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Company – Results | Singapore

Friday, 14 August 2026

Singapore Telecommunications (ST SP)

1QFY27: In Line; Tracking Ahead of FY27 EBIT Guidance

Highlights

- Singtel delivered robust 1QFY27 underlying net profit of S$831m (+21 yoy), driven by higher Airtel and AIS contributions and growth in Optus, NCS and Digital Infraco. Results are in line with expectations.
- The Singapore market saw price competition, leading to a 2% yoy decline in EBIT. Optus ARPU uplift yielded positive results that will flow through into 2QFY27.
- Maintain BUY with an SOTP-based target price of S$5.50.

1QFY27 Results

Year to 31 Mar (S$m)	1QFY27	4QFY26	1QFY26	qoq%	yoy%
Group Operating Revenue:	3,558	3,689	3,392	(3.6)	4.9
Optus	1,789	1,827	1679	(2.1)	6.6
Singapore Consumer	901	891	929	1.1	(3.0)
NCS	804	868	733	(7.4)	9.7
Digital InfraCo	127	165	107	(23.0)	18.7
Group EBITDA:	1,076	927	990	16.1	8.7
Optus	557	512	487	8.8	14.4
Singapore Consumer	363	309	380	17.5	(4.5)
NCS	114	90	97	26.7	17.5
Digital InfraCo	70	79	58	(11.4)	20.7
EBITDA margin (%)	30.2	25.1	29.2	5.1ppt	1.1ppt
Regional Mobile Associates	772	743	669	3.9	15.4
Underlying Net Profit	831	672	686	23.7	21.1

Source: Singtel, UOB Kay Hian

Analysis

- **Strong 1QFY27 performance.** Singapore Telecommunications (Singtel) reported underlying net profit of S$831m (+21 yoy), in line with house and street estimates. The quarter saw: a) 10% yoy opco EBIT growth from Optus, NCS and Digital Infraco; and b) 15% yoy increase in associate earnings. Singtel Singapore EBIT fell 2% yoy, reflecting intense price competition, partly offset by lower depreciation.

Key Financials

Year to 31 Mar (S$m)	2025	2026F	2027F	2028F	2029F
Net turnover	14,146	14,260	14,625	14,988	15,382
EBITDA	3,792	3,847	4,035	4,153	4,256
Operating profit	3,880	4,390	4,565	4,796	5,049
Net profit (rep./act.)	4,017	5,606	2,980	3,135	3,304
Net profit (adj.)	2,470	2,769	2,980	3,135	3,304
EPS	14.9	16.8	18.1	19.0	20.0
PE (x)	28.6	25.5	23.6	22.5	21.3
P/B (x)	2.7	2.5	2.5	2.5	2.5
EV/EBITDA (x)	20.6	20.7	19.5	19.2	19.0
Dividend yield (%)	4.0	4.3	4.6	4.8	3.7
Net margin (%)	17.5	19.4	20.4	20.9	21.5
Net debt/(cash) to equity(%)	34.4	28.7	32.6	36.7	35.7
Interest cover (x)	11.3	12.2	12.4	12.6	12.8
ROE (%)	9.5	9.7	10.5	11.2	11.5
Consensus net profit	n.a	n.a	3,198	3,618	4,107
UOBKH/Consensus (x)	n.a	n.a	0.93	0.87	0.80

Source: Singtel, Bloomberg, UOB Kay Hian

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BUY (Maintained)	
Share Price	S$4.27
Target Price	S$5.50
Upside	28.8%

Stock Data

Sector	Communication Services
Bloomberg ticker	16,512.8
Shares issued (m)	69,685.8
Market cap (S$m)	54,420.8
Market cap (US$m)	126.7
3-mth avg daily t'over (US$m)	16,512.8

Price Performance (%)

52-week high/low				S$5.27/S$3.95
1mth	3mth	6mth	1yr	YTD
(3.6)	(11.4)	(11.4)	8.9	(6.2)

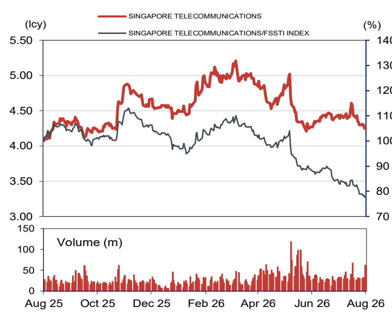
Major Shareholders (%)

Temasek Holdings	50.9
Capital Group Companies	5.4
Vanguard Group	2.0

Balance Sheet Metrics

FY27F NAV/Share (S$)	1.7
FY27F Net Debt/Share (S$)	0.6

Price Chart



Source: Bloomberg

Company Description

Singtel is a telecommunications company offering a diverse range of services, including fixed-line, mobile, data, internet, TV, and digital solutions. It also has operations in Australia, India, Indonesia, Thailand and the Philippines.

- **Optus: ARPU uplift to sustain into 2QFY27.** On a constant currency basis, 1QFY27 operating revenue fell 2% yoy on weaker device sales. That said, service revenue rose 3% yoy on the back of ARPU uplift (effective May 26). The higher service revenue, lower depreciation and overall cost discipline led to EBIT growth of 14% yoy to A$152m. Postpaid and prepaid subscribers declining by 39,000 and 14,000 qoq, respectively.
- **Singapore: Intense mobile competition.** 1QFY27 mobile service revenue fell 4% yoy given intense price competition. Increase in data and internet was offset by decline in mobile, ICT and legacy services. Overall, EBIT fell 2% on lower depreciation charges. Blended ARPU was stable qoq at S$22/month with a net add of 51,000 subscribers in the quarter.
- **NCS: Orderbook remains healthy.** NCS reported 1QFY27 revenue and EBIT growth of 10% yoy and 29% yoy respectively. This reflects robust demand for digital resilience services. Effective cost discipline has led to its 1QFY27 EBIT surging 29% yoy. During the quarter, NCS secured new orders amounting to S$860m, book-to-bill ratio of 1.1x.
- **Digital Infraco: Strong revenue uplift of 19% yoy** driven by the commissioning of Nxera's DC Tuas (in Jan 26) and capacity deployment from RE:AI's AI cloud service. EBIT rose 10% yoy after including higher depreciation charges with the commissioning of DC Tuas.
- **Regional associates: Strong performance from Airtel and AIS.** Airtel group reported a 39% yoy jump in net contribution, driven by India mobile ARPU uplift of 5%, and record subscribers net add in the quarter. AIS recorded a 33% increase in net contribution, supported by higher mobile and broadband service revenue, cost discipline and lower depreciation. Globe's net contribution fell 9% yoy. Despite healthy demand for data usage and connectivity, earnings were dragged down by elevated depreciation and finance costs. Telkomsel's net contribution rose marginally by 2% yoy as price competition was stable in the quarter. That said, we note that price competition has been intense in Jul 26.

Valuation/Recommendation

- **Maintain BUY with an SOTP-based target price of S$5.50** (discount rate: 7%, growth rate: 2.5%). We pencilled in a successful acquisition of a 25% equity stake in ST Telemedia Global Data Centres, slated to be completed by Sep 26, based on S$20m/MW enterprise value over 1GW of DC capacity in the near term.

Earnings Revision/Risk

- No revision to earnings.

Share Price Catalyst

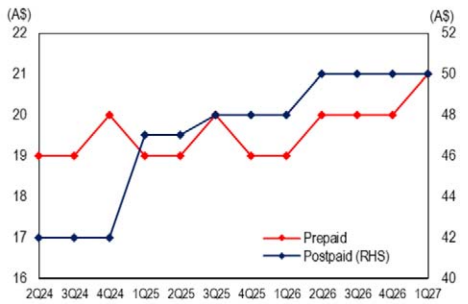
- **Key re-rating catalysts** include: a) market repair after consolidation in Singapore, b) value illumination of data centres and/or NCS; and c) stronger-than-expected Optus savings.

SOTP-based Fair Value At S$5.50/Share

	Valuation (S$m)	% of SOTP
Singapore ST	10,346	10%
Optus	15,512	15%
NCS, Digital Infraco, STT GDC	13,960	13%
Total enterprise value	39,818	37%
Net debt	10,705	10%
Total equity value of unlisted OpCos	29,113	27%
Equity Value of Associates		
GULF	1,958	2%
Airtel	50,348	50%
AIS	8,768	9%
Globe	2,228	2%
Telkomsel	14,147	14%
Total equity value of associates	77,449	76%
Total equity value of Singtel (S$m)	106,562	
Equity value/share (S$)	6.44	
Fair value/share (S$) (holding company discount of 15%)	5.50	

Source: UOB Kay Hian

Singtel Singapore



Source: Singtel, UOB Kay Hian

Regional Associates PBT Contribution

Associates (S$m)	1QFY27	yoy % chg
Telkomsel (Indonesia)	148	0.7
AIS (Thailand)	167	33.6
Intouch (Thailand)	–	–
Globe (Philippines)	65	(7.1)
Bharti Airtel (India)	392	19.9
Total	772	15.4

Source: Singtel, UOB Kay Hian

1QFY27 Performance Exceeded FY27 Outlook

Source: Singtel

Profit & Loss

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Net turnover	14,260	14,625	14,988	15,382
EBITDA	3,847	4,035	4,153	4,256
Deprec. & amort.	2,021	2,130	2,149	2,137
EBIT	4,390	4,565	4,796	5,049
Net interest income/(expense)	2,476	(368)	(382)	(395)
Pre-tax profit	6,866	4,197	4,415	4,654
Tax	(1,249)	(1,217)	(1,280)	(1,350)
Minorities	(11)	-	-	-
Net profit	5,606	2,980	3,135	3,304
Net profit (adj.)	2,769	2,980	3,135	3,304

Balance Sheet

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Fixed assets	11,256	11,320	11,419	11,359
Other LT assets	30,517	31,207	31,897	32,587
Cash/ST investment	3,470	2,876	2,263	2,716
Other current assets	5,454	5,584	5,715	5,858
Total assets	50,697	50,987	51,294	52,520
ST debt	1,100	1,100	1,100	1,100
Other current liabilities	7,481	7,569	7,689	7,834
LT debt	10,579	11,018	11,467	11,882
Other LT liabilities	2,820	2,820	2,820	2,820
Shareholders' equity	28,559	28,323	28,060	28,726
Minority interest	157	157	157	157
Total liabilities & equity	50,697	50,987	51,294	52,520

Cash Flow

Year to 31 Mar (S$m)	2026	2027F	2028F	2029F
Operating	4,920	5,758	5,977	6,161
Pre-tax profit	6,866	4,197	4,415	4,654
Tax	(1,249)	(1,217)	(1,280)	(1,350)
Deprec. & amort.	2,021	2,130	2,149	2,137
Associates	1,249	-	-	-
Working capital changes	255	(43)	(10)	1
Other operating cashflows	(4,222)	691	705	718
Investing	4	(3,207)	(3,261)	(3,090)
Capex (maintenance)	(2,482)	(2,194)	(2,248)	(2,077)
Proceeds from sale of assets	6	7	8	9
Others	2,486	(1,013)	(1,013)	(1,013)
Financing	(4,241)	(3,145)	(3,329)	(2,618)
Dividend payments	(3,005)	(3,216)	(3,397)	(2,639)
Issue of shares	6	7	8	9
Proceeds from borrowings	7	439	450	415
Others/interest paid	(1,249)	(375)	(390)	(404)
Net cash inflow (outflow)	683	(594)	(613)	453
Beginning cash & cash equivalent	2,766	3,470	2,876	2,263
Changes due to forex impact	6	7	8	9
Ending cash & cash equivalent	3,470	2,876	2,263	2,716

Key Metric

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	26.8	27.9	28.7	29.0
Pre-tax margin	35.9	26.1	27.7	28.8
Net margin	28.4	18.8	20.0	20.7
ROA	5.3	5.8	6.3	6.6
ROE	9.5	10.6	11.7	12.6
Growth				
Turnover	0.1	2.0	3.1	2.3
EBITDA	5.4	6.1	6.0	3.4
Pre-tax profit	195.2	(25.8)	9.5	6.3
Net profit	9.3	9.9	9.5	6.3
Net profit (adj.)	9.3	9.9	9.5	6.3
EPS	9.3	9.9	9.5	6.3
Leverage				
Debt to total capital	0.3	0.3	0.3	0.3
Debt to equity	0.5	0.5	0.5	0.5
Net debt/(cash) to equity	0.3	0.4	0.4	0.4
Interest cover	11.3	11.9	12.5	12.7