

# Singapore Industry Focus

## Singapore Telecom

Refer to important disclosures at the end of this report

DBS Group Research . Equity

25 Jun 2026

### Can SIMBA survive?

- Mandatory 5G Standalone (SA) transition by mid-2026 removes SIMBA's fallback on 4G; Singtel & StarHub operate 5G-SA already.
- Spectrum constraints combined with higher cybersecurity compliance capex might turn SIMBA's free cash flow negative; SIMBA's holding company is trading at 40% above asset replacement value
- We prefer [Singtel](#) (BUY; SGD5.46 TP) which offers a dividend yield of 4.2%, with two potential catalysts: (i) minority stake sale in Optus, and (ii) Singapore data center IPO in 2H27

**SIMBA's spectrum constraint could become a big crippling factor.** From mid-2026, all 5G traffic must run on 5G-SA, and SIMBA's 5G-SA spectrum is roughly a tenth the size of its rivals, throttling its 5G service potentially. Simba holds only 10MHz of 2.1GHz spectrum for its 5G-SA network. Critically, Simba holds zero 1800MHz and zero 3.5GHz spectrums, the two bands that carry the bulk of urban indoor capacity and 5G capacity respectively for other telcos. At the same time, the regulator is investigating SIMBA's unauthorised spectrum usage.

**SIMBA's free cash flow could turn negative.** Singapore telcos must comply with a strict, framework which mandates annual independent security, active supply chain risk management, and rapid incident reporting. We estimate the incremental, capex required for SIMBA to close these gaps at SGD21–28mn as a one-time expense, plus SGD3–5mn per annum recurring. There could be additional capex required to tackle spectrum constraints. SIMBA's holding company, Tuas Holdings (ASX:TUA), had reported free cash flow of SGD26mn in FY25.

**SIMBA's capacity constraint is positive for Singtel & StarHub.** A potential inability to offer 5G and a patchy 4G service could weaken SIMBA substantially, paving the way for mobile ARPU repair to happen earlier than our base-case of a recovery in 12 months. While StarHub is considered a contender to acquire M1, one possible scenario could be Singtel acquiring SIMBA to protect consumers, although nothing is on the table yet. Singtel's current share price weakness is mainly due to lower-than-expected OpCo EBIT growth guidance for FY27F from weak Singapore mobile market. SIMBA's issue might re-ignite hopes of Singapore mobile market recovery in our view.

STI Index: 5,218.96

### Analysts

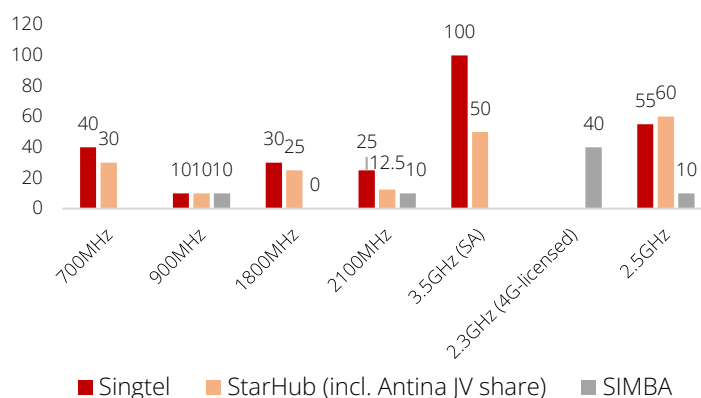
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### STOCKS

	Price LCY	Mkt Cap USDmn	12-mth Target		Rating
			Price LCY	Performance (%) 3 mth 12 mth	
<a href="#">Singtel</a>	4.40	55,630	5.46	-11.8 15.8	BUY
<a href="#">StarHub</a>	1.04	1,383	0.94	2.0 -8.8	FV

Source: DBS, Bloomberg  
Closing price as of 23 Jun 2026

### SIMBA lacks 3.5GHz spectrum for 5G-SA and 700MHz/1800MHz spectrum for 4G



Sources: IMDA spectrum right filings, Companies, DBS

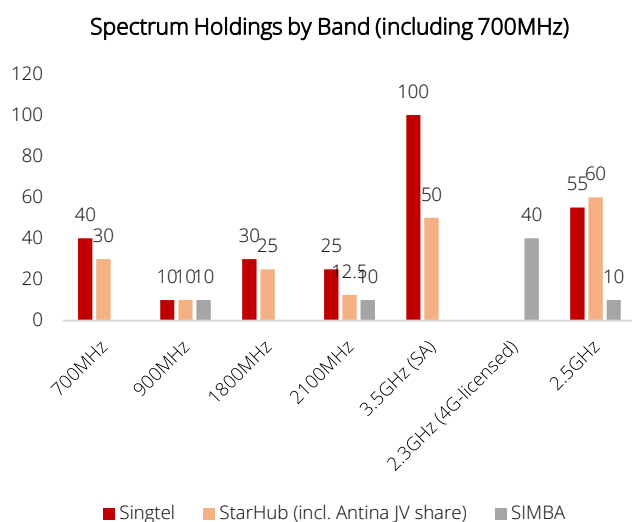
**SIMBA lacks 700MHz spectrum for indoor 4G coverage, 1800MHz for outdoor 4G and 3.5GHz for 5G-SA**

Operator	Subscribers	Total Spectrum (incl. 700 MHz)	Key Spectrum Holdings
Singtel	4.496mn (Mar-26)	260 MHz	700MHz (40MHz), 900MHz (10MHz), 1800MHz (30MHz), 2100MHz (25MHz), 3.5GHz SA (100MHz), 2.5GHz (55MHz)
StarHub (+ Antina JV share)	2.222mn (Mar-26)	~188 MHz	700MHz (30MHz), 900MHz (10MHz), 1800MHz (25MHz), 2100MHz (12.5MHz), 3.5GHz SA (50MHz), 2.5GHz (60MHz)
M1 (+ Antina JV share)	~2.0mn+	~118 MHz	700MHz (20MHz), 900MHz (10MHz), 1800MHz (25MHz), 2100MHz (12.5MHz), 3.5GHz SA (50MHz)
SIMBA	1.412mn (Jan-26)	70 MHz	2100MHz (10MHz), 2.3GHz (40MHz), 2.5GHz (10MHz), 900MHz (10MHz)

Sources: IMDA spectrum right filings, Companies, DBS

**Singapore's switch to next-generation 5G to complete by mid-2026, removing every operator's 4G fallback.** IMDA's original directive set 31 December 2025 as the deadline for full retirement of the older style of 5G that runs on top of the existing 4G network; in practice, operators are completing the progressive shutdown through Q2 2026. Once this is complete, no operator can lean on its 4G network as a relief valve for 5G traffic anymore, every operator's 5G traffic must run entirely on 5G-SA. Essentially all of SIMBA's usable 5G capacity sits in a single 10MHz of 2100MHz, while peers run their 5G standalone networks on 100MHz of 3.5GHz apiece.

**Singtel leads on 5G spectrum depth and band quality; SIMBA's 5G spectrum concentrated in 2.1GHz band**



Sources: IMDA spectrum right filings, Companies, DBS

\*SIMBA's 2.3GHz (40MHz) and 2.5GHz (10MHz) holdings are licensed for 4G services and are not currently authorised for 5G use. As a result, SIMBA's dedicated 5G-SA spectrum capacity remains limited to 10MHz, versus 100MHz for Singtel and the StarHub-M1 Antina JV.

**The real risk is total network capacity, not whether the network is labelled 4G or 5G.** Whichever generation of network is used, all of an operator's traffic still has to fit through the same fixed amount of spectrum it owns, and SIMBA owns far less usable 5G capacity than its rivals. Of SIMBA's roughly 70MHz of total spectrum, only 20MHz (10MHz at 900MHz and 10MHz at 2100MHz) is currently authorised for 5G use. More importantly, its dedicated 5G-SA capacity remains limited to 10MHz at 2100MHz, versus 100MHz of 3.5GHz spectrum for Singtel and the StarHub-M1 Antina JV. The remaining ~50MHz across 2.3GHz and 2.5GHz is licensed for 4G services only and cannot relieve future 5G capacity constraints. With SIMBA's customer base growing fast, this thin layer of 5G-capable spectrum is carrying more traffic with very little spare room, a problem that will eventually show up as slower speeds and patchier coverage at busy times

**This capacity squeeze is compounded by a regulatory risk that exists independently of how satisfied customers are with the network today.** According to OpenSignal's report published in June 2025, SIMBA users frequently experience data stagnation (bars show full signal, but web pages won't load) or total disconnection on certain MRT lines (like the North-East Line) and deep basement malls. SIMBA's free cross-border roaming data (especially in Malaysia) is highly rated by daily commuters for its value and relative stability. At the same time, the regulator is investigating whether SIMBA used spectrum it was not authorised to use, and the outcome could mean fines or a forced reduction in SIMBA's already-thin capacity.

## Cybersecurity Compliance Capex Gap

IMDA's review also touched on cybersecurity infrastructure adequacy, not just spectrum. From 2026, requirements are escalating across four areas: new IMDA guidance on virtualised infrastructure and credential management; possible expansion of critical-infrastructure designation to additional connected systems; a national quantum-resistant encryption migration mandate; and the incoming Digital Infrastructure Act. We estimate the incremental, above-run-rate capex required for SIMBA to close these gaps at SGD21–28mn one-time, plus SGD3–5mn per annum recurring.

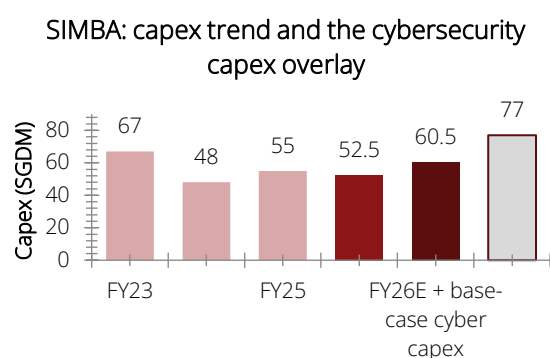
**We estimate SIMBA's cybersecurity compliance gap at SGD21–28mn one-time capex plus SGD3–5mn in annual recurring costs**

Compliance Category	Requirement	One-time (SGDM)	Recurring p.a. (SGDM)
SOC build / enhancement	TCS Code: 24/7 threat detection & response	3.0–6.0	1.5–2.5
Network segmentation & access control	CCoP 2.0 / TCS: zero-trust, CII isolation	2.0–4.0	0.5–1.0
Virtualisation security (new 2026 guidance)	IMDA enhanced rules for virtualised infra	2.0–5.0	0.5–1.5
Post-Quantum Cryptography migration	National PQC mandate (NIST baseline)	3.0–8.0	0.5–1.0
Other (ISO certification, IR/BC, credential mgmt, DIA readiness, TIRA remediation)	Various	~11–16	~1.9–3.3
<b>Total (Base Case)</b>		<b>21–28</b>	<b>3–5</b>

Source: Estimates are derived from an analysis of compliance obligations under the Telecommunications Cybersecurity (TCS) Code and the Infocomm Media Development Authority (IMDA) regulatory framework, incorporating escalating requirements announced at the Ministry of Digital Development and Information (MDDI) Committee of Supply Debate, DBS.

\*SOC = Security Operations Centre; TCS Code = Telecommunications Cybersecurity Code of Practice (IMDA); CCoP = Cybersecurity Code of Practice for Critical Information Infrastructure owners (Cyber Security Agency of Singapore, under the Cybersecurity Act); CII = Critical Information Infrastructure; PQC = Post-Quantum Cryptography; NIST = (US) National Institute of Standards and Technology; ISO = International Organization for Standardization; IR/BC = Incident Response / Business Continuity; DIA = Digital Infrastructure Act; TIRA = Threat Impact and Risk Assessment.

## Cybersecurity compliance threatens to reverse SIMBA's improving capex trajectory



Source: Company, DBS

\*SIMBA's capex intensity has been declining as the network build matures (78% of revenue in FY23 to a guided ~29% in FY26F). The base case (SGD60.5mn) amortises the one-time cyber capex of SGD21–28mn over 3 years. The accelerated remediation scenario (SGD77mn) shows the full one-time amount hitting in a single year, as could occur if IMDA orders compressed remediation following its investigation. Recurring cyber opex/capex (SGD3–5mn p.a.) applies under either scenario and is shown separately in the table below rather than included in the bars. Neither scenario is company guidance.

### Accelerated IMDA remediation could push SIMBA's FY26F Capex to SGD77mn against a guided SGD52.5mn

Component	Base Case (3-yr Smoothed)	Accelerated (Single Year)	Note
FY26F guided capex	SGD52.5mn	SGD52.5mn	Mid of SGD50–55mn guidance; unchanged across both scenarios
One-time cyber capex recognised in FY26F	SGD8.0mn	SGD24.5mn	Base case spreads the SGD21–28mn one-time build over 3 yrs (mid of SGD7–9mn/yr); accelerated recognises the full mid-point in one year
<b>Implied FY26F Capex (this chart)</b>	<b>~SGD60.5mn</b>	<b>~SGD77mn</b>	Sum of the two rows above; plotted in Figure 2
<i>Memo: recurring cyber opex/capex (not in bars)</i>	<i>SGD3–5mn p.a.</i>	<i>SGD3–5mn p.a.</i>	<i>Run-rate cost that applies regardless of remediation timing; excluded from both bars as a constant, not a scenario variable</i>

Source: Estimates are derived from an analysis of compliance obligations under the Telecommunications Cybersecurity (TCS) Code and the Infocomm Media Development Authority (IMDA) regulatory framework, incorporating escalating requirements announced at the Ministry of Digital Development and Information (MDDI) Committee of Supply Debate, DBS

**One possible scenario could be StarHub acquiring M1 and Singtel acquiring a struggling SIMBA.** Antina joint venture makes it the natural fallback acquirer of M1. Its existing network-sharing arrangement with M1 gives a future StarHub-M1 combination a more concrete industrial logic than a simple market-share argument, should Keppel revisit a sale following the activation of its "Plan B" efficiency programme. Nothing has been confirmed publicly though. Singtel's balance sheet makes it best positioned to potentially acquire SIMBA's assets in a liquidation scenario.

Stripping out net cash, Tuas's enterprise value is trading at little more than its asset replacement value. At a market cap of AUD1.26bn (AUD2.30/sh) and net cash of AUD526mn (1H26, no debt), Tuas's ex-cash enterprise value is ~AUD734mn, equivalent to ~SGD667mn at the prevailing SGD:AUD rate of 1.10. We compare this against a bottom-up estimate of the replacement value of SIMBA's network infrastructure and spectrum holdings to test whether the market is pricing meaningful going-concern value, or essentially just the hard assets.

Enterprise Value Build-Up	AUD	SGD (at 1.10)
Market capitalisation (AUD2.30/sh)	1,260mn	1,145mn
Less: net cash (1H26, no debt)	(526mn)	(478mn)
<b>Ex-cash enterprise value</b>	<b>~734mn</b>	<b>~667mn</b>

Source: Company, Oanda, DBS

**We estimate SIMBA's asset replacement value at ~SGD465mn, using market-comparable spectrum pricing.** In SIMBA's original 2016 New Entrant Spectrum Auction allocation (900MHz + 2.3GHz, 60MHz), the reserve price was deliberately set low (SGD35mn) to attract a fourth operator, and SIMBA paid SGD105mn. It does not apply to the 2021 2.1GHz auction, where SIMBA (then TPG) actually paid SGD3.1mn/MHz for its 10MHz lot more per MHz than either Singtel (SGD2.6mn/MHz) or the M1-StarHub consortium (SGD2.1mn/MHz) paid for the same band. Applying the blended incumbent rate (~SGD2.35mn/MHz) to SIMBA's full 70MHz spectrum portfolio implies a market-comparable spectrum value of ~SGD165mn, on top of PPE book value of ~SGD300mn and a combined asset estimate of ~SGD465mn.

**The market is pricing Tuas at ~1.4x its asset value, ex-cash, a meaningful compression versus a growth-stage telco, and a supporting data point for the survival-risk thesis.**

SGD667mn ex-cash EV against an estimated SGD465mn of hard assets (spectrum + network PPE) implies the market is ascribing comparatively little standalone going-concern value to SIMBA's mobile and broadband operations beyond its physical assets and cash pile. This compression has coincided with a severe share-price drawdown: Tuas Ltd shares fell ~62% on the M1 deal termination news alone, and are down ~67% YTD, a decline consistent with the market beginning to price in real uncertainty around SIMBA's standalone spectrum and regulatory position, rather than a business-as-usual growth de-rating.

**Stock Picks**

**Singtel for higher visibility into Singapore mobile market recovery.** Singtel's stock price has been adversely affected due to its weak guidance of low-mid single digit OpCo EBIT growth in FY27F, due to weakness in Singapore mobile business. SIMBA's 5G weakness and negative free cash flow can lead to Singapore mobile ARPU recovery earlier than our base-case of recovery in 12-months. We prefer Singtel (BUY) with a TP of SGD5.46 and a dividend yield of 4.2%, with two potential catalysts (i) minority stake sale in Optus (ii) IPO of Singapore data center in 2H27 post the completion of STT GDC acquisition in Aug 2026. Singtel's Singapore & Australia business, account for 22% of Singtel's valuation while associates comprise ~78% of the valuation.

**Bharti Airtel, which accounts for ~50% of Singtel's valuation, is likely to see robust earnings growth.** Consensus expect earnings to increase from INR267bn in FY26 to INR509bn in FY28F, implying a 38% CAGR over FY26-28F. The strong earnings trajectory is supported by continued tariff hikes (timing could be late 2026 to early 2027), rising data consumption, and operating leverage from Airtel's large subscriber base, reinforcing the company's position as one of the key beneficiaries of India's improving telecom industry structure.

**Consensus expect Bharti Airtel's earnings to grow at a CAGR of 38% over FY26-28F**

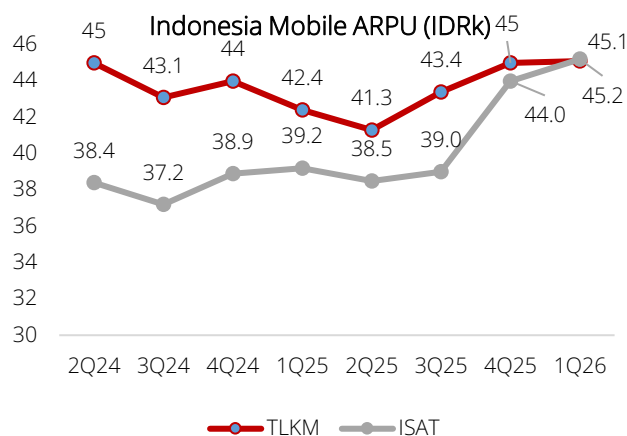
INRmn	FY26	FY27F	FY28F	FY29F	FY26-FY28F
Net Profit	266,952	384,258	509,067	609,241	38%

Source: Company, Visible Alpha, DBS

**Advanced Info System (AIS) which comprises ~13% of Singtel's valuation, is benefiting from duopoly in Thailand.** AIS has been seeing continued uplift in its mobile ARPU from ongoing 5G upselling, improved subscriber mix, and cross-selling of entertainment and value-added services. We expect ADVANC to deliver 11% earnings growth in 2026F, supported by revenue expansion and lower D&A and finance costs.

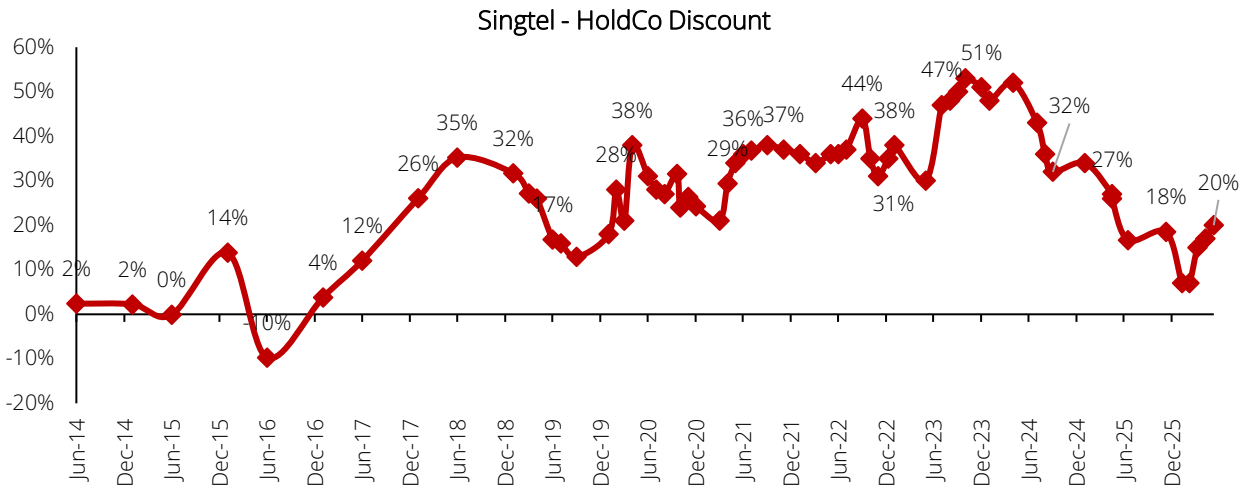
**Telkomsel, which accounts for ~9 of Singtel's valuation, is also seeing ARPU recovery in Indonesia mobile sector .** Telkomsel's ARPU increased 9% from its trough in 2Q25 to IDR45.1k in 1Q26, while ISAT and XL Smart recorded even stronger recoveries. The improvement supports our view that industry pricing discipline has strengthened following consolidation, which should benefit Telkomsel's earnings trajectory. This is positive for Singtel, which has an effective 30% stake in Telkomsel and remains exposed to Indonesia's improving mobile market fundamentals.

**Indonesia's Mobile ARPU recovery has continued in 1Q26**



Source: Companies, DBS

**Singtel is still trading at a holding company discount of 20% despite a stream of capital divestments at the market value of associates**



Source: Company, DBS

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**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return, i.e., > -10% over the next 12 months)

**SELL** (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

\*Share price appreciation + dividends

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