Maybank

Telecommunications

Singapore

Singapore Telecommunications (ST SP)

Quality improving; Valuation lagging

BUY: better delivery, wider discount

Singtel's holdco discount has widened to c.37% even as operating momentum improves, FY27 OpCo EBIT guidance moves higher and capital management remains active. We raise our FY27-29 DPS forecasts by 2-4%, implying an attractive 4.9-5.8% FY27-29 dividend yield at the current share price. With Bharti contributing c.40% of Singtel's SOTP, improving core businesses and further asset-monetisation optionality, we think the current discount increasingly understates the quality, growth visibility and capital-return potential embedded in the portfolio.

AI/DC: better placed as conditions tighten

We see Singtel as a relative winner from four forces reshaping AI infrastructure: growing US development friction, tighter capital access, stricter US-China GPU controls and ASEAN's own power/water constraints. Nxera benefits from secured power, established hyperscaler relationships and Singtel's balance sheet, while neocloud exposure remains only single digit. RE:AI is also largely anchored by sovereign and domestic enterprise customers. We think these attributes become more valuable as funding, power and customer quality increasingly determine which projects actually get built.

India: valuation gap still looks wide

Bharti contributes c.40% of Singtel's SOTP and continues to execute: India mobile revenue grew 10.1% YoY in 2QFY27, ARPU reached INR271 (+6% YoY) and 4G/5G net adds were 18.8m. Yet Bharti trades at only c.10.6x/9.3x/8.4x FY27/28/29E EV/EBITDA versus Jio at 15.7x/16.6x/14.7x. We are not arguing for full convergence. A 50-80% premium is difficult to reconcile with Bharti's execution and improving return profile; even partial narrowing matters materially for Singtel.

Core portfolio: quietly getting better

NCS remains an underappreciated growth engine, with 1HFY27 revenue up 10%, EBIT up 16% and SGD1.6b bookings. Optus is also moving in the right direction, with mobile service revenue up 2.9%, EBITDA up 5.4% and EBIT up 14%. Singapore was the obvious weak spot, but mobile service revenue has now grown c.4% QoQ for two consecutive quarters while Enterprise remains resilient. If Singapore continues to stabilise — with consolidation still offering additional upside — the group's earnings breadth should improve further.

FYE Mar (SGD m)	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue	14,146	14,261	15,570	16,404	17,313
EBITDA	3,792	3,848	4,257	4,607	5,002
Core net profit	2,470	2,769	3,094	3,579	4,148
Core EPS (cts)	15.0	16.8	18.8	21.7	25.2
Core EPS growth (%)	9.3	12.3	11.9	15.7	15.9
Net DPS (cts)	17.0	18.5	20.1	21.7	23.7
Core P/E (x)	22.9	29.4	21.9	18.9	16.3
P/BV (x)	2.2	2.8	2.4	2.4	2.3
Net dividend yield (%)	5.0	3.7	4.9	5.3	5.8
ROAE (%)	16.5	21.4	11.3	13.0	14.9
ROAA (%)	5.3	5.7	6.1	6.9	7.9
EV/EBITDA (x)	17.4	23.3	18.0	16.9	15.8
Net gearing (%) (incl perps)	20.7	14.4	18.3	22.7	26.2
Consensus net profit	-	-	3,029	3,387	3,791
MIBG vs. Consensus (%)	-	-	2.1	5.7	9.4

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BUY

Share Price	SGD 4.11
12m Price Target	SGD 5.22 (+32%)
Previous Price Target	*SGD 5.21*

Company Description

Singtel is Singapore's largest & Australia's 2nd largest telco operator. It also has telecom exposure in India, Indonesia, Thailand and Philippines.

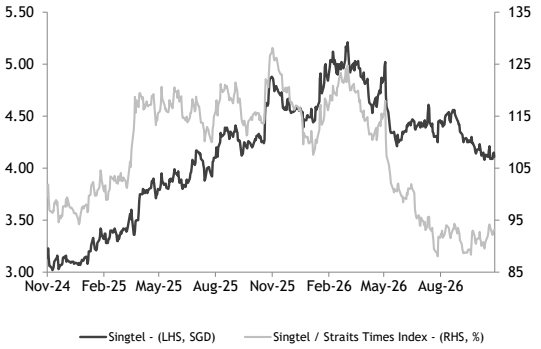
Statistics

52w high/low (SGD)	5.21/4.08
3m avg turnover (USDm)	73.1
Free float (%)	42.1
Issued shares (m)	16,515
Market capitalisation	SGD67.9B
	USD52.7B

Major shareholders:

Temasek Holdings Pte Ltd. (Investment Co	50.3%
Central Provident Fund	4.6%
Capital Research & Management Co. (Globa	1.6%

Price Performance



	-1M	-3M	-12M
Absolute (%)	(1)	(3)	(15)
Relative to index (%)	3	6	(26)

Source: FactSet

Abbreviations
AI - Artificial Intelligence
DC - Data centre
CFA - Call for application for new data centre capacity build
OpCo - Operating company

Companies mentioned
STT - not listed
Bharti Airtel (BHARTI IN, CP: INR2,106, not rated)
Jio Platforms (JPL IN, CP: INR1,400.5, not rated)
Optus (not listed, 100%-owned by Singtel)
Gulf Development (GULF TB, CP: THB61.25, TP: THB68.0, Buy)

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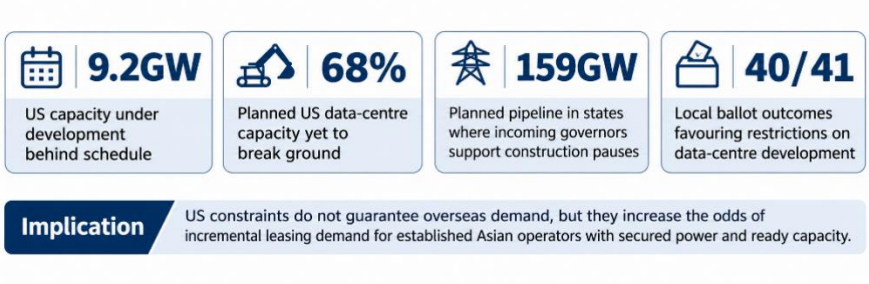
Four forces reshaping AI infrastructure — Singtel a relative winner?

We believe the changing AI infrastructure landscape is a net positive for Singtel, particularly Nxera, although the benefits are likely to emerge through stronger competitive positioning and earnings visibility rather than an immediate acceleration in demand. Four forces are increasingly shaping the industry: US data-centre development constraints, more selective access to capital, tightening US-China restrictions on advanced computing, and ASEAN's own power and water bottlenecks. Together, these developments should favour operators that already have access to capital, secured infrastructure and credible customers. Singtel is relatively well positioned on these measures, but its exposure to GPU procurement restrictions and potential excess regional capacity warrants some caution..

1. US data-centre constraints: political headwinds could accelerate demand migration to Asia

The US midterm election results add another layer of uncertainty to domestic data-centre development, with growing political scrutiny of power consumption, electricity costs and local infrastructure now threatening project approvals and timelines. Singtel management explicitly highlighted the backlash against US data-centre construction as a factor driving greater interest from AI infrastructure customers in Asia, alongside Japan and Europe. We believe this could favour established regional operators such as Nxera, particularly given its secured power allocations and existing hyperscaler relationships. However, the opportunity is not without qualifications: some workloads must remain in the US, while hyperscalers could choose to develop their own overseas facilities. We therefore see a positive demand spillover for Singtel, although the extent of earnings upside will depend on how much of this demand converts into third-party leasing commitments.

Fig 1: US data centre development faces increase friction



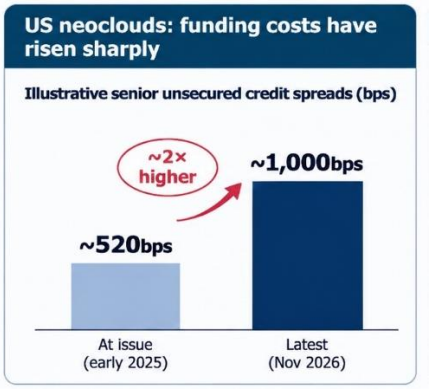
Source: Maybank IBG Research

2. Tighter capital access should favour established operators over speculative developers

AI data centres require substantial upfront investment, with returns dependent on customer commitments, construction timelines and eventual utilisation. As financing becomes more selective, developers with weak balance sheets or uncontracted capacity may struggle to execute. Singtel has an advantage through its strong balance sheet, capital-recycling programme and external funding partnerships, including KKR's investment in Nxera. Management has also adopted a disciplined approach to expansion, aligning new deployments with customer commitments. We believe this combination could allow Singtel to gain relative market share as less well-

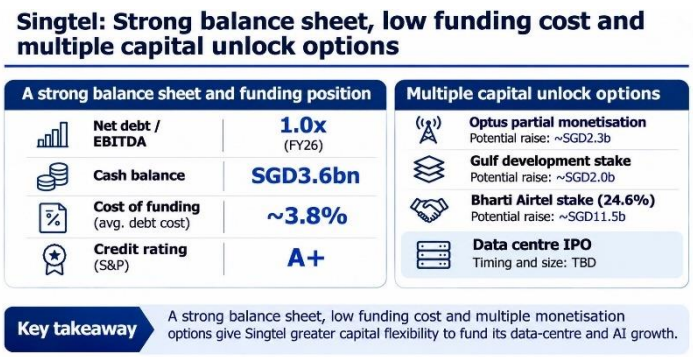
funded competitors defer projects. Nevertheless, the largest hyperscalers remain well capitalised, limiting the extent of this advantage.

Fig 1: Neoclouds funding costs remains elevated



Source: Maybank IBG Research, Bloomberg

Fig 2: Singtel has a massive cost of capital advantage



Source: Maybank IBG Research, Bloomberg

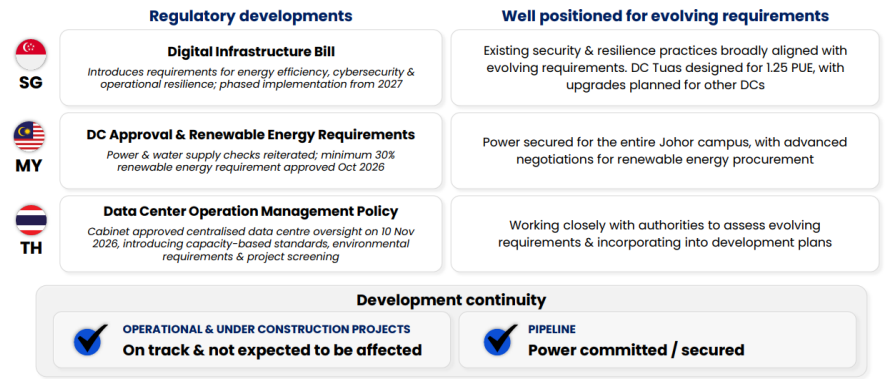
3. US-China restrictions are the principal counterweight, although Singtel's customer mix offers protection

Potential restrictions on Chinese entities accessing advanced Nvidia GPUs through overseas data centres could disrupt demand from Chinese-linked neocloud operators. This presents two risks: reduced utilisation or weaker creditworthiness among affected tenants, and the possible release of regional capacity that could pressure leasing prices. More stringent GPU licensing could also complicate RE:AI's future deployments. However, management indicated that RE:AI has no exposure to the potentially affected customer segment, while neocloud exposure at Nxera and STT GDC remains minimal, at a single-digit proportion of capacity. The latter predominantly serve established hyperscalers and other end customers. We therefore see Singtel as comparatively insulated from customer-related disruption, although it is not immune to hardware restrictions or weaker regional supply-demand conditions.

4. ASEAN's own power and water constraints could strengthen the position of incumbents with secured infrastructure

The same bottlenecks affecting the US are increasingly evident in ASEAN. Singapore remains power-constrained, while Johor and Batam face growing pressure on grid connections and water resources. Regulatory scrutiny is also increasing, raising development costs and potentially delaying new capacity. These constraints are negative for industry-wide growth but could favour operators with secured utilities and existing development approvals. Nxera has secured power for its Johor campus and is investing in high-density, water-efficient designs. Management also indicated that its operational and under-construction projects are not expected to be affected by evolving regulatory requirements. We believe these advantages should improve execution certainty and potentially support pricing, although higher utility and compliance costs remain an offset.

Fig 1: ASEAN's increasing regulatory scrutiny & evolving requirements across the DC sector



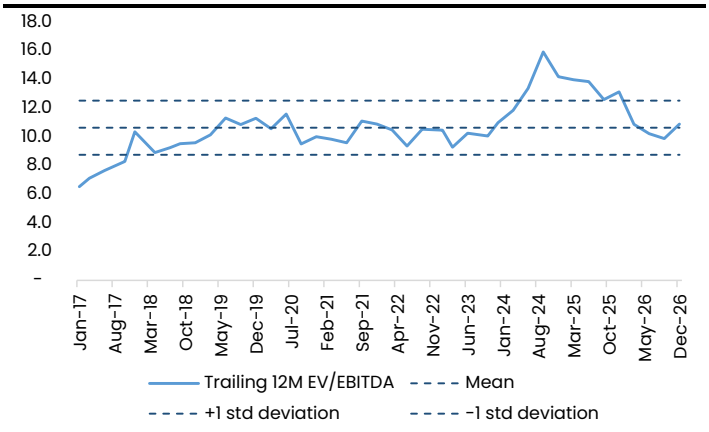
Source: Maybank IBG Research, Company

India: dual catalysts from earnings growth and valuation re-rating

Jio's valuation establishes a new benchmark for Bharti Airtel

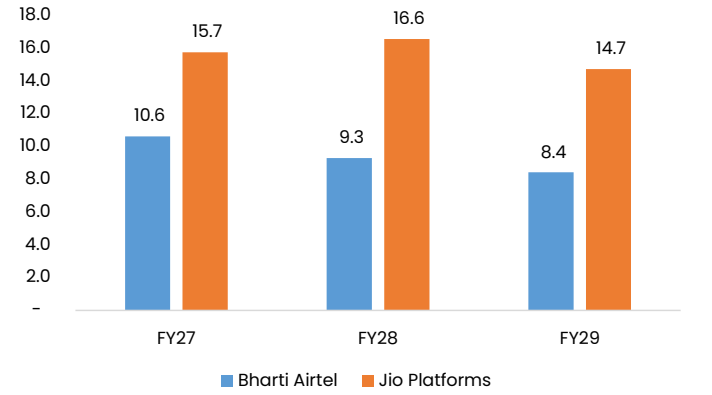
Jio's elevated post-IPO valuation introduces a potentially important re-rating catalyst for Bharti Airtel. Our argument is not about whether Jio's premium valuation is justified, but rather that its listing establishes a new publicly traded benchmark for India's telecom sector. Against this backdrop, Airtel's strong execution, improving profitability and attractive cash-flow trajectory could encourage investors to reassess its relative valuation. Even a partial narrowing of the valuation gap would be meaningful for Singtel, given the substantial value of its Airtel investment. Importantly, this represents potential valuation upside independent of further earnings upgrades.

Fig 3: Bharti's trailing 12M EV/EBITDA



Source: Maybank IBG Research, Bloomberg

Fig 4: Bharti vs. Jio valuation gap



Source: Maybank IBG Research, Bloomberg

Airtel's operating momentum remains strong, even without further tariff increases

Bharti Airtel continues to demonstrate that India's mobile earnings growth is not solely dependent on periodic tariff increases. ARPU expansion, premiumisation, postpaid migration and improving customer mix have sustained operating momentum following the July 2024 tariff adjustments. This is particularly encouraging given that another broad-based tariff

increase has yet to materialise. We believe industry pricing remains rational, with a further tariff adjustment in 2027 providing incremental upside rather than being necessary to sustain the current earnings trajectory. For Singtel, this offers continued growth in associate earnings, with the potential for positive earnings revisions should industry tariffs rise.

Fig 5: Airtel's organic momentum before another tariff hike

Metric	Latest evidence 2QFY27
India mobile revenue growth	+10.1% YoY
Mobile ARPU	INR271, +6% YoY
4G/5G customer net-adds	+18.8m
Last broad-based tariff increase	Jul-24

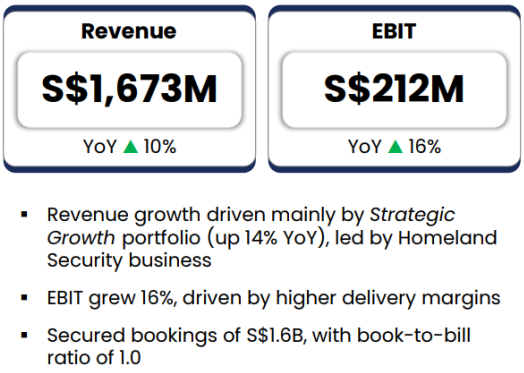
Source: Maybank IBG Research, Company

NCS: strong execution hidden beneath the bigger themes

With investor attention understandably focused on AI infrastructure, data centres and the telco recovery, NCS's operating momentum risks being overlooked. Yet the business is quietly delivering one of the cleaner growth profiles within the group: 1HFY27 revenue rose 10% to S$1.67bn, driven by 14% growth in the Strategic Growth portfolio, while EBIT increased 16% to S$212m. Importantly, growth is not coming from one narrow pocket. Digital Resilience revenue rose 13%, the Foundation businesses still grew 5%, and management highlighted homeland security as a key driver. NCS also secured S$1.6bn of bookings, equivalent to a 1.0x book-to-bill ratio, suggesting that current momentum is being replenished rather than simply worked off from backlog.

More interestingly, NCS appears to be improving the quality of its growth as it pivots toward AI-led services. Management has reorganised the business around Strategic Growth sectors and two service engines — Apps & Comms Engineering and Digital Resilience — while embedding capabilities such as AI-native tools, an AI Factory and forward-deployed engineers into its delivery model. This should increasingly differentiate NCS beyond traditional systems integration. Importantly, management also pointed to stronger delivery margins, with EBIT growth of 16% outpacing revenue growth of 10%, although part of the EBIT uplift reflected lower depreciation and amortisation. We therefore view the current momentum as a combination of healthy top-line growth, improving execution and a gradual shift toward higher-value digital and AI-led work.

Fig 6: NCS 1HFY27 operating snapshot



Source: Maybank IBG Research, Company

Fig 7: NCS growth expecations

SGD m	FY26	FY27	FY28	FY29
NCS revenue	3,198	3,463	3,727	4,004
Growth		8.3%	7.6%	7.4%
EBITDA	409	481	536	596
EBITDA Margin (%)	12.8%	13.9%	14.4%	14.9%
EBIT	**339**	**420**	**471**	**526**
Margins	**10.6%**	**12.1%**	**12.6%**	**13.1%**

Source: Maybank IBG Research

We also see strategic value in NCS being capital-light, profitable and cash-generative; management explicitly argued there is little rationale to separately list the business simply to raise capital. In our view, NCS is evolving into a higher-quality, more scalable digital-services asset within Singtel, even if it remains less eye-catching than the group's AI and data-centre ambitions.

Singtel Singapore: the next positive swing factor?

Singtel Singapore: weak in 1H, but the direction is improving. Singapore was the soft spot within Singtel's core portfolio in 1HFY27, with revenue down 1%, EBITDA down 4.8% and EBIT down 4.5%. The headline, however, looks somewhat worse than the underlying trend: management highlighted that EBIT was broadly stable excluding a one-off contractual compensation received in the prior year. More importantly, Consumer appears to have moved past the worst of the deterioration. Mobile service revenue was still down 1.6% YoY for the half, but grew c.4% QoQ in both 1Q and 2QFY27, while ARPU has risen 6% from 4QFY26 and main-brand churn improved 22%. Management attributed the improvement to the tri-brand strategy across Singtel, GOMO and hi!, which allows the group to defend the premium end without conceding the value segment. Enterprise, which accounts for more than half of Singapore revenue, is also providing an offset: Data & Internet revenue grew 3.5%, while the business secured more than S$0.4bn of enterprise contract value in 1H. ICT revenue fell 23%, but management stressed that part of this reflects a deliberate move away from lower-margin work as well as the closure of legacy data-centre facilities, rather than simply weaker underlying demand.

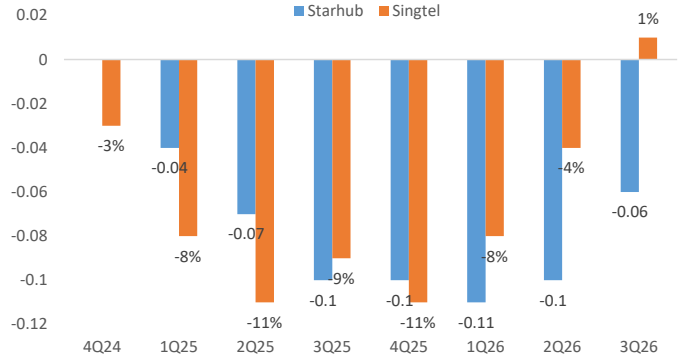
Could Singapore become the next positive surprise? We think the setup is becoming more asymmetric. Our base case does not require consolidation: SIMBA faces rising network, cybersecurity and resilience costs, which should gradually erode the economics of aggressive pricing, while Singtel's own consumer momentum is already stabilising and Enterprise continues to grow.

Consolidation would add another layer of upside. A combination among smaller operators would reduce the number of network competitors and could improve pricing discipline; importantly, Singtel would likely benefit as a spectator without taking on transaction or integration risk. Historically, spectators have often benefited as merging operators focus inward on integration, while market rationality improves.

In our view, Singapore therefore moves from being the key drag in 1H to a business where downside appears increasingly contained and upside is building through better Consumer trends, healthier Enterprise mix and

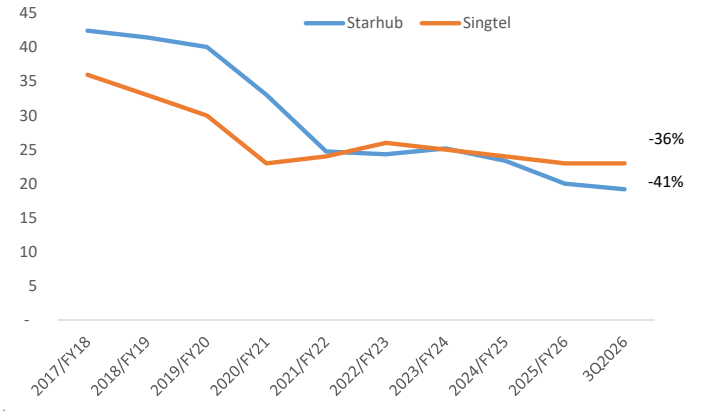
eventual industry rationalisation. If these pieces fall into place, Singapore could become the next meaningful positive swing factor within Singtel's core portfolio.

Fig 8: Incumbent mobile revenues have suffered in the past three years but we see Singtel's growth is stabilizing



Source: Maybank IBG Research, Company

Fig 9: Singtel ARPUs stabilizing but overall industry ARPUs have contracted significantly, which creates potential for uplift

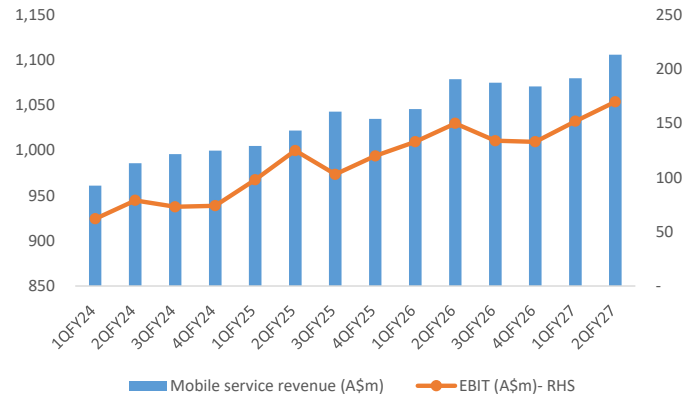


Source: Maybank IBG Research, Company

Optus: moving in the right direction, but monetisation looks more medium term

Operationally, the trajectory continues to improve: 1HFY27 mobile service revenue rose 2.9%, blended ARPU increased 3.9%, EBITDA grew 5.4% and EBIT rose 14%, supported by pricing, cost discipline and continued progress on network, brand and product simplification. Management's commentary suggests the business is becoming healthier, with the focus increasingly on restoring customer trust, simplifying the proposition and improving execution rather than chasing subscriber growth. On the potential minority stake sale, however, we see limited near-term catalyst potential. Management continues to evaluate a strategic Australian partner but gave no firm timing, and the emphasis appeared to be on finding the right long-term fit rather than completing a transaction quickly. We therefore view a stake sale as medium-term optionality; for now, the more important development is that Optus' underlying earnings trajectory is moving in the right direction.

Fig 10: Optus mobile service revenues and EBIT trajectory - moving in the right direction



Source: Maybank IBG Research, Company

Guidance reset higher; dividend trajectory improving

Guidance upgrade largely expected; underlying momentum still leaves room for upside. Singtel raised FY27 OpCo EBIT growth guidance from low-to-mid to mid-to-high single digits on a constant-currency basis, broadly in line with what the 1H performance had already suggested, with OpCo EBIT up 6.2% in constant currency. We therefore do not see the upgrade itself as a major earnings catalyst. If anything, recent AUD weakness creates some downside risk to reported EBIT growth versus the constant-currency guidance. More important, however, is the direction of the underlying businesses: Optus continues to improve, NCS is delivering double-digit EBIT growth, Digital InfraCo is ramping, while Singapore — the main weak spot in 1H — is showing early signs of stabilisation. A more meaningful recovery in Singapore could therefore provide upside to the current underlying growth trajectory.

Dividend commentary arguably matters more. Management guided to mid-to-high single-digit FY27 DPS growth from FY26's 18.5 cents, providing substantially better near-term visibility, but its comments around sustainability are more important for the medium-term investment case. Improving underlying earnings, recurring associate dividends, strong cash generation and continued capital recycling give Singtel the financial capacity to sustain — and potentially progressively increase — shareholder returns without relying solely on one-off monetisation proceeds. We therefore see FY27 guidance less as a one-year dividend event and more as evidence of an improving dividend trajectory, with earnings growth increasingly supporting the core dividend alongside continued value-realisation distributions.

Potentially lower capex. Management indicated FY27 capex could come in below the current SGD3.0bn guidance, mainly reflecting timing of growth investments rather than any pullback in core spending. Core capex remains unchanged, preserving the medium-term growth agenda.

Fig 11: Guidance revisions

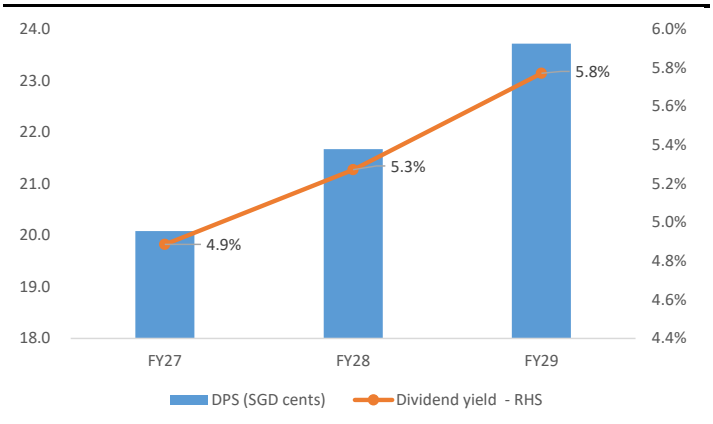
Singtel FY27 guidance: previous vs revised

Post 1HFY27 results / management update

Metric	Previous guidance	Revised / latest commentary
Underlying OpCo EBIT growth (constant currency)	Low- to mid-single-digit growth	↑ **Mid- to high-single-digit growth** *Guidance upgraded after 1HFY27.*
Dividend outlook	Core dividend payout of 70–90% of underlying net profit; VRD of 3–6 Scts/share p.a. through FY30	↑ **FY27 total dividend expected to grow by mid- to high-single digits; interim DPS raised 10% to 9.0 Scts/share** *Management emphasised sustainability, implying a steadily improving dividend trajectory.*
FY27 capex	Around S$3.0bn	↑ **Likely to come in below S$3.0bn** *Management commentary pointed to disciplined capital allocation and timing of customer deployments.*

Source: Maybank IBG Research, Company

Fig 12: Dividend trajectory



Source: Maybank IBG Research, Company

Buy: Strong delivery, holdco discount looks excessive

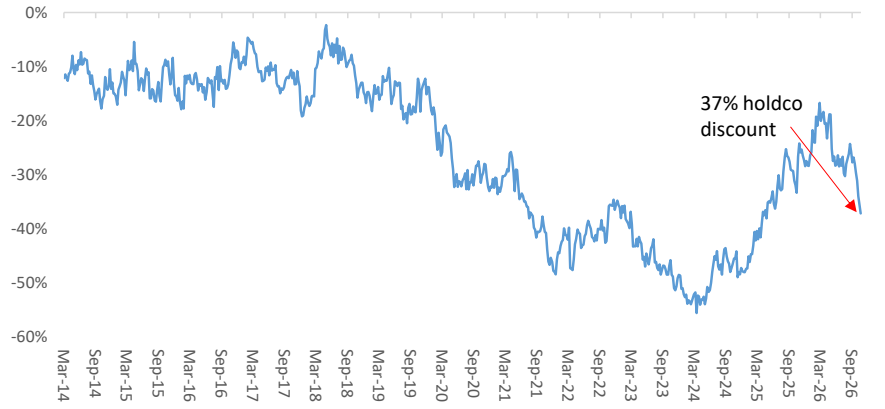
Our BUY thesis is intact, supported by broad-based operating momentum and an increasingly differentiated AI/data-centre position. Optus, NCS and Digital InfraCo continue to deliver healthy earnings growth, while Singtel Singapore is showing early signs of stabilisation. Across the associates, earnings trends remain firm at Bharti Airtel, AIS and Globe; Telkomsel is the main weak spot, but contributes only c.5% of our SOTP. At the same time, Singtel appears favourably positioned as the AI infrastructure landscape becomes more selective: Nxera has 292MW of

operating and under-construction capacity, 72% of which is contracted, while management indicated neocloud exposure remains only single digit. RE:AI is also largely anchored by sovereign and domestic enterprise customers. With secured capacity, strong funding access and limited exposure to the more vulnerable customer segments, we think Singtel is relatively well placed to capture incremental AI/DC growth while containing downside risk.

Bharti remains the key valuation driver, contributing c.40% of SOTP, and the public listing of Jio has made the valuation gap increasingly difficult to ignore. Bharti trades at c.10.6x/9.3x/8.4x FY27/28/29E EV/EBITDA versus Jio at c.15.7x/16.6x/14.7x — a premium of roughly 50-80% depending on the year. We do not argue that Bharti should fully converge to Jio, but the current gap looks wide given Bharti's strong execution, continued ARPU growth, improving profitability and return profile, and a rational Indian mobile market. Even a partial narrowing would be meaningful for Singtel given Bharti's weight in our SOTP, providing valuation upside independent of further earnings upgrades.

Meanwhile, Singtel's holdco discount has widened to around 37%, which we see as increasingly difficult to justify. The discount has expanded despite stronger operating delivery, improving dividend visibility, continued asset recycling and multiple capital-management catalysts still ahead. Potential monetisation of non-core stakes, further portfolio optimisation and a possible data-centre capital event all provide avenues to unlock value, while the underlying earnings base continues to strengthen. In our view, investors are effectively paying less for a portfolio whose operating quality, growth visibility and capital discipline are improving. Singtel remains our preferred pick in the ASEAN telco space.

Fig 1: Singtel Holdco discount



Source: Maybank IBG Research, Bloomberg

Fig 1: Revision summary

SGD m	New			Old			% change		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenues	15,570	16,404	17,313	15,540	16,361	17,244	0.2%	0.3%	0.4%
EBITDA	4,257	4,607	5,002	4,249	4,594	4,980	0.2%	0.3%	0.4%
Margins	27%	28%	29%	27%	28%	29%			
Associates	3,192	3,668	4,340	3,208	3,685	4,357	-0.5%	-0.5%	-0.4%
Underlying NPAT	**3,094**	**3,579**	**4,148**	**3,093**	**3,579**	**4,149**	0.0%	0.0%	0.0%
Reported NPAT	**3,094**	**3,579**	**4,148**	**3,093**	**3,579**	**4,149**	0.0%	0.0%	0.0%
SoTP		**5.22**			**5.21**			**0.2%**	
DPS (SGD cents)	20.1	21.7	23.7	19.7	21.0	22.8	2.1%	3.3%	3.9%

Source: Maybank IBG Research, Bloomberg

Fig 1: Singtel SOTP

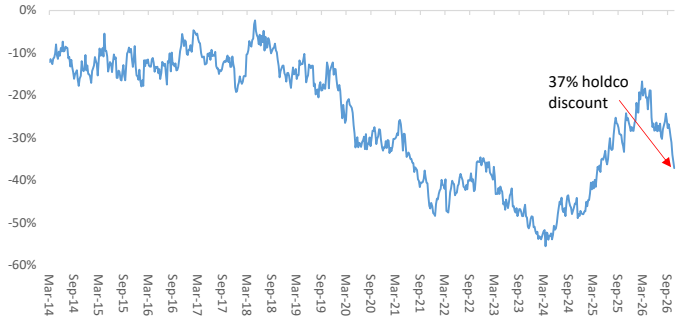
Valuation	Stake (%)	Valuation method	Valuation (SGD m)	Per share (SGD)
SingTel Singapore Business	100.0	Singtel DCF (7.6% WACC, 1.0% TG, 0.95 beta)	17,181	1.04
Optus	100.0	Optus DCF (8.1% WACC, 1.25% TG, 0.95 beta)	15,389	0.93
Nxera/RE:AI/STT GDC	80.0	Nxera/RE:AI DCF (7.6% WACC, 4.5% TG, 0.90 beta)	19,904	1.21
Associates				
Telkomsel (Indonesia)	30.1	65% of listed Telkom at MIBG TP	5,437	0.33
Bharti Airtel (India)	27.5	Market Cap less BTL debt	36,442	2.21
AIS (Thailand)	24.8	Based on MIBG TP	10,541	0.64
Globe (Philippines)	46.9	Based on MIBG TP	2,807	0.17
Gulf Development (Thailand)	7.7	Based on MIBG TP	3,076	0.19
NetLink NBN Trust (Singapore)	24.8	DDM (COE 6%, 0% LTG, 0.5 beta)	1,015	0.06
SingPost (Singapore)	21.7	Based on MIBG TP	210	0.01
Associates Sub Total			**59,527**	**3.62**
Holdco discount		20% discount		**-1.33**
(Less) Consol Net Debt			-4,149	-0.25
Total Equity Value				**5.22**

Source: Maybank IBG Research, Bloomberg

Value Proposition

- Telco conglomerate with exposure to quality telco operators in ASEAN, India and Australia.
- Potential for cost and capex optimization with peaking 5G rollout.
- Attractive dividend yield backed by healthy balance sheet and favourable capital management/asset optimization initiatives.
- Holdco discount of 37% unfair amid positive tailwinds.

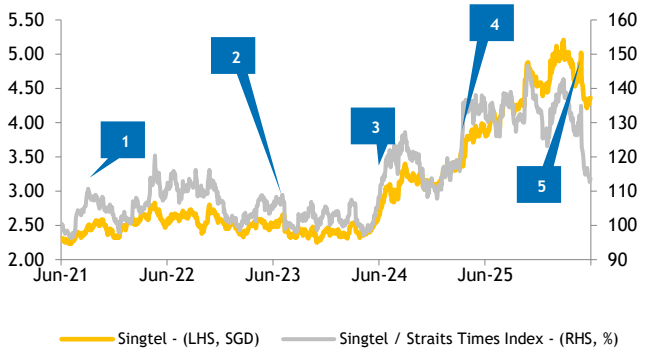
Holdco discount at 37% mark



Source: Company, Bloomberg, Maybank IBG Research

Price Drivers

Historical share price trend



Source: Company, Maybank IBG Research

1. Optus cyberattack.
2. Optus network outage.
3. Announcement of Singtel's long term capital management
4. Partial Bharti stake divestment and potential STT GDC data centre acquisition
5. Singtel FY26 results – softer EBIT growth guidance and higher capex.

Financial Metrics

- We forecast FY26-29E earnings to increase at a 14% CAGR, mainly helped by associates.
- We expect consolidated EBITDA to post an 8% CAGR over FY26-29E, helped by AI growth, moderate telco top-line growth and cost cuts.
- We expect net debt to EBITDA, including associates, to remain healthy at <2x in FY27-29E; providing support to its DPS commitment.

Singtel SoTP

Valuation	Stake (%)	Valuation method	Valuation (SGD m)	Per share (SGD)
SingTel Singapore Business	100.0	Singtel DCF (7.6% WACC, 1.0% TG, 0.95 beta)	17,181	1.04
Optus	100.0	Optus DCF (8.1% WACC, 1.25% TG, 0.95 beta)	15,389	0.93
Nxera/RE:AI/STT GDC	80.0	Nxera/RE:AI DCF (7.6% WACC, 4.5% TG, 0.90 beta)	19,904	1.21
Associates				
Telkomsel (Indonesia)	30.1	65% of listed Telkom at MIBG TP	5,437	0.33
Bharti Airtel (India)	27.5	Market Cap less BTL debt	36,442	2.21
AIS (Thailand)	24.8	Based on MIBG TP	10,541	0.64
Globe (Philippines)	46.9	Based on MIBG TP	2,807	0.17
Gulf Development (Thailand)	7.7	Based on MIBG TP	3,076	0.19
NetLink NBN Trust (Singapore)	24.8	DDM (COE 6%, 0% LTG, 0.5 beta)	1,015	0.06
SingPost (Singapore)	21.7	Based on MIBG TP	210	0.01
Associates Sub Total			**59,527**	**3.62**
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Total Equity Value				**5.22**

Source: Company, Bloomberg, Maybank IBG Research

Swing Factors

Upside

- Potential rejig in Optus leading to RoIC and FCF improvement.
- Stronger-than-expected ARPU growth due to easing in price competition in markets where Singtel is present.
- Better-than-expected execution in meeting targeted cost savings.

Downside

- Delays in Optus rejig and potential fines levied on Optus due to network outage.
- Intensifying price competition in Singtel exposed markets.
- FX headwinds impacting Optus and associates.

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Risk Rating & Score[1]	18.5
Score Momentum[2]	-0.0
Last Updated	16 Dec 2021
Controversy Score[3] (Updated: 16 Dec 2021)	0 – No reports

Business Model & Industry Issues

- Singtel is most exposed to cybersecurity and personal data leakage risks given its nature of business. There have been major data breaches at Optus due to IT, process and human errors over the years, and Singtel was penalised for an immaterial sum.
- Going forward, Singtel will continue to educate its staff and improve practices and processes to minimise data breaches.
- As Singtel is in the business of connectivity, it is supporting digital inclusion through connecting communities and supporting the disadvantaged.
- Notably in FY20, the telco supported migrant workers with free remittance services and their WiFi and mobile data needs. It also provided refurbished laptops and data SIMs to disadvantaged students for their home-based learning. In Australia, Optus scaled up "Donate Your Data" to support disadvantaged students by offering them free mobile data access for online learning.
- Singtel displays no exceptional risks for a telco operator for ESG and is in line with peers in tackling ESG issues.

Material E issues

- Net-zero by 2045, with SBTi targets of 55% Scope 1/2 and 40% targeted Scope 3 reduction by 2030.
- Scope 1 and 2 emissions fell 11.3% YoY in FY26, reaching 28.3% below the FY23 baseline.
- Renewables backed 29.5% of electricity consumption in FY26, up sharply from 20.4% in FY25.
- Installed on-site solar capacity reached 8.86MWp across Singapore and Australia, alongside continued renewable-energy expansion.

Material S issues

- In Sep 2022, Optus suffered a cyber-attack that resulted in the exposure of some customers' personal information.
- In Nov 2023, Optus suffered a network outage leading to a government-ordered investigation.
- 31% of female employees in middle and top management.
- Recognised by the 2023 Bloomberg Gender Equality Index for the fifth consecutive year.
- Total training investment of SGD57.9m over FY21-23 and pledged SGD32.1m over FY24-25 to boost the digital skills of its workforce through company-wide initiatives over three years.
- Zero fatality rate across Singtel and Optus in FY23.

Key G metrics and issues

- The Board consists of 14 directors, of which chairman (non-executive) and CEO are non-independent, the remaining are non-executive & independent directors. 43% are female directors.
- The nomination, audit, investment and remuneration committees are chaired by independent directors. There have been no corruption cases reported for the past three years.
- Cyber security and data leakage risks. Conducts its businesses in strict adherence to data protection laws – the Personal Data Protection Act in Singapore and the Privacy Act and Telecommunications Act in Australia.
  There have been minor lapses due to IT, process and human errors. Singtel will continue to educate its staff and improve practices and processes to minimise data breaches.

[1]***Risk Rating & Score*** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. [2]***Score Momentum*** - indicates changes to the company's score since the last update – a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. [3]***Controversy Score*** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

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	Quantitative Parameters (Score: 88)					
	Particulars	Unit	2020	2021	2022	Starhub (STH SP, FY22)
E	Scope 1 GHG emissions	m tCO2e	5.73	5.77	5.67	1.96
	Scope 2 GHG emissions	m tCO2e	1.29	1.33	1.33	0.47
	Total	m tCO2e	7.02	7.10	7.00	2.43
	Scope 3 GHG emissions	m tCO2e	N/A	3.06	3.27	N/A
	Total	m tCO2e	7.02	10.16	10.27	N/A
	GHG intensity (Scope 1 and 2)	tCO2e/t	0.68	0.66	0.67	0.63
	Energy intensity	GJ/ton	15.37	15.73	15.76	11.43
	Share of renewable energy use in operations	%	N/A	N/A	N/A	N/A
	Wastewater discharge (chemical O_2 demand)	tonnes	153.7	177.8	171.4	22.7
	Hazardous waste 3R rate	%	70%	85%	75%	98%
	Air emissions intensity	ton/kT	2.83	2.21	2.42	N/A
	NPE (New Plastic Economy) investments	MYR m	8	3	3	N/A
S	% of women in workforce	%	35.4%	54.8%	54.4%	42%
	% of women in management roles	%	20%	28%	32%	20%
	Lost time injury frequency rate	number	0.4	0.4	0.3	3
G	Group CEO salary as % of net profit	%	0.43%	0.43%	0.18%	0.18%
	Top 10 employees salary as % of profit	%	1.11%	2.97%	0.71%	1.2%
	Independent director on board	%	70%	83%	85%	54%
	Women directors on board	%	40%	25%	31%	23%

Qualitative Parameters (Score: 83)

a) Is there an ESG policy in place and is there a standalone ESG Committee or is it part of the Risk committee?

Yes, the group has established a Board Sustainability Committee chaired by the CEO. This is supported by the Group Sustainability Council comprising of pillar heads. There are KPIs, business objectives, governance enablers and risks for each of the segments.

b) Is the senior management salary linked to fulfilling ESG targets?

No

c) Does the company follow the TCFD framework for ESG reporting?

Yes

e) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured?

Yes, Singtel has developed full Scope 3 indirect GHG emissions inventory and baseline for operations in Singapore and Australia.

f) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?

Singtel has various carbon-mitigation initiatives, such as replacing chillers, replacing UPS and converting to energy efficient mobile base stations in Singapore.

g) Does carbon offset form part of the net zero/carbon neutrality target of the company?

Yes

Target (Score: 80)		
Particulars	Target	Achieved
Singtel Group Scope 1 and 2 to reduce by 25% by 2025	25%	3.3%
Scope 3 target to reduce 30% by 2030	30%	Not disc.
Obtained a CDP rating of A-	A-	A-
Zero fatality and well-being score above 80%	80%	82%
One million digitally enabled persons and SMEs by 2025	1,000,000	740,000
Impact		
NA		
Overall Score: 85		
As per our ESG matrix SingTel (ST SP) has an overall score of 85		

ESG score	Weights	Scores	Final Score
Quantitative	50%	88	44
Qualitative	25%	83	21
Target	25%	80	20
Total			**85**

As per our ESG assessment, Singtel displays a very high degree of transparency in its ESG disclosures. It is the only one amongst its peers that has a high level of ESG quantitative targets. While we note some work is being carried out to reduce Scope 3 financed emissions, we believe further actions are required to meet the 2030 target. Its overall ESG score is 85, which makes its ESG rating above average in our view (average ESG rating = 50).

FYE 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Key Metrics					
P/E (reported) (x)	12.3	12.7	21.9	18.9	16.3
Core P/E (x)	22.9	29.4	21.9	18.9	16.3
P/BV (x)	2.2	2.8	2.4	2.4	2.3
P/NTA (x)	3.5	4.2	3.4	3.3	3.2
Net dividend yield (%)	5.0	3.7	4.9	5.3	5.8
FCF yield (%)	7.7	7.2	5.2	7.1	8.8
EV/EBITDA (x)	17.4	23.3	18.0	16.9	15.8
EV/EBIT (x)	47.7	59.5	45.3	40.8	36.4
INCOME STATEMENT (SGD m)					
Revenue	14,146.0	14,261.0	15,570.3	16,403.7	17,313.1
EBITDA	3,792.0	3,847.8	4,256.9	4,607.0	5,002.1
Depreciation	(2,114.3)	(2,021.0)	(1,979.6)	(2,110.0)	(2,241.6)
Amortisation	(296.3)	(323.0)	(585.3)	(585.3)	(585.3)
EBIT	1,381.5	1,503.8	1,692.1	1,911.7	2,175.3
Net interest income /(exp)	(342.0)	(361.5)	(254.4)	(298.3)	(346.2)
Associates & JV	2,498.5	2,886.5	3,192.0	3,667.9	4,339.7
Exceptionals	1,547.0	2,837.0	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	5,085.0	6,865.8	4,629.6	5,281.3	6,168.8
Income tax	(1,057.0)	(1,249.0)	(1,522.9)	(1,687.7)	(2,003.6)
Minorities	(11.0)	(11.0)	(12.6)	(14.4)	(16.8)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	4,017.0	5,605.8	3,094.1	3,579.2	4,148.3
Core net profit	2,470.0	2,768.8	3,094.1	3,579.2	4,148.3
BALANCE SHEET (SGD m)					
Cash & Short Term Investments	2,773.2	3,470.4	2,894.8	1,604.0	958.8
Accounts receivable	5,059.0	4,866.0	5,157.1	5,433.1	5,734.3
Inventory	293.7	323.7	353.4	372.3	393.0
Property, Plant & Equip (net)	10,280.3	11,255.8	12,514.9	13,153.4	13,523.3
Intangible assets	9,562.4	9,397.8	8,812.5	8,227.3	7,642.0
Investment in Associates & JVs	13,939.6	13,086.6	13,480.9	14,810.0	16,521.2
Other assets	4,875.1	8,296.6	8,250.6	8,215.7	8,199.1
Total assets	**46,783.3**	**50,696.9**	**51,464.3**	**51,815.7**	**52,971.6**
ST interest bearing debt	996.1	694.9	694.9	694.9	694.9
Accounts payable	5,181.8	5,274.1	5,730.0	5,974.8	6,235.2
LT interest bearing debt	7,144.1	6,924.2	7,424.2	7,424.2	7,924.2
Other liabilities	7,505.0	9,087.0	9,017.0	8,966.0	8,933.0
Total Liabilities	**20,826.9**	**21,980.2**	**22,865.9**	**23,060.2**	**23,787.3**
Shareholders Equity	25,891.4	28,559.4	28,428.5	28,571.1	28,983.2
Minority Interest	65.0	157.3	169.9	184.4	201.2
Total shareholder equity	**25,956.4**	**28,716.7**	**28,598.4**	**28,755.4**	**29,184.4**
Total liabilities and equity	**46,783.3**	**50,696.9**	**51,464.3**	**51,815.7**	**52,971.6**
CASH FLOW (SGD m)					
Pretax profit	5,085.0	6,865.8	4,629.6	5,281.3	6,168.8
Depreciation & amortisation	2,410.5	2,344.0	2,564.9	2,695.3	2,826.8
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	0.0	0.0	0.0	0.0	0.0
Cash taxes paid	0.0	0.0	0.0	0.0	0.0
Other operating cash flow	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	7,495.5	9,209.8	7,194.5	7,976.6	8,995.6
Capex	(2,133.0)	(2,481.6)	(2,858.4)	(2,377.9)	(2,248.0)
Free cash flow	4,341.5	5,899.3	3,510.9	4,777.1	5,926.1
Dividends paid	(2,774.0)	(2,966.8)	(3,225.0)	(3,436.6)	(3,736.2)
Equity raised / (purchased)	(48.0)	(5.9)	0.0	0.0	0.0
Change in Debt	(16.0)	500.0	500.0	0.0	500.0
Other invest/financing cash flow	(1,464.0)	717.3	(634.8)	(668.9)	(709.8)
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	1,060.5	4,972.8	976.2	1,493.3	2,801.6

FYE 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Key Ratios					
Growth ratios (%)					
Revenue growth	0.1	0.8	9.2	5.4	5.5
EBITDA growth	5.4	1.5	10.6	8.2	8.6
EBIT growth	19.8	8.8	12.5	13.0	13.8
Pretax growth	195.3	35.0	(32.6)	14.1	16.8
Reported net profit growth	405.6	39.6	(44.8)	15.7	15.9
Core net profit growth	9.3	12.1	11.8	15.7	15.9
Profitability ratios (%)					
EBITDA margin	26.8	27.0	27.3	28.1	28.9
EBIT margin	9.8	10.5	10.9	11.7	12.6
Pretax profit margin	35.9	48.1	29.7	32.2	35.6
Payout ratio	69.9	54.4	106.8	99.7	94.1
DuPont analysis					
Net profit margin (%)	28.4	39.3	19.9	21.8	24.0
Revenue/Assets (x)	0.3	0.3	0.3	0.3	0.3
Assets/Equity (x)	1.8	1.8	1.8	1.8	1.8
ROAE (%)	16.5	21.4	11.3	13.0	14.9
ROAA (%)	5.3	5.7	6.1	6.9	7.9
Liquidity & Efficiency					
Cash conversion cycle	(45.7)	(44.8)	(48.4)	(51.3)	(51.2)
Days receivable outstanding	128.1	125.3	115.9	116.2	116.1
Days inventory outstanding	10.3	10.7	10.8	11.1	11.2
Days payables outstanding	184.1	180.7	175.1	178.6	178.5
Dividend cover (x)	1.4	1.8	0.9	1.0	1.1
Current ratio (x)	1.0	1.0	1.0	0.8	0.8
Leverage & Expense Analysis					
Asset/Liability (x)	2.2	2.3	2.3	2.2	2.2
Net gearing (%) (incl perps)	20.7	14.4	18.3	22.7	26.2
Net gearing (%) (excl. perps)	20.7	14.4	18.3	22.7	26.2
Net interest cover (x)	4.0	4.2	6.7	6.4	6.3
Debt/EBITDA (x)	2.1	2.0	1.9	1.8	1.7
Capex/revenue (%)	15.1	17.4	18.4	14.5	13.0
Net debt/ (net cash)	5,367.0	4,148.7	5,224.3	6,515.1	7,660.3

Source: Company; Maybank IBG Research

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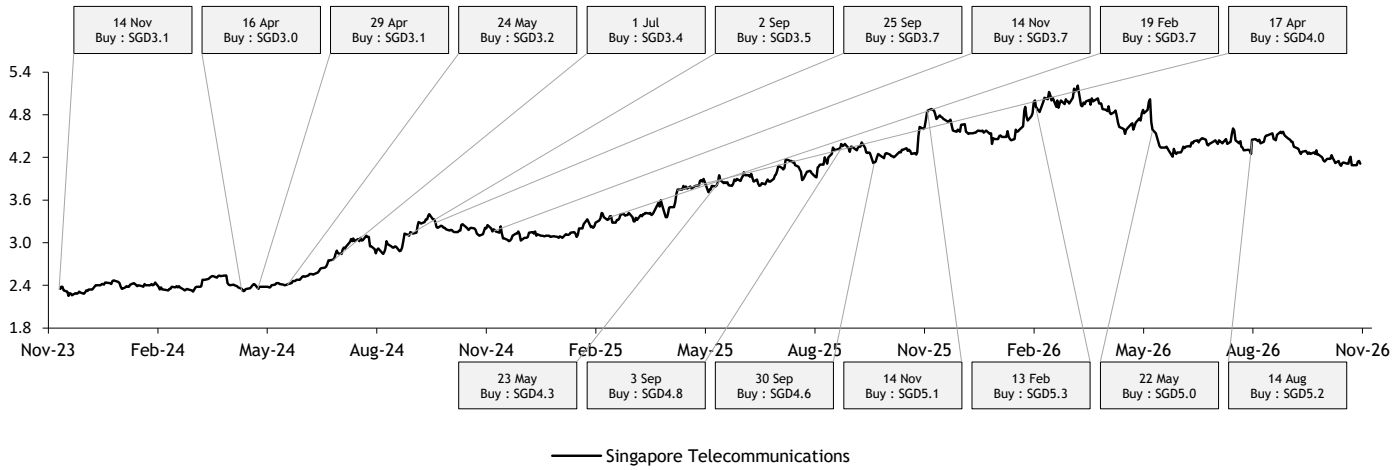
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