

Singapore Telecommunications Ltd

Earnings spike in India and Australia



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SINGAPORE | TELECOMMUNICATIONS | 3Q25 UPDATE

- 3Q25 results were within expectation. 9MFY25 Revenue and EBITDA were 73%/75% of our FY25e forecast. PATMI exceeded estimates at 79% of FY25e due to stronger than-expected performance from associate Bharti. Dividend guidance for FY25e was around 16.6 cents, higher than our initial estimate of 15.9 cents.
- Singapore continues to face revenue pressure from mobile competition, dragging down Average Revenue Per User (ARPU) and structural weakness in legacy voice. Recovery in Optus gains momentum, with EBIT jumping 43% YoY in 3Q25 to S\$91mn. Aggressive cost-cut measures and revenue growth were the key drivers.
- Our ACCUMULATE recommendation is maintained. We raise our target price to S\$3.77 (prev. S\$3.44) due to mark-to-market gains in associates. Revenue and EBITDA forecast remained unchanged, but PATMI raised 6% to incorporate higher associate earnings and lower depreciation. Multiple growth drivers are underway, including Optus, NCS, and Bharti. We expect S\$6bn monetisation to be gradually realized from stakes in Intouch and Bharti Airtel.

Results at a glance

SGDmn	3Q25	3Q24	YoY	Comments
Revenue	3,629	3,593	1%	0.6% points impact from weaker AUD.
- Singtel Singapore	976	1,025	-5%	Postpaid Subs. +0.2%, Postpaid ARPU -2.9%.
- Optus	1,856	1,802	3%	Postpaid Subs. +1.1%, Postpaid ARPU +4.8%.
- NCS	742	701	6%	Bookings of ~S\$816mn secured in the quarter.
EBITDA	943	934	1%	+6.8% growth excluding Trustwave
- Singtel Singapore	376	372	1%	Cost optimisation and business integration.
- Optus	479	465	3%	EBIT jumped 45% from lower depreciation.
- NCS	83	75	11%	Operating leverage and cost efficiency.
Regional Associates PAT	459	374	23%	1.9% point impact from weaker associate currencies.
- Telkomsel	134	139	-4%	Mobile data competition and higher interest expense.
- AIS	85	62	37%	
- Bharti	170	87	95%	BTL losses jumped from S\$32mn to S\$59mn.
PAT	1,319	465	184%	Exceptional gain at Airtel from Indus Towers.
Underlying PAT	680	559	22%	Associate and Optus the key growth drivers.

Source: Company, PSR # Note—The 3Q25 update provided no analyst briefing and limited financials.

The Positive

+ Spike in Bharti earnings. Earnings from Bharti spiked 95% YoY to S\$170mn on the back of an 18% YoY rise in ARPU in India. Part of the growth was negated by losses at Bharti Telecom (BTL) due to higher finance expenses from the acquisition of more Airtel shares. The expected step-up in dividends from Airtel will support the deleveraging at BTL.

The Negative

- Price competition in Singapore and Indonesia. Most countries are enjoying mobile price repair except Singapore and Indonesia. ARPU is declining low to mid-single digits in both countries. The price premium enjoyed by both incumbents is facing intense price pressure.

Outlook

Earnings growth is underway, led by India, Australia, and Thailand. Dividends are expected to creep up from the monetisation of stakes in Bharti and Intouch. Another driver of cash flows is the increase in dividends from associates, which was guided higher from S\$1.1bn to S\$1.3bn in FY25e. We expect Bharti Airtel to be the key driver of higher associate dividends.

Maintain ACCUMULATE with higher TP of S\$3.77 (prev. S\$3.44)

20 February 2025

ACCUMULATE (Maintained)

CLOSING PRICE	SGD 3.370
FORECAST DIV	SGD 0.165
TARGET PRICE	SGD 3.770
TOTAL RETURN	16.8%

COMPANY DATA

BLOOMBERG CODE:	ST SP
O/S SHARES (MN) :	16,501
MARKET CAP (USD mn / SGD mn) :	41462 / 55609
52 - WK HI/LO (SGD) :	3.42 / 2.3
3M Average Daily T/O (mn) :	20.67

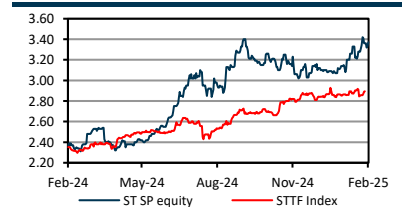
MAJOR SHAREHOLDERS

Temasek Holdings Pte Ltd	50.3%
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TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	6.1	9.1	8.1
STTF	3.4	5.7	4.3

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Mar, SGDmn	FY23	FY24	FY25e	FY26e
Revenue	14.62	14.13	14.57	15.04
EBITDA	3.69	3.60	3.84	4.05
Net Profit	2.05	2.26	2.49	2.65
DPS (cents)	14.9	15.0	16.5	17.0
EPS-adj. (cents)	12.4	13.7	15.1	16.0
P/E (X)-adj.	27.1	24.6	22.4	21.0
Dividend Yield	4.4%	4.5%	4.9%	5.0%
ROE	7.6%	8.9%	10.0%	10.6%
ROA	4.3%	4.9%	5.5%	5.9%

Source: Company, PSR

VALUATION METHOD

Sum Of Parts - 6x EV/EBITDA; 20% disc. on assoc.

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Financials

Income Statement

Y/E Mar, SGD 'Mn	FY22	FY23	FY24	FY25e	FY26e
Revenue	15,339	14,624	14,128	14,567	15,041
Operating Profit	3,614	3,491	3,378	3,689	3,855
EBITDA	3,767	3,686	3,597	3,839	4,047
Depreciation & Amortisation	(2,723)	(2,574)	(2,444)	(2,418)	(2,604)
EBIT	1,045	1,112	1,153	1,421	1,443
Net Finance Inc/(Exp)	(404)	(416)	(444)	(399)	(381)
Associates	1,653	1,827	1,362	1,802	2,139
Profit before tax	2,621	2,598	961	2,187	3,245
Taxation	(662)	(365)	(158)	(372)	(584)
Non-controlling interest	(11)	(8)	(9)	(9)	(13)
Net profit, reported	1,949	2,225	795	1,807	2,648
Exceptional	25	172	(1,466)	(680)	-
Net profit, adjusted	1,924	2,053	2,261	2,487	2,648

Per share data (SGD Cents)

Y/E Mar	FY22	FY23	FY24	FY25e	FY26e
EPS, reported	11.8	13.5	4.8	10.9	16.0
EPS, adjusted	11.6	12.4	13.7	15.1	16.0
DPS	9.3	14.9	15.0	16.5	17.0
BVPS	169.9	157.6	151.0	150.4	153.5

Cash Flow

Y/E Mar, SGD 'Mn	FY22	FY23	FY24	FY25e	FY26e
CFO					
Profit before tax	2,621	2,598	961	2,187	3,245
Adjustments	1,136	1,048	2,600	971	802
WC changes	270	(70)	85	(536)	(14)
Cash generated from ops	4,027	3,576	3,646	2,623	4,033
Associate dividends	1,622	1,547	1,413	1,261	1,182
Tax paid	(352)	(347)	(341)	(372)	(584)
Cashflow from ops	5,298	4,776	4,718	3,511	4,630
CFI					
CAPEX & IA, net	(2,217)	(2,162)	(2,150)	(3,200)	(2,300)
Others	1,850	(21)	2,610	44	45
Cashflow from investments	(644)	(2,302)	247	(3,156)	(2,255)
CFE					
Share issuance, net	-	-	-	-	-
Loans, net of repayments	(1,650)	542	1,169	(500)	(500)
Dividends	(1,139)	(1,964)	(2,146)	(1,915)	(2,129)
Others	(477)	(1,519)	(1,015)	(399)	(381)
Cashflow from financing	(3,266)	(2,941)	(1,993)	(2,814)	(3,011)
Net change in cash	1,387	(467)	2,973	(2,459)	(635)
CCE, end	2,149	1,644	4,595	2,136	1,501

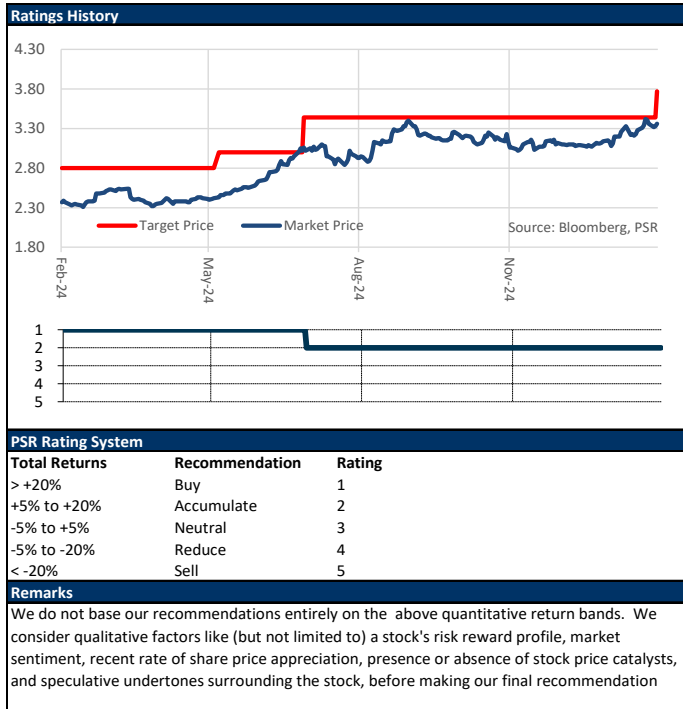
Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Mar, SGD 'Mn	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
Accounts receivables	5,245	5,013	5,006	4,807	4,964
Cash	2,130	1,668	4,605	2,147	1,511
Inventories	270	346	301	291	301
Others	485	1,556	448	448	448
Total current assets	8,130	8,583	10,360	7,693	7,223
PPE & IA	22,870	21,374	18,274	19,056	18,752
Others	18,131	16,573	17,565	18,106	19,063
Total non-current assets	41,001	37,947	35,838	37,162	37,815
Total Assets	49,131	46,530	46,199	44,855	45,038
LIABILITIES					
Accounts payables	5,596	5,310	5,406	4,661	4,813
Short term loans	1,841	1,202	911	911	911
Tax payable	769	731	887	887	887
Total current liabilities	9,055	8,299	7,649	6,905	7,056
Long term loans	10,254	9,911	11,330	10,830	10,330
Deferred tax liabilities	499	543	540	540	540
Others	1,213	1,764	1,715	1,715	1,715
Total non-current liabilities	11,967	12,217	13,584	13,084	12,584
Total Liabilities	21,022	20,516	21,234	19,989	19,641
EQUITY					
Non-controlling interests	(15)	9	37	46	59
Shareholder Equity	28,124	26,005	24,928	24,819	25,338

Valuation Ratios

Y/E Mar	FY22	FY23	FY24	FY25e	FY26e
P/E (X)-adj.	29.0	27.1	24.6	22.4	21.0
P/B (X)	2.0	2.1	2.2	2.2	2.2
EV/EBITDA (X)	17.2	17.5	17.4	16.8	16.0
Growth & Margins					
Growth					
Revenue	-1.9%	-4.7%	-3.4%	3.1%	3.3%
EBITDA	-1.7%	-2.2%	-2.4%	6.7%	5.4%
EBIT	-8.9%	6.4%	3.7%	23.3%	1.5%
Net profit, adj.	11.0%	6.7%	10.1%	10.0%	6.5%
Margins					
Gross margin	23.6%	23.9%	23.9%	25.3%	25.6%
EBITDA margin	24.6%	25.2%	25.5%	26.4%	26.9%
EBIT margin	6.8%	7.6%	8.2%	9.8%	9.6%
Net profit margin	12.5%	14.0%	16.0%	17.1%	17.6%
Key Ratios					
ROE	7.0%	7.6%	8.9%	10.0%	10.6%
ROA	4.0%	4.3%	4.9%	5.5%	5.9%
Dividend Payout	80.0%	119.8%	311.4%	150.8%	106.0%
Dividend Yield	2.8%	4.4%	4.5%	4.9%	5.0%



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