Net Profit Gth (Pre-ex) (%)	11.0	6.7	5.5	8.7	4.4
Margins & Ratio					
Gross Margins (%)	23.6	23.9	24.4	24.7	24.8
Opg Profit Margin (%)	6.8	7.6	8.1	8.5	8.5
Net Profit Margin (%)	12.7	15.2	15.5	16.6	16.8
ROAE (%)	7.1	8.2	8.3	8.9	9.2
ROA (%)	4.0	4.7	4.7	5.1	5.3
ROCE (%)	1.7	1.9	2.0	2.1	2.2
Div Payout Ratio (%)	79.0	111.2	85.0	90.0	90.0
Net Interest Cover (x)	3.3	3.1	4.6	5.6	4.0

Source: Company, DBS Bank Ltd

Interim Income Statement (\$m)

FY Mar	1H2022	2H2022	1H2023	2H2023	1H2024
Revenue	7,653	7,687	7,259	7,366	7,028
Cost of Goods Sold	(5,810)	(5,915)	(5,456)	(5,678)	(5,368)
Gross Profit	1,843	1,772	1,803	1,688	1,660
Other Oper. (Exp)/Inc	(1,270)	(1,299)	(1,225)	(1,155)	(1,080)
Operating Profit	573	473	578	533	580
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	1,047	1,090	1,157	1,130	1,195
Net Interest (Exp)/Inc	(135)	(178)	(196)	(163)	(128)
Exceptional Gain/(Loss)	(29.0)	54.0	165	7.00	1,015
Pre-tax Profit	1,456	1,439	1,704	1,507	2,662
Tax	(496)	(438)	(530)	(449)	(521)
Minority Interest	(6.0)	(5.4)	(5.0)	(3.6)	(4.4)
Net Profit	954	995	1,169	1,055	2,136
Net profit bef Except.	983	941	1,004	1,048	1,121
EBITDA	1,620	1,563	1,735	1,663	1,775

Growth

Revenue Gth (%)	(6.9)	0.4	(5.6)	1.5	(4.6)
EBITDA Gth (%)	10.7	(3.5)	11.0	(4.1)	6.7
Opg Profit Gth (%)	4.0	(17.5)	22.2	(7.8)	8.8
Net Profit Gth (%)	996.6	4.3	17.5	(9.8)	102.5

Margins

Gross Margins (%)	24.1	23.1	24.8	22.9	23.6
Opg Profit Margins (%)	7.5	6.2	8.0	7.2	8.3
Net Profit Margins (%)	12.5	12.9	16.1	14.3	30.4

Balance Sheet (\$m)

FY Mar	2022A	2023A	2024F	2025F	2026F
Net Fixed Assets	14,250	13,385	13,698	13,979	14,296
Invt in Associates & JVs	13,040	11,788	10,007	8,845	7,205
Other LT Assets	13,711	12,774	12,479	12,183	11,888
Cash & ST Invt	2,130	1,668	3,074	4,572	6,468
Inventory	270	346	322	326	337
Debtors	5,245	5,013	4,721	4,773	4,937
Other Current Assets	485	1,556	1,556	1,556	1,556
Total Assets	49,131	46,530	45,858	46,234	46,687
ST Debt	1,614	983	983	983	983
Creditor	5,596	5,310	4,359	4,406	4,558
Other Current Liab	1,845	2,006	2,252	2,337	2,383
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	26,330	26,565	26,811
Minority Interests	(16.0)	9.00	17.4	25.8	34.2
Total Cap. & Liab.	49,131	46,530	45,858	46,234	46,687
Non-Cash Wkg. Capital	(1,441)	(401)	(11.1)	(88.3)	(111)
Net Cash/(Debt)	(9,738)	(9,225)	(7,519)	(6,021)	(4,125)
Debtors Turn (avg days)	127.2	128.0	126.8	122.3	120.9
Creditors Turn (avg days)	234.6	232.5	217.0	195.8	193.8
Inventory Turn (avg days)	11.0	13.1	15.0	14.5	14.3
Asset Turnover (x)	0.3	0.3	0.3	0.3	0.3
Current Ratio (x)	0.9	1.0	1.3	1.5	1.7
Quick Ratio (x)	0.8	0.8	1.0	1.2	1.4
Net Debt/Equity (X)	0.3	0.4	0.3	0.2	0.2
Net Debt/Equity ex MI (X)	0.3	0.4	0.3	0.2	0.2
Capex to Debt (%)	20.8	20.9	23.5	23.4	24.6

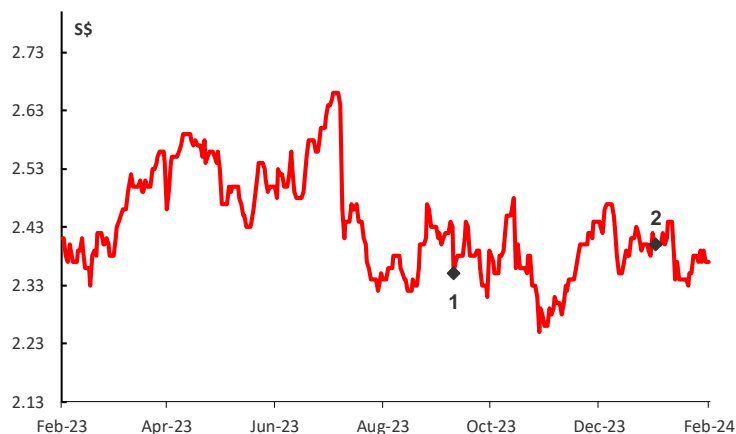
Source: Company, DBS Bank Ltd

Cash Flow Statement (S\$m)

FY Mar	2022A	2023A	2024F	2025F	2026F
Pre-Tax Profit	2,894	3,212	3,152	3,425	3,576
Dep. & Amort.	2,722	2,574	2,470	2,497	2,581
Tax Paid	(352)	(346)	(731)	(977)	(1,062)
Assoc. & JV Inc/(loss)	(2,136)	(2,287)	(1,244)	(1,343)	(1,451)
Chg in Wkg.Cap.	270	(70.0)	(636)	(7.4)	(23.8)
Other Operating CF	278	146	357	371	381
Net Operating CF	3,676	3,229	3,368	3,964	4,002
Capital Exp.(net)	(2,472)	(2,278)	(2,488)	(2,482)	(2,603)
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)	536	23.8	488
Div Paid	(1,139)	(1,552)	(1,841)	(2,119)	(2,213)
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)	(2,499)	(2,490)	(2,594)
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	1,389	(480)	1,406	1,498	1,896
Opg CFPS (S cts)	20.6	19.8	24.0	23.8	24.2
Free CFPS (S cts)	7.27	5.71	5.28	8.90	8.40

Source: Company, DBS Bank Ltd

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:	04 Oct 23	2.35	3.39	BUY
2:	26 Jan 24	2.40	3.39	BUY

Source: DBS Bank Ltd

Analyst: Sachin MITTAL

DBS Group Research 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: 26 Feb 2024 06:23:20 (SGT)

Dissemination Date: 26 Feb 2024 07:34:36 (SGT)

Sources for all charts and tables are DBS Bank Ltd unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), DBSVUSA, or their subsidiaries and/or other affiliates have a proprietary position in Singtel, Advanced Info Service, NetLink NBN Trust, Singapore Post recommended in this report as of 31 Jan 2024.
2. DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA, their subsidiaries and/or other affiliates have a net long position exceeding 0.5% of the total issued share capital in NetLink NBN Trust recommended in this report as of 31 Jan 2024.
3. DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA, or their subsidiaries and/or other affiliates beneficially own a total of 1% or more of any class of common equity securities of NetLink NBN Trust as of 31 Jan 2024.

Compensation for investment banking services:

4. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.


¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

Disclosure of previous investment recommendation produced:

5. DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA, their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	<p>This report has been prepared by a personnel of DBS Bank Ltd, who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited ("DBS HK"), a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH8290) at dbsvhk@dbs.com</p>
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact Chanpen Sirithanarattanukul at research@th.dbs.com</p>

United Kingdom	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS Bank Ltd, London Branch ("DBS UK"). DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS UK, This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
Dubai International Financial Centre	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our-network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>

United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Regional Research Offices

HONG KONG

DBS Bank (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: Andy Sim
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
Securities and Exchange Commission, Thailand