

Singapore

**ADD** (no change)

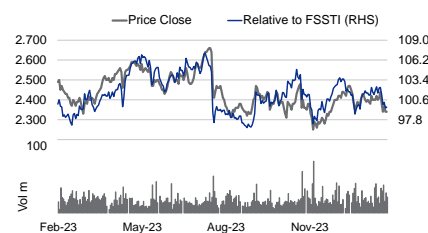
Consensus ratings\*: Buy 15 Hold 2 Sell 0

Current price:	S\$2.34
Target price:	S\$2.90
Previous target:	S\$2.85
Up/downside:	23.9%
CGS-CIMB / Consensus:	-5.7%
Reuters:	STEL.SI
Bloomberg:	ST SP
Market cap:	US\$28,721m
	S\$38,618m
Average daily turnover:	US\$41.46m
	S\$55.46m
Current shares o/s:	16,569m
Free float:	48.0%

\*Source: Bloomberg

**Key changes in this note**

- FY24-26F core EPS lowered by 2-4% largely on lower Bharti contribution.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-2.1	-2.5	-7.5
Relative (%)	-0.2	-2.6	-0.9

Major shareholders	% held
Temasek Holdings	52.0
Capital Group	3.4
Blackrock	1.8

**Analyst(s)**



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# SingTel

## Cost optimisation efforts to show in 3Q

- We estimate 3Q core net profit was S\$570m (+2% yoy) as absence of Trustwave losses was partially offset by weaker Optus and associate profits.
- Cost optimisation efforts should drive SG margin expansion in FY25F but Optus's recovery could be subdued on potential churn and ARPU impact.
- Reiterate Add at a higher SOP-based TP of S\$2.90 as we roll forward our valuation. Asset monetisation is a near-term catalyst, in our view.

### 3QFY3/24F: Removal of Trustwave losses, weaker associate profits

Singtel will report 3QFY3/24F results on 23 Feb. We estimate core net profit was S\$570m (+4% qoq, +2% yoy), mainly driven by the divestment of Trustwave. We see revenue declining to S\$3.6bn (+1% qoq, -3% yoy) as steady Singapore operations was likely dragged by weaker Optus (impact from network outage and weaker A\$). We believe EBIT was S\$299m (+7% qoq, +4% yoy), with removal of Trustwave losses partially offset by lower Optus contribution. Share of pre-tax associate profits should have dipped 3% yoy due to weaker Telkomsel (reduced stake) and AIS (higher interest expenses) contribution, and strengthening of S\$ against assoc. currencies.

### Decent SG growth but pace of Optus recovery could be bumpy

We see healthy Singapore EBITDA growth in FY25F (+7% yoy), premised on 1) realisation of cost synergies from ongoing cost optimisation initiatives, 2) growing NCS contribution supported by expansionary efforts and concerted cost optimisation, and 3) absence of c.\$110m in Trustwave losses. For Optus, while our channel checks indicate that mobile price hikes were conducted by some industry players in Jan-Feb 24, we remain cautious on the pace of mobile segment recovery given potential churn and discounts offered following its network outage in Nov 23. Optus underwent a Senate inquiry, with findings set to report at end-Feb 24; potential imposition of large fines/penalties remains an overhang on investor sentiment, in our view.

### Healthy outlook for assocs to drive FY25-26F earnings growth

Heading into FY25F, we expect sustained market recovery to translate positively for assoc profits, particularly for those located in markets that underwent material consolidation (AIS, Telkomsel). We believe Bharti will remain a key earnings driver (c.20% of group FY25F net profit) on ARPU and market share gains, with potential for tariff hikes in 2HCY24F, in our view. That said, we trim our FY24-26F core EPS by 2-4% on lowered Bharti Bloomberg consensus estimates following its 3QFY3/24 results.

### Reiterate Add: higher TP of S\$2.90 as we roll forward our valuation

Reiterate Add as we see healthy FY24-26F earnings growth driven by associates and cost cuts. Re-rating catalysts: industry consolidation, further asset monetisation. Downside risks: large fines levied on Optus, intensifying competition affecting ARPU and subs growth, and prolonged FX headwinds impacting Optus and associates.

**Financial Summary**

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (S\$m)	15,339	14,624	14,126	14,572	15,086
Operating EBITDA (S\$m)	3,767	3,686	3,597	3,814	4,002
Operating EBITDA Margin	24.6%	25.2%	25.5%	26.2%	26.5%
Net Profit (S\$m)	1,948	2,225	3,278	2,682	2,968
Core EPS (S\$)	0.12	0.12	0.14	0.17	0.18
Core EPS Growth	10.1%	6.8%	10.2%	20.7%	10.4%
FD Core P/E (x)	20.01	18.82	17.06	14.14	12.80
DPS (S\$)	0.09	0.15	0.11	0.13	0.15
Dividend Yield	3.97%	6.37%	4.70%	5.64%	6.24%
EV/EBITDA (x)	8.43	8.90	8.87	8.03	7.34
P/FCFE (x)	17.07	16.41	15.65	12.45	13.76
Net Gearing	21.9%	22.9%	18.8%	14.7%	11.4%
ROE	7.0%	7.6%	8.6%	10.1%	10.9%
% Change In Core EPS Estimates			(2.48%)	(3.60%)	(1.78%)
EPS/Consensus EPS (x)			1.39	0.98	0.96

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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## Cost optimisation efforts to show in 3Q

### Abbreviations

AIS: Advanced Info Service (ADVANC TB, NR)

ARPU: Average revenue per user

Bharti: Bharti Airtel (BHARTI IN, NR)

Globe: Globe Telecom (GLO PM, NR)

GST: Goods and services tax

Intouch: Intouch Holdings (INTUCH TB, NR)

MVNO: Mobile virtual network operator

NCS: Singtel's wholly-owned technology services subsidiary

Subs: Subscribers

Telkomsel: Subsidiary of Telkom Indonesia (TLKM IJ, Add, TP: Rp4,700)

### 3QFY24F earnings preview:

Singtel will report 3QFY3/24F results on 23 Feb 2024. We estimate core net profit grew slightly to S\$570m (+4% qoq, +2% yoy).

We think group revenue amounted to S\$3.6bn (+1% qoq, -3% yoy). We see steady Singapore contribution of S\$1.8bn (+2% qoq, -1% yoy), as we factor in 1) continued roaming recovery, 2) ramp-up of NCS contribution (backed by strong order backlog and scale up of expansion initiatives), 3) increased Digital InfraCo contribution from price uplifts, and 4) removal of c.S\$40m in Trustwave contribution following divestment. For Optus, we think revenue could decline 5% yoy to S\$1.8bn due to negative impact from the nationwide outage on Nov 23 (likely resulting in some customer churn and ARPU decline) and c.4% depreciation of A\$ against S\$.

We estimate 3QFY24F group EBITDA was stable at S\$909m (+3% qoq, flat yoy). We see stronger Singapore EBITDA contribution (+8% qoq, +4% yoy) driven largely by absence of c.S\$25m in Trustwave losses and ongoing cost optimisation efforts (both Singtel Singapore and NCS). We think Optus's EBITDA margin remained steady yoy (helped by cost-cutting initiatives) but still believe EBITDA declined 5% yoy on the back of weaker revenue and FX impact.

For share of associate pre-tax profits, we see a decline to S\$556m (-8% qoq, -3% yoy). This is premised on 1) strengthening of S\$ (+c.2% yoy) against core associate currencies (INR, Php, Rp, THB), 2) lower Telkomsel contribution (-7% yoy) given Singtel's reduced effective stake following the merger of IndiHome in July 2023, and 3) lower AIS contribution (-5% yoy) from higher interest expenses incurred.

Figure 1: 3QFY3/24F preview

FYE Mar (S\$m)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24F	qoq (%)	yoy (%)
<b>Revenue:</b>													
Singapore	1,774	1,917	1,932	1,902	1,640	1,776	1,808	1,832	1,703	1,753			
Optus	2,024	1,938	1,981	1,872	1,944	1,899	1,905	1,821	1,785	1,787	1,802	1.9%	-1.2%
<b>Group</b>	<b>3,798</b>	<b>3,855</b>	<b>3,913</b>	<b>3,774</b>	<b>3,584</b>	<b>3,675</b>	<b>3,713</b>	<b>3,653</b>	<b>3,488</b>	<b>3,540</b>	<b>3,589</b>	<b>1.4%</b>	<b>-3.3%</b>
<b>EBITDA:</b>													
Singapore	455	425	432	395	446	399	437	440	446	424	456	7.6%	4.4%
Optus	542	507	558	454	531	502	474	458	456	461	452	-1.9%	-4.6%
<b>Group</b>	<b>997</b>	<b>932</b>	<b>990</b>	<b>849</b>	<b>977</b>	<b>901</b>	<b>911</b>	<b>898</b>	<b>902</b>	<b>885</b>	<b>909</b>	<b>2.7%</b>	<b>-0.2%</b>
<b>EBITDA margin:</b>													
Singapore	25.6%	22.2%	22.4%	20.8%	27.2%	22.4%	24.2%	24.0%	26.2%	24.2%	25.5%	1.4% pts	1.4% pts
Optus	26.8%	26.2%	28.2%	24.3%	27.3%	26.4%	24.9%	25.2%	25.5%	25.8%	25.1%	-0.7% pts	0.2% pts
<b>Group</b>	<b>26.3%</b>	<b>24.2%</b>	<b>25.3%</b>	<b>22.5%</b>	<b>27.3%</b>	<b>24.5%</b>	<b>24.5%</b>	<b>24.6%</b>	<b>25.9%</b>	<b>25.0%</b>	<b>25.3%</b>	<b>0.3% pts</b>	<b>0.8% pts</b>
Share of pre-tax assoc profits	533	514	479	610	572	585	572	558	588	607	556	-8.3%	-2.7%
<b>Net profit</b>	<b>445</b>	<b>509</b>	<b>734</b>	<b>260</b>	<b>628</b>	<b>542</b>	<b>532</b>	<b>523</b>	<b>483</b>	<b>1,653</b>	<b>540</b>	<b>-67.3%</b>	<b>1.5%</b>
<b>Core net profit</b>	<b>451</b>	<b>532</b>	<b>473</b>	<b>467</b>	<b>499</b>	<b>506</b>	<b>559</b>	<b>488</b>	<b>571</b>	<b>550</b>	<b>570</b>	<b>3.6%</b>	<b>2.0%</b>

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: Historical exchange rates for Optus' and associates' currencies vs. S\$

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24F	qoq (%)	yoy (%)
S\$ to A\$	0.97	1.01	1.01	1.02	1.02	1.05	1.10	1.10	1.12	1.13	1.14	0.4%	3.6%
S\$ to INR	55.2	54.8	55.2	55.6	56.2	56.8	59.2	60.6	61.3	61.3	61.7	0.6%	4.2%
S\$ to Rp	10,753	10,629	10,526	10,644	10,526	10,750	11,236	11,364	11,111	11,361	11,568	1.8%	3.0%
S\$ to Php	36.1	37.1	37.2	38.4	38.3	40.5	41.3	41.2	41.5	41.5	41.5	0.0%	0.5%
S\$ to THB	23.5	24.4	24.6	24.3	24.9	26.1	26.2	25.8	25.7	26.1	26.4	1.1%	0.7%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

## Valuation and recommendation:

We lower our FY24-26F core EPS by 2-4% as we factor in 1) lower associate profits (mainly Bharti) following latest Bloomberg consensus estimate changes, and 2) lower net interest and tax expenses as we finetune our assumptions.

Our SOP-based TP is raised to S\$2.90 as we:

- 1) roll forward our DCF valuation year to FY25-29F,
- 2) adjust market value of associates and corresponding FX rates,
- 3) lower our risk-free rate assumptions.

We value Singtel's core operations (both Singapore and Optus) using a 5-year DCF (WACC: 7.3%, LTG: 0.5%), and value associate stakes using both Bloomberg consensus (for AIS, Bharti, Globe, and Intouch) and our own estimates (for Netlink, Singpost, and Telkomsel).

Re-rating catalysts include industry consolidation, and substantial asset monetisation. Downside risks include large fines levied on Optus, intensifying price competition affecting ARPU and subs growth (for both mobile and broadband space), and FX headwinds impacting associates and Optus.

**Figure 3: Earnings revision**

FYE Mar (\$\$ m)	New			Old			% change		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
<b>Revenue</b>	<b>14,126</b>	<b>14,572</b>	<b>15,086</b>	<b>14,126</b>	<b>14,572</b>	<b>15,086</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Singapore	6,978	7,142	7,475	6,978	7,142	7,475	0.0%	0.0%	0.0%
Australia	7,149	7,429	7,612	7,149	7,429	7,612	0.0%	0.0%	0.0%
EBIT	1,166	1,306	1,430	1,207	1,387	1,484	-3.4%	-5.8%	-3.6%
Associates' pre-tax contribution	2,350	2,733	2,927	2,513	2,872	3,058	-6.5%	-4.8%	-4.3%
<b>Profit before tax</b>	<b>4,280</b>	<b>3,758</b>	<b>4,080</b>	<b>4,455</b>	<b>3,925</b>	<b>4,211</b>	<b>-3.9%</b>	<b>-4.3%</b>	<b>-3.1%</b>
Tax expense	(993)	(1,067)	(1,103)	(1,110)	(1,131)	(1,177)	-10.6%	-5.7%	-6.3%
<b>Net profit</b>	<b>3,278</b>	<b>2,682</b>	<b>2,968</b>	<b>3,336</b>	<b>2,784</b>	<b>3,022</b>	<b>-1.7%</b>	<b>-3.7%</b>	<b>-1.8%</b>
<b>Core net profit</b>	<b>2,263</b>	<b>2,732</b>	<b>3,018</b>	<b>2,321</b>	<b>2,834</b>	<b>3,072</b>	<b>-2.5%</b>	<b>-3.6%</b>	<b>-1.8%</b>

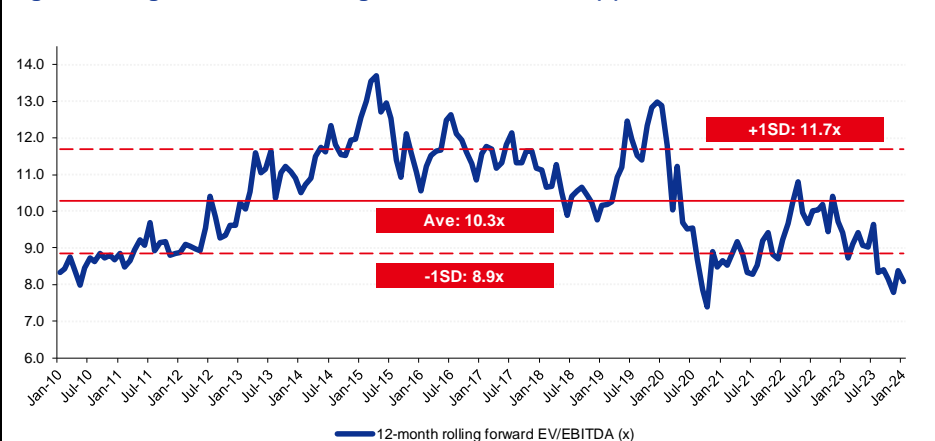
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 4: SOP-based target price derivation**

FYE Mar (\$\$m)	FY25F	FY26F	FY27F	FY28F	FY29F
EBIT after tax adjustment	1,060	1,157	1,192	1,215	1,240
Depreciation and amortisation	2,228	2,263	2,274	2,286	2,297
Changes in working capital	(104)	(121)	(127)	(133)	(140)
Capex	(2,153)	(2,167)	(2,200)	(2,200)	(2,190)
<b>FCFF</b>	<b>1,032</b>	<b>1,132</b>	<b>1,139</b>	<b>1,168</b>	<b>1,207</b>
FCFF PV	962	983	922	881	848
Total FCFF PV	4,596				
Terminal value	12,539				
<b>Enterprise value</b>	<b>17,134</b>				
Net cash/(debt)	(10,238)				
Regional investments	41,131				
<b>Equity value</b>	<b>48,028</b>				
No. of shares (m)	16,556				
<b>Value per share (\$\$)</b>	<b>2.90</b>				

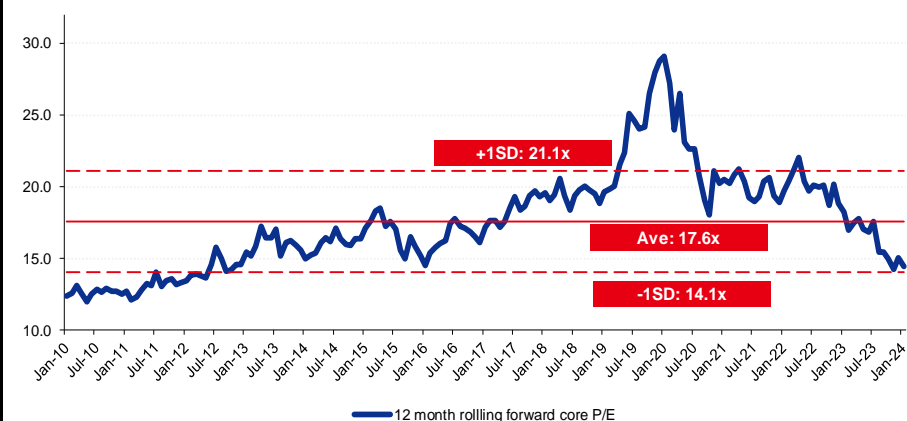
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

**Figure 5: Singtel 12-month rolling forward EV/EBITDA (x)**



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 6: Singtel 12-month rolling forward core P/E (x)



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG


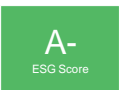
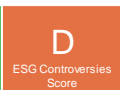
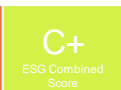

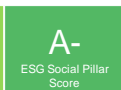
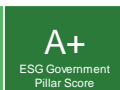
Figure 7: ASEAN telco sector comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)		EV/EBITDA (x)		Dividend yield (%)	
						CY24F	CY25F	CY24F	CY25F	CY24F	CY25F
<b>Indonesia telcos:</b>											
Indosat	ISAT IJ	Add	9,800	10,500	5,067	15.5	11.3	4.8	4.3	2.2%	3.2%
Telekomunikasi Indonesia	TLKM IJ	Add	4,000	4,700	25,409	13.8	12.7	5.1	4.8	5.8%	6.3%
XL Axiata	EXCL IJ	Add	2,330	3,500	1,961	16.1	11.5	4.1	3.8	3.7%	6.1%
<b>Indonesia telcos average</b>						<b>15.1</b>	<b>11.8</b>	<b>4.7</b>	<b>4.3</b>	<b>3.9%</b>	<b>5.2%</b>
<b>Malaysia telcos:</b>											
Axiata Group	AXIATA MK	Add	2.76	3.25	5,317	35.3	19.0	4.1	3.8	3.6%	3.6%
CelcomDigi Bhd	CDB MK	Add	4.23	5.18	10,414	27.0	19.7	9.7	9.1	3.2%	4.9%
Maxis Berhad	MAXIS MK	Hold	3.76	4.00	6,180	22.3	20.4	9.8	9.3	4.8%	4.9%
Telekom Malaysia	T MK	Add	5.85	7.30	4,711	10.7	11.8	4.5	4.5	5.1%	4.7%
<b>Malaysia telcos average</b>						<b>23.8</b>	<b>17.7</b>	<b>7.0</b>	<b>6.6</b>	<b>4.2%</b>	<b>4.5%</b>
<b>Singapore telcos:</b>											
Netlink NBN Trust	NETLINK SP	Add	0.85	0.95	2,449	30.6	29.9	12.7	12.6	6.4%	6.5%
SingTel	ST SP	Add	2.34	2.90	28,721	14.7	13.1	8.2	7.5	5.4%	6.1%
Starhub	STH SP	Add	1.16	1.25	1,480	12.9	11.5	5.8	5.4	6.5%	6.9%
<b>Singapore telcos average</b>						<b>19.4</b>	<b>18.2</b>	<b>8.9</b>	<b>8.5</b>	<b>6.1%</b>	<b>6.5%</b>
<b>Thailand telcos:</b>											
Advanced Info Service	ADVANC TB	NR	215.00	NA	17,905	20.8	18.8	8.4	8.1	4.2%	4.6%
Digital Telecommunications Infrastructure Fund	DIF TB	NR	7.95	NA	2,367	7.3	7.3	8.8	8.8	11.4%	11.4%
Intouch Holdings	INTUCH TB	NR	72.75	NA	6,555	18.2	17.0	18.3	15.5	4.9%	5.3%
True Corporation	TRUE TB	NR	6.35	NA	6,144	nm	45.0	7.5	7.0	0.2%	1.1%
<b>Thailand telcos average</b>						<b>15.4</b>	<b>22.0</b>	<b>10.8</b>	<b>9.8</b>	<b>5.2%</b>	<b>5.6%</b>
<b>ASEAN telcos average</b>						<b>18.4</b>	<b>17.4</b>	<b>7.8</b>	<b>7.3</b>	<b>4.8%</b>	<b>5.5%</b>

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Note: All forecasts for Not rated companies are based on Bloomberg consensus estimates

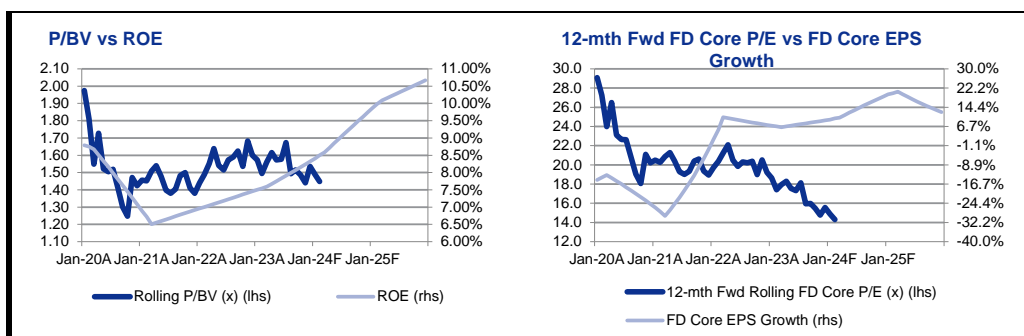
Data as of 13 Feb 2024

Refinitiv ESG Scores	
	     
<p><b>ESG in a nutshell</b></p> <p>SingTel is our top-ranked ASEAN telco for sustainability, thanks to its: i) robust cybersecurity system and prime position to capture the strong demand for cybersecurity services in Singapore and Asia-Pacific, ii) superior network quality of service and reliability, iii) industry-leading efforts in staff training/development and providing a positive workplace environment, iv) more ambitious and concrete targets/roadmap towards net zero carbon emissions by 2050, as well as v) leadership in driving financial inclusion and positioning itself for future opportunities in digital financial services.</p>	
<p><b>Keep your eye on</b></p> <p>In the past four years, SingTel has had several data breaches, including: i) Accellion's (a third-party vendor) file sharing system, FTA, where personally identifiable information of c.129k customers, credit card details of 45 staff of a corporate customer, and information from 23 enterprises were exfiltrated in Jan 2021, and ii) unauthorised disclosure of up to 330k mobile subs' billing information on the My Singtel app in 2017-18.</p> <p>Separately, GXS Bank (Grab-Singtel's 60:40 digital bank joint venture) commenced its Singapore operations in Aug 2022. At end-Apr, a consortium led by GXS Bank and Kuok Brothers also secured a digital banking licence in Malaysia, with operations to begin after a 12- to 24-month period of operational readiness.</p>	<p><b>Implications</b></p> <p>We have not factored in the risk of further data breaches into our forecasts for SingTel at this juncture, as it is difficult to predict, with any degree of certainty, the timeline or potential magnitude of the impact. It has also implemented more stringent measures to manage data protection risks and has been reasonably successful in responding to breaches</p> <p>Meanwhile, we have not included the value accretion from the digital bank business into our SOP valuation as investors may only start to recognise its value in CY24-25F, when operating indicators are possibly disclosed, in our view.</p>
<p><b>ESG highlights</b></p> <p>SingTel has set a target of females to comprise 32% of management by end-FY25F. The proportion of female management stood at 31% as of end-FY23 (FY22: 28%).</p>	<p><b>Implications</b></p> <p>We believe SingTel's overall ESG achievements/initiatives are superior to its regional peers. On an absolute basis, we do not expect its good ESG performance to have a material positive impact on revenue or earnings, as the latter is more likely to be affected by issues such as competition, mergers and 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><b>Trends</b></p> <p>Singtel's carbon emissions fell 11% yoy in FY23 and was 20% lower vs. FY15. Singtel is not a major carbon emitter and energy cost constitutes less than 5% of its total opex. Nonetheless, we believe the Environmental pillar may gain importance in the future, amid: i) Singtel's growing data centre business, and ii) the Singapore government's staggered hike in the carbon tax from the current S\$5/tCO<sub>2</sub>e for 2019-23 to S\$25 in 2024-25, and S\$45 in 2026-27, with a view to reach S\$50-80 by 2030 (as per its 2022 budget announcement in Feb 2022).</p>	<p><b>Implications</b></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 Singtel'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, SingTel has embarked on initiatives (e.g. solar power systems for data centres) to limit increases in its emissions and taken green loans to align its operations with its sustainable growth goals.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV



## BY THE NUMBERS



### Profit & Loss

(\$m)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>Total Net Revenues</b>	<b>15,339</b>	<b>14,624</b>	<b>14,126</b>	<b>14,572</b>	<b>15,086</b>
<b>Gross Profit</b>	<b>3,767</b>	<b>3,686</b>	<b>3,597</b>	<b>3,814</b>	<b>4,002</b>
<b>Operating EBITDA</b>	<b>3,767</b>	<b>3,686</b>	<b>3,597</b>	<b>3,814</b>	<b>4,002</b>
Depreciation And Amortisation	(2,723)	(2,574)	(2,431)	(2,508)	(2,572)
<b>Operating EBIT</b>	<b>1,045</b>	<b>1,112</b>	<b>1,166</b>	<b>1,306</b>	<b>1,430</b>
Financial Income/(Expense)	(313)	(359)	(251)	(230)	(227)
Pretax Income/(Loss) from Assoc.	2,136	2,287	2,350	2,733	2,927
Non-Operating Income/(Expense)	25	172	1,015	(50)	(50)
<b>Profit Before Tax (pre-EI)</b>	<b>2,893</b>	<b>3,212</b>	<b>4,280</b>	<b>3,758</b>	<b>4,080</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>2,893</b>	<b>3,212</b>	<b>4,280</b>	<b>3,758</b>	<b>4,080</b>
Taxation	(934)	(978)	(993)	(1,067)	(1,103)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1,959</b>	<b>2,234</b>	<b>3,287</b>	<b>2,691</b>	<b>2,977</b>
Minority Interests	(11)	(8)	(9)	(9)	(10)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>1,948</b>	<b>2,225</b>	<b>3,278</b>	<b>2,682</b>	<b>2,968</b>
Recurring Net Profit	1,923	2,053	2,263	2,732	3,018
<b>Fully Diluted Recurring Net Profit</b>	<b>1,923</b>	<b>2,053</b>	<b>2,263</b>	<b>2,732</b>	<b>3,018</b>

### Cash Flow

(\$m)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>EBITDA</b>	<b>3,767</b>	<b>3,686</b>	<b>3,597</b>	<b>3,814</b>	<b>4,002</b>
Cash Flow from Invt. & Assoc.	(607)	(1,653)	(1,827)	(1,669)	(2,005)
Change In Working Capital	584	270	(70)	(677)	(104)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	2,432	3,762	3,844	4,462	3,780
Net Interest (Paid)/Received	(404)	(416)	(422)	(394)	(386)
Tax Paid	(164)	(352)	(347)	(311)	(339)
<b>Cashflow From Operations</b>	<b>5,609</b>	<b>5,298</b>	<b>4,776</b>	<b>5,225</b>	<b>4,948</b>
Capex	(2,217)	(2,162)	(2,125)	(2,153)	(2,167)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	1,666	1,553	647	367	367
Other Investing Cashflow	(93)	(1,693)	170	164	159
<b>Cash Flow From Investing</b>	<b>(644)</b>	<b>(2,302)</b>	<b>(1,308)</b>	<b>(1,622)</b>	<b>(1,642)</b>
Debt Raised/(repaid)	(2,710)	(641)	(1,000)	(500)	(500)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,139)	(1,964)	(2,558)	(1,948)	(2,261)
Preferred Dividends					
Other Financing Cashflow	583	(336)	(427)	(399)	(391)
<b>Cash Flow From Financing</b>	<b>(3,266)</b>	<b>(2,941)</b>	<b>(3,985)</b>	<b>(2,847)</b>	<b>(3,152)</b>
Total Cash Generated	1,698	55	(517)	756	154
<b>Free Cashflow To Equity</b>	<b>2,254</b>	<b>2,355</b>	<b>2,468</b>	<b>3,103</b>	<b>2,806</b>
<b>Free Cashflow To Firm</b>	<b>5,368</b>	<b>3,412</b>	<b>3,889</b>	<b>3,997</b>	<b>3,692</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(\$m)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	2,130	1,668	1,600	2,078	2,399
Total Debtors	5,245	5,013	4,992	5,130	5,291
Inventories	270	346	279	275	280
Total Other Current Assets	485	1,556	1,556	1,556	1,556
<b>Total Current Assets</b>	<b>8,130</b>	<b>8,583</b>	<b>8,427</b>	<b>9,039</b>	<b>9,526</b>
Fixed Assets	10,892	10,385	9,432	8,710	7,939
Total Investments	13,040	11,788	11,766	12,051	12,496
Intangible Assets	11,977	10,990	10,990	10,990	10,990
Total Other Non-Current Assets	5,092	4,785	4,875	4,968	5,063
<b>Total Non-current Assets</b>	<b>41,001</b>	<b>37,947</b>	<b>37,062</b>	<b>36,718</b>	<b>36,487</b>
Short-term Debt	1,072	471	471	471	471
Current Portion of Long-Term Debt					
Total Creditors	5,596	5,310	4,545	4,575	4,620
Other Current Liabilities	2,388	2,518	2,518	2,518	2,518
<b>Total Current Liabilities</b>	<b>9,055</b>	<b>8,299</b>	<b>7,535</b>	<b>7,564</b>	<b>7,609</b>
Total Long-term Debt	7,204	7,142	6,142	5,642	5,142
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	4,762	5,074	5,074	5,074	5,074
<b>Total Non-current Liabilities</b>	<b>11,967</b>	<b>12,217</b>	<b>11,217</b>	<b>10,717</b>	<b>10,217</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>21,022</b>	<b>20,516</b>	<b>18,751</b>	<b>18,281</b>	<b>17,826</b>
Shareholders' Equity	28,093	25,998	26,718	27,453	28,159
Minority Interests	17	16	20	24	28
<b>Total Equity</b>	<b>28,109</b>	<b>26,014</b>	<b>26,738</b>	<b>27,476</b>	<b>28,187</b>

### Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	(1.95%)	(4.66%)	(3.41%)	3.15%	3.53%
Operating EBITDA Growth	(1.68%)	(2.16%)	(2.42%)	6.03%	4.93%
Operating EBITDA Margin	24.6%	25.2%	25.5%	26.2%	26.5%
Net Cash Per Share (S\$)	(0.37)	(0.36)	(0.30)	(0.24)	(0.19)
BVPS (S\$)	1.70	1.58	1.62	1.66	1.71
Gross Interest Cover	2.59	2.67	2.76	3.31	3.71
Effective Tax Rate	32.3%	30.5%	23.2%	28.4%	27.0%
Net Dividend Payout Ratio	58.5%	88.3%	78.0%	72.6%	76.2%
Accounts Receivables Days	127.2	128.0	129.6	126.8	126.1
Inventory Days	8.54	10.28	10.86	9.38	9.13
Accounts Payables Days	182.5	182.0	171.3	154.7	151.4
ROIC (%)	2.66%	2.98%	3.55%	3.73%	4.25%
ROCE (%)	3.09%	3.34%	3.99%	4.39%	4.71%
Return On Average Assets	4.47%	5.19%	7.56%	6.26%	6.85%

### Key Drivers

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Singapore total mobile subs (000s)	4,129.0	4,309.0	4,439.0	4,524.0	4,599.0
Optus total mobile subs (000s)	9,927.0	10,352.0	10,627.0	10,857.0	11,042.0
Singapore blended mobile ARPU (S\$/mth/sub)	24.0	26.6	26.5	26.8	27.1
Optus blended mobile ARPU (A\$/mth/sub)	31.0	31.1	31.3	31.5	31.7

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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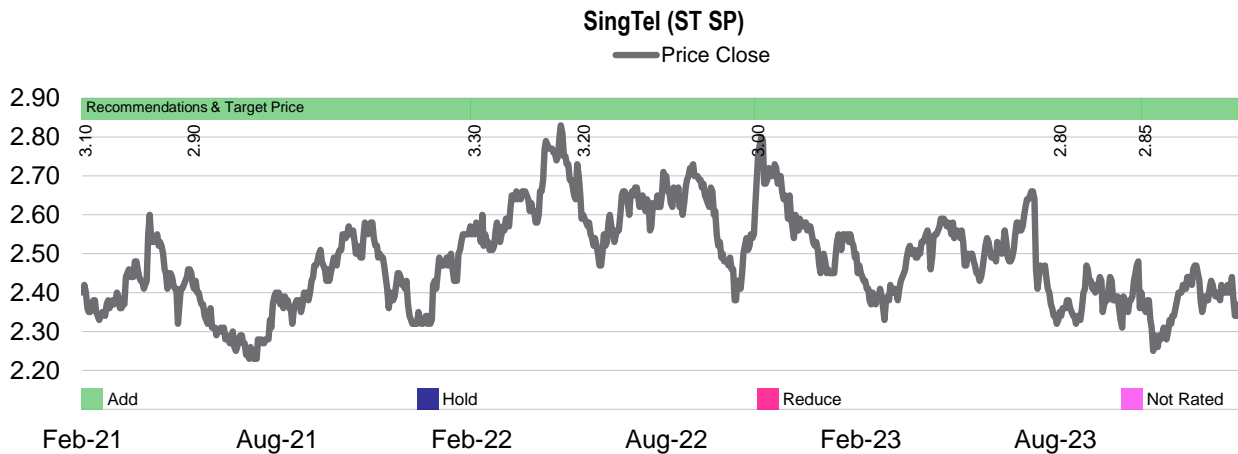


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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2023		
636 companies under coverage for quarter ended on 31 December 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	67.5%	1.3%
Hold	22.5%	0.0%
Reduce	10.1%	0.2%

**Spitzer Chart for stock being researched ( 2 year data )**



**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.

*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.*

**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.