Singtel is a buy into Fridayâ??s results: a record dividend near a 52-week low, if you can live with a price war

Description

The call

Singapore Telecommunications (SGX: Z74) is our pick today, and the call is buy, for patient investors who want income.

The shares last traded at S$4.09, the closing price on Friday, 6 November 2026, down S$0.12, or 2.85%, on the day. There was no trading on Monday, 9 November, the public holiday for Deepavali (Ministry of Manpower), so Fridayâ??s close is still the latest price going into this morningâ??s session.

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The 52-week range is S$3.99 to S$5.27. That puts the stock about 22% below its high and only about 3% above its low. Market value is about S$66.6 billion.

Singtel reports its results for the half year to 30 September 2026 on Friday, 13 November, before the market opens, as it confirmed in an SGX filing on 30 October. An interim dividend is expected with them.

The business is moving the right way

The first quarter of FY2027, the three months to 30 June 2026, was better than the market expected. Underlying net profit rose 21.0% to S$831 million, or 27.3% in constant currency. Operating revenue rose 4.9% to S$3,558 million, EBITDA rose 8.7% to S$1,076 million and operating company EBIT rose 10.4% to S$462 million, which the chief executive described as â??above guidanceâ?• (Singtel 1Q FY2027 business update, 13 August 2026). Underlying profit came in ahead of a Visible Alpha consensus of S$746.1 million, Reuters reported.

The growth is coming from the right places. IT services arm NCS grew revenue 9.7% and EBIT 29%, and booked S$860 million of new work. Digital InfraCo, which houses the Nxera data centres, grew revenue 19%, helped by DC Tuas, which started operating in January 2026. In Australia, Optus lifted EBIT about 14% in constant currency as price increases pushed mobile service revenue up 3.3%. Profit from regional associates, mainly Airtel in India and AIS in Thailand, rose 16.1% to S$543 million.

The dividend has followed. Singtel paid 18.5 cents a share for FY2026, up from 17.0 cents. That is made up of a 13.4-cent core dividend, an 80% payout of underlying profit within a 70% to 90% policy, plus a 5.1-cent â??value realisation dividendâ?• funded by asset sales (Singtel FY2026 results release, 21 May 2026). FY2026 underlying net profit was S$2.77 billion, up 12%.

That asset recycling is well advanced. UOB Kay Hian says Singtel has raised S$6.8 billion towards a S$9 billion medium-term target. Of the S$9 billion, S$5 billion is set aside for value realisation dividends

of 3 to 6 cents a year up to FY2030, S$2 billion for buybacks, of which S$0.9 billion has been used, and S$2 billion for growth (UOB Kay Hian, 11 September 2026). Net debt was S$8.7 billion at 31 March 2026, with 87% of borrowings at fixed rates.

Why guidance could go up on Friday

Singtelâ??s FY2027 guidance is modest: EBIT growth â??between low and mid-single digitsâ?•, trimmed for uncertainty in the Middle East. First-quarter operating EBIT grew 10.4%, well ahead of that.

BofA Securities, in a note dated 22 October 2026, sees scope for Singtel to raise its FY2027 guidance. It forecasts second-quarter underlying net profit of S$761 million, up 14.4%, and core EBIT of S$491 million, up 19.4%. Underlying net profit for the first half of FY2026 was S$1.35 billion (Singtel 1H FY2026 release). If BofAâ??s estimate is right, first-half FY2027 underlying profit would be about S$1.59 billion, roughly 18% higher. That is our arithmetic on a broker forecast, not a company figure.

There is also optionality the market may not be pricing. The regulator IMDA has issued rival Simba a show-cause notice over unauthorised spectrum use, which could lead to fines or the suspension of its spectrum rights or licence. Simba has until 16 November to respond. DBS Group Research argues that Singtel could pick up subscribers if Simba is constrained. Separately, UOB Kay Hian reports that management is at an early stage of looking at a REIT structure or listing for Nxera, and estimates an IPO could value the business at S$4 billion to S$4.5 billion.

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The case against

The Singapore business is shrinking. In the first quarter, Singtel Singaporeâ??s operating revenue fell 3.1% â??on continued intense price competitionâ?•, mobile service revenue fell 4.0% on lower revenue per user and EBITDA fell 4.6%. CGS International, in a report dated 2 November 2026, forecasts blended mobile revenue per user falling 6.5% to S$21.50 in FY2027, and points to S$20-a-month unlimited plans, free-month promotions and 10Gbps broadband offered below S$30 a month, against Singtelâ??s S$39.90. The proposed Simba-M1 merger, which would have consolidated the market, has been called off.

Some of the growth is currency. In constant currency, first-quarter operating revenue was described as â??stableâ?•, up 0.4%. A stronger Australian dollar did much of the work in the headline figure.

Optus carries a legal overhang. On 30 July 2026, the Australian Communications and Media Authority sued Optus in the Federal Court of Australia over the September 2025 outage that disrupted emergency calls. Singtel says the potential liabilities â??are uncertain and cannot be reliably estimatedâ?•.

Earnings lean heavily on companies Singtel does not control. Associates contributed S$543 million of the S$831 million in first-quarter underlying profit, about 65% on our arithmetic. Singtel guides to S$1.1 billion of ordinary dividends from associates in FY2027. The first quarter also included a one-off S$153 million first dividend from Gulf Development.

Capital spending is rising. Singtel guides to about S$3.0 billion of capex in FY2027: about S$1.8 billion of core spending, plus S$1.2 billion mainly for data centres and GPU-as-a-service, of which S$0.7 billion is funded by partners and customer advances. Data centre returns take years to come through.

And the shares have not rewarded the good news. The stock is down about 10% since 7 September, when it closed at S$4.56.

The numbers behind the call

These measures are worked out from Fridayâ??s close of S$4.09. Forward figures are aggregator consensus, not company guidance.

Measure	Value	Basis
Price to earnings, FY2026 underlying	about 24 times	Underlying profit of S$2.77 billion over 16.28 billion shares, about 17.0 cents a share (our calculation)
Forward P/E, FY2027	about 21.5 times	Consensus EPS of about 19 cents (S&P Global)
Dividend yield, total	about 4.5%	18.5 cents for FY2026
Dividend yield, core only	about 3.3%	13.4 cents, excluding the asset-sale dividend
Price to book	about 2.3 times	Market data
Net debt	S$8.7 billion	Singtel, 31 March 2026

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Singtel is not cheap on earnings for a telco. Brokers value it instead on the sum of its parts, including its listed stakes in Airtel and AIS. CGS Internationalâ??s target is based on revalued net asset value and UOB Kay Hianâ??s on a sum of the parts. CGS International forecasts dividend yields of 5.4% for FY2027 and 6.14% for FY2028, which are broker forecasts rather than declared payouts.

What the brokers say

The street is unusually united. Report dates are those given in the broker notes or in secondary write-ups of them. Where aggregators disagree on a date, it is shown as recently.

Broker	Rating	Target price	Report date	Change from S$4.09
CGS International	Add (reiterated)	S$5.16	2 November 2026	about +26%
DBS Group Research	Buy (maintained)	S$5.46	recently	about +33%
BofA Securities	Buy (maintained)	S$5.60	22 October 2026	about +37%

Broker	Rating	Targetprice	Report date	Change from S$4.09
Maybank	Buy (maintained)	S$5.21	7 October 2026	about +27%
UOB Kay Hian	Buy (maintained)	S$5.50	11 September 2026	about +34%
Lim & Tan Securities	Buy (maintained)	S$5.36	10 September 2026	about +31%

Phillip Securities upgraded the stock to buy on 17 August 2026; its Singapore-dollar target was not available. The one dated negative view on record is Morningstarâ??s sell, from 5 February 2026.

Across 16 analysts polled by S&P Global, the consensus is buy, with an average target of S$5.25 and a range of S$4.57 to S$6.20, as at 6 November 2026. The average implies about 28% upside.

What to watch on Friday

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Four things matter most when Singtel reports on 13 November.

First, guidance. A raise to the â??low to mid-single digitâ?• EBIT outlook would confirm that the first quarter was not a one-off.

Second, the interim dividend. Last yearâ??s was 8.2 cents, a 6.4-cent core dividend plus 1.8 cents of value realisation dividend, based on the 1H FY2026 and FY2026 releases. Anything below that would be a warning.

Third, Singtel Singapore. Investors need to see the revenue decline levelling off.

Fourth, Optus. Any update on the regulatorâ??s case, or on the size of potential penalties, will move the stock.

After Friday, Simbaâ??s 16 November deadline with IMDA, further asset sales towards the S$9 billion target, use of the remaining buyback allowance and any step on a Nxera listing are the next catalysts.

The verdict

At S$4.09, Singtel trades near the bottom of its range even though its own numbers are improving. Underlying profit beat expectations, operating EBIT is running well ahead of guidance, the dividend is a record backed by a stated payout policy, and asset recycling is two-thirds of the way to its target. Every dated broker call is a buy or an add, with targets between S$5.16 and S$5.60.

This is a total-return case rather than a value one. Investors get a yield of about 4.5%, or about 3.3% on the core dividend alone, plus the chance of a re-rating if guidance rises and the Singapore market becomes more rational. The risks are real: a genuine price war at home, an unquantified Optus lawsuit, and a profit base that leans on associates.

Buying ahead of Friday carries results risk, and cautious investors may prefer to wait for the print. We would move to hold if the results leave guidance unchanged with Singapore still deteriorating, or if the interim dividend comes in below 8.2 cents. We would move to sell on a material penalty for Optus, a cut to the core payout ratio, or a stall in asset sales that puts the extra dividend in doubt.

Research by Warren.

This is general information, not financial advice, and does not take into account your objectives or financial situation.

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