Benchmarking the top 20 global telcos in 2022

Key highlights

- In 2022, the top 20 telcos combined grew by 4.6 percent on a like-to-like basis, indicating a positive trend.
- In 2022, Indian telcos Reliance Jio and Bharti Airtel demonstrated exceptional financial performance, with over 20 percent revenue growth and EBITDA margins exceeding 45 percent.
- While strong ARPU uplift contributed to their financial success, Indian telcos are still facing challenges with high financing costs, resulting in single-digit net profit margins.
- Investment in fibre infrastructure and 5G drove CAPEX in the United States, while Indian telcos announced a pan-India 5G rollout by December 2023, resulting in increased CAPEX.
- Since the regulator's intervention in late 2020, ARPU for Japanese telcos continues to decline.
- Bharti Airtel has a net addition of 28 million subscribers in 2022, while China Telecom has a net addition of 18.7 million subscribers and also achieved a 5G penetration of 69 percent.
- Telcos worldwide have been partnering with vendors for the deployment of 5G, as well as partnering with IoT providers, to stay ahead of the competition.

This report reviews the performance of top global telcos for 2022. It covers:

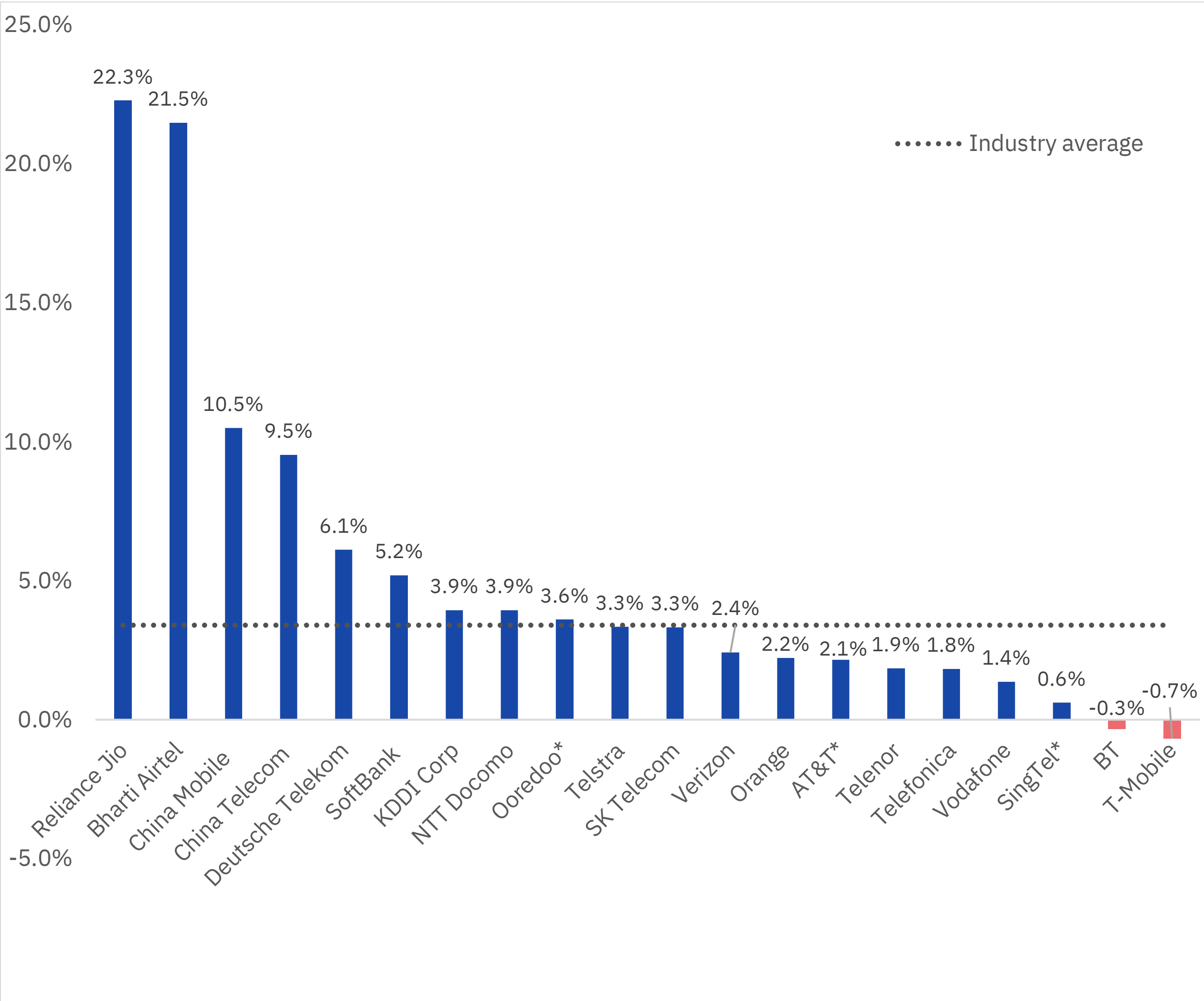
Increased ARPU drives revenue growth for Indian telcos

The top 20 global telcos showed financial strength in 2022, with an average YoY growth of 3.4 percent and a 4.6 percent growth on a like-to-like basis, with 15 of them reporting positive YoY growth.

While some telcos such as AT&T, Singtel, Ooredoo, T-Mobile, and BT reported revenue decline, it is worth noting that AT&T, Singtel, and Ooredoo still managed to achieve positive revenue growth on a like-to-like basis.

The overall positive trend in financial growth for the top 20 global telcos in 2022 is a remarkable achievement, demonstrating their ability to adapt to changing market conditions.

Exhibit 1
Revenue growth, 2022



Source: twimbit analysis
*Note: Like-to-like revenue growth because of the merger of Ooredoo in Indonesia and one-time capital gain for AT&T and Singtel

Reliance Jio and Bharti Airtel

Indian telcos Reliance Jio and Bharti Airtel delivered strong revenue growth in 2022, with increases of 22.3 percent and 21.5 percent, respectively. This growth was largely driven by increase in ARPU resulting from pricing corrections. This trend is expected to continue in 2023, with Airtel Chairman Sunil Bharti Mittal forecasting further growth driven by post-paid subscribers, the expansion of 5G in smaller towns, and rising usage of 5G-capable smartphones. Additionally, the industry is likely to witness another round of tariff hikes in mid-2023.

China Mobile and China Telecom

China Mobile and China Telecom both saw a 10 percent YoY growth in revenue in 2022. This growth was driven by their comprehensive implementation of Cloudification and Digital transformation strategies, which involved deployment in various fields including sci-tech innovation and cloud-network.

Deutsche Telekom

Deutsche Telekom experienced significant growth with 6.1 percent YoY increase in revenue. The growth was primarily fuelled by a rise in fixed-line broadband subscribers in the US and robust consumer growth in Germany.

Ooredoo

Ooredoo's revenue experienced a YoY decline of 24.1 percent due to the impact of the merger (reduced overall ownership for the Ooredoo group) between Indosat Ooredoo and Hutchison in Indonesia in January 2022. Excluding the Indonesian entity’s consolidated results in 2021, on a like-for-like comparison, revenue increased by 4 percent.

AT&T

Revenues totalled US$ 120.7 billion in 2022, compared to US$ 134.0 billion in 2021, reflecting a decline of 9.9 percent due to the impact of the US Video separation in July 2021. Excluding the impact of US Video, AT&T revenues increased by 2.1 percent to US$ 118.2 billion in 2021.

Singtel

Singtel’s revenue declined by 5.2 percent on a YoY basis mainly due to NBN migration revenue and contributions from Amobee. However, excluding this, revenue increase by 0.5 percent on an underlying basis.

BT

BT revenue was down by 0.3 per cent, mainly due to MVNO customer migration and the removal of BT Sports revenue in 2022.

T-Mobile

4 percent increase in service revenue for T-Mobile was not enough to offset impact of 19 percent decline in equipment revenues due to fewer post-paid upgrades and prepaid sales. As a result, the company's revenue declined by 0.7 percent in 2022.

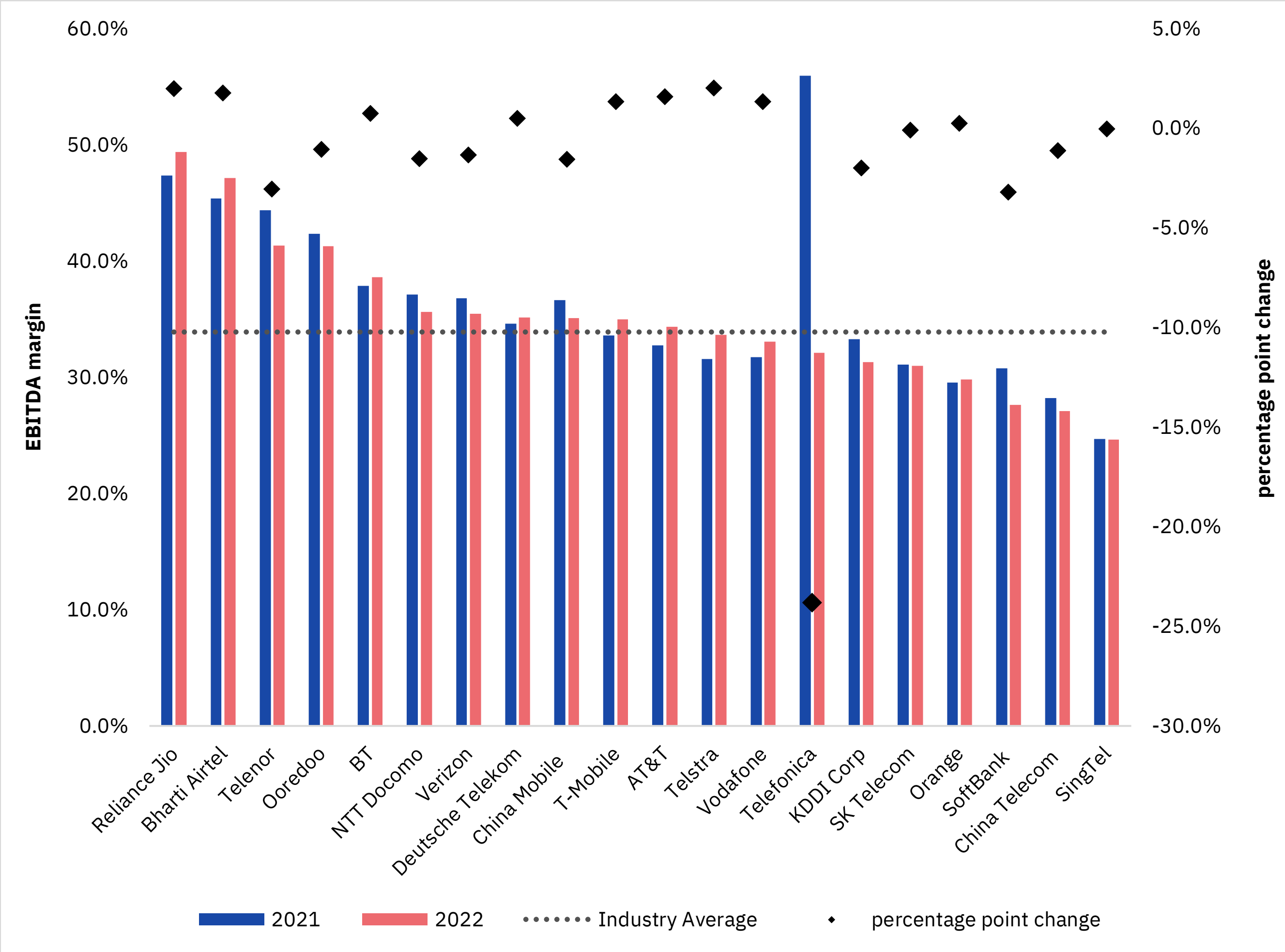
Indian telcos strengthen their EBITDA margin to over 45 percent

Average EBITDA margin for top 20 telcos declined by 120 basis points to 33.9 percent in 2022. Reliance Jio, Telstra and Bharti Airtel witnessed highest increase in EBITDA margin in their peer group in 2022.

Key EBITDA performance highlights for top telcos in 2022 are as follows:

- Reliance Jio and Telstra experienced a 200 basis points increase in EBITDA margin, while Airtel also reported a change of 180 basis points. The increase in ARPU led to impressive EBITDA growth for Indian telcos, despite facing significant financing costs for asset acquisition and construction, which resulted in a single digit net profit margin.
- Telstra's EBITDA growth was powered by its mobile business' momentum and the acquisition of Digicel Pacific.
- Ooredoo's EBITDA margin dropped by 100 basis points, primarily due to increased OPEX in Iraq and higher group-level staff expenses associated with the implementation of a new, forward-looking transformation project.
- Telefonica's EBITDA margin fell significantly in 2022, mainly due to one-time capital gains of US$0.8 billion and a 3 percent increase in OPEX.

Exhibit 2
EBITDA performance, 2022

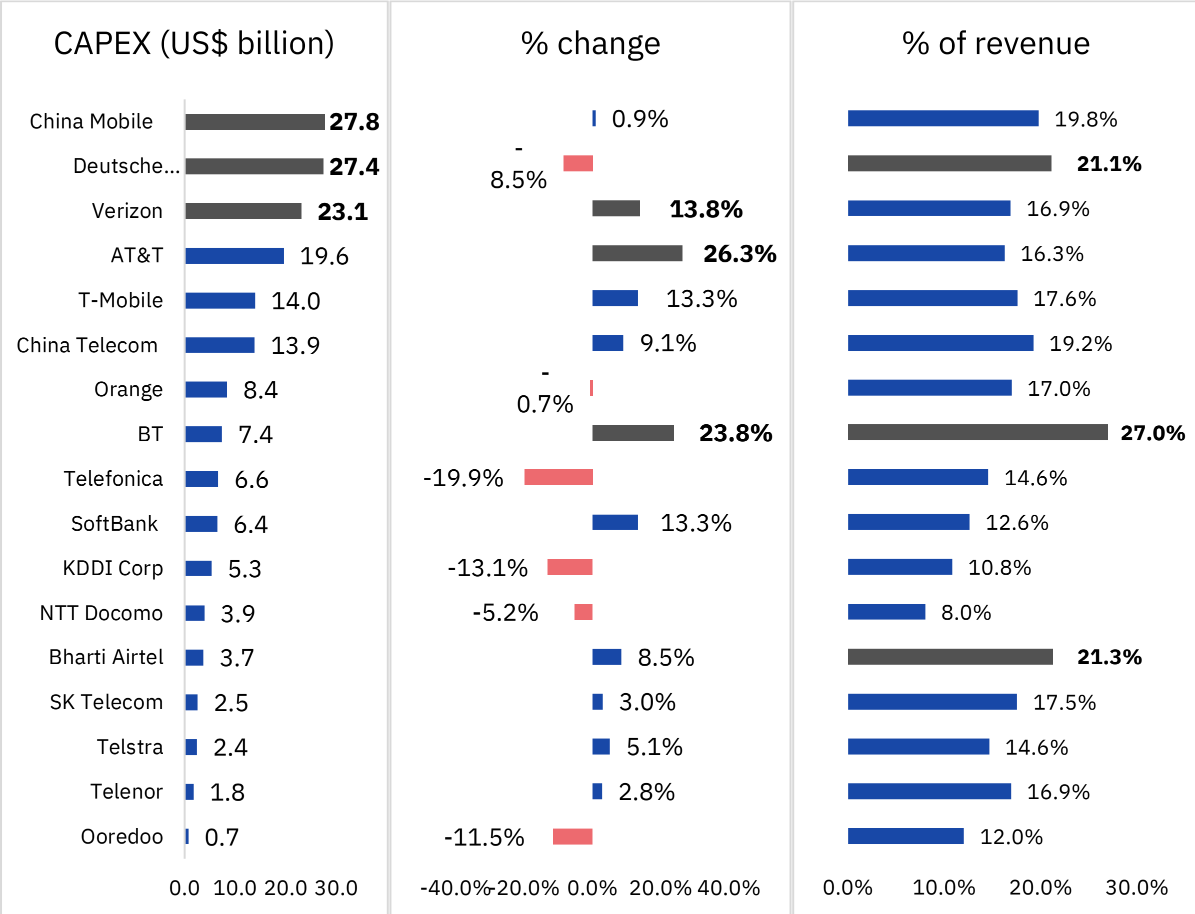


Source: twimbit analysis
*Note: Ooredoo (Indonesia) performance excluded in 2021 results

5G continues to drive CAPEX spending

Telcos in established 5G markets such as China, South Korea, Japan, and Singapore hit their peak CAPEX spending in 2021, driven mainly by investments in 5G. Meanwhile, telcos in India are expected to increase their CAPEX spending in 2023.

Exhibit 3
CAPEX performance, 2022



Source: twimbit analysis
*Note: Ooredoo (Indonesia) performance excluded in 2021 results

Some noteworthy CAPEX trends for 2022 include:

- In the US, telcos are ramping up CAPEX investment mainly in fibre infrastructure and 5G deployment, with plans to serve 100 million people with a mid-band 5G spectrum by the end of 2022.
- BT increased CAPEX spending due to investment in an integrated network to improve the coverage and reliability of the superfast broadband network and increase the deployment of ultrafast broadband across Europe.
- Bharti Airtel launched 5G in selected cities in October 2022, with plans to serve the entire country by December 2023, which has increased its CAPEX spending.
- China Mobile's CAPEX spending is primarily driven by 5G deployment, accounting for 51.8 percent of total CAPEX spending in 2022.
- China Telecom's CAPEX spending has increased by 9.1 percent, largely driven by industrial digitization, which accounts for 29.4 percent of total CAPEX spending, with a percentage point change of 9.4 percent over 2021.

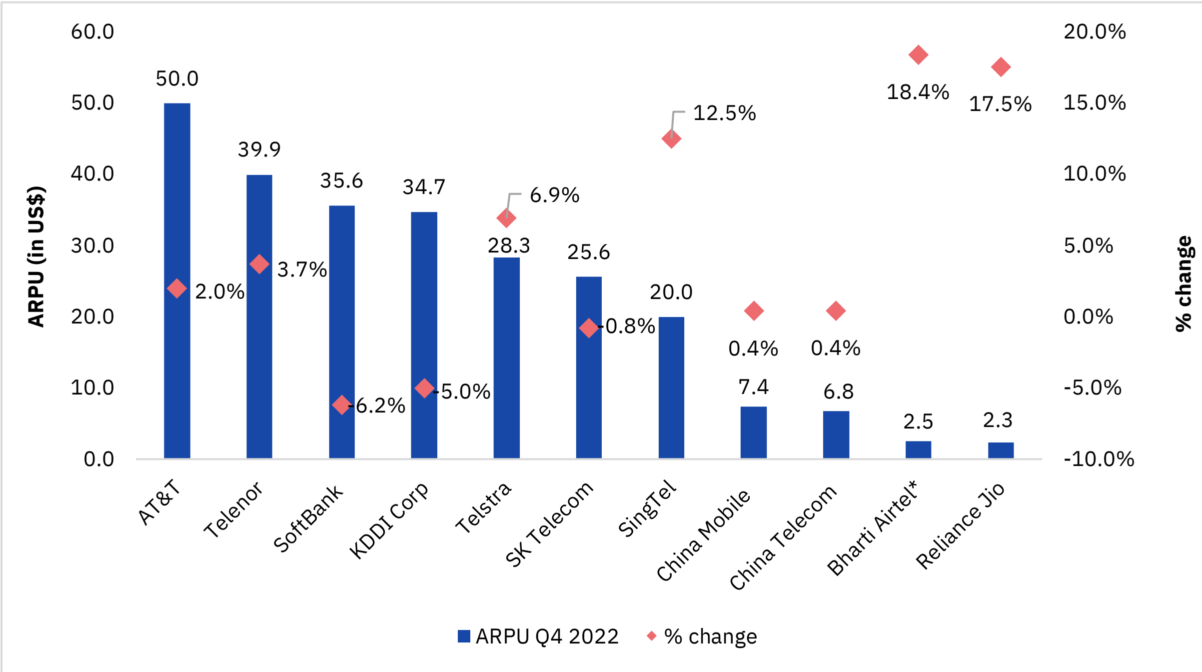
- China Telecom is projecting a 40 percent increase in industrial digitalization CAPEX spending in 2023, which accounts for 38.4 percent of total CAPEX spending.
- Deutsche Telekom CAPEX spending is the second highest among these telcos but decline by 8.5 percent in 2022, due to the purchase of spectrum in Germany and the US worth US$ 10.2 billion in 2021.
- Telefonica's CAPEX declined 19.9 percent due to the purchase of spectrum and capital gains of US$ 11.9 billion from the creation of VMO2's joint venture and the sale of Telxius towers. Excluding the one-time capital gain CAPEX grew by 1.4 percent in 2022.

Subscriber and ARPU trends

The Indian telecom market has seen an uplift in ARPU due to tariff hikes, while Japanese telcos have experienced a decline since the regulatory intervention in late 2020. Key trends in ARPU for 2022 include:

- APRU of Indian telcos increased by more than 15% in 2022. However, despite a significant increase, Indian telcos continue to have one of the lowest ARPU in the world. On the other hand, US-based telcos have the highest ARPU.
- SoftBank and KDDI reported a decline of 6.2 percent and 5.0 percent respectively in their ARPU.
- Singtel reported an 11.1 percent increase in ARPU for Singapore due to an increase in post-paid ARPU.
- Higher 5G penetration in China has stabilized ARPU for Chinese telcos.

Exhibit 4
ARPU Q4 2022 & % change in ARPU



Source: twimbit analysis
*Note: ARPU for Bharti Airtel is for India only

- Bharti Airtel added 28 million subscribers to their operations in India and Africa, and the penetration of 5G has helped increase their subscriber base in the last quarter of 2022.
- Singtel's business in Singapore saw a growth of 3.1 percent in its subscriber base, while in Australia, there was a growth of 4.8 percent.
- China Mobile added 18 million subscribers in 2022 and achieved 63 percent 5G penetration.
- China Telecom increased its subscriber base by 18.7 million with a growth of 5 percent and achieved 69 percent 5G penetration.

Partnerships

In 2022, there was a continued trend of partnerships between telcos and other service providers. The increased deployment of 5G has led telcos in emerging markets to form partnerships with equipment manufacturers for the rollout of 5G networks. Furthermore, there is a growing trend towards partnerships between telcos and niche technology companies to explore business opportunities in emerging technologies such as Metaverse and blockchain.

Some of the recent announcements are shown in exhibit 5.

Exhibit 5

Partnership of telcos in 2022

Telco	Partners	Partnership agreement
Airtel	Ericsson	Deployment of 5G in India
	Nokia	
	Samsung	
	Tech Mahindra	Grow India’s digital economy
	Meta	Extend 2Africa Pearls, the world’s largest subsea cable system, to India to serve the rising demand for high-speed data
China Mobile	ZTE	Build the world’s first 5G NTN (Non-Terrestrial Network Field) trial. NTN networks include satellite communication networks, high-altitude platform systems (HAPS), and air-to-ground networks
Jio	Google	Offer Jio’s private 5G stack and other 5G-enabled solutions
	Meta	Immersive technology and 5G use cases
	Qualcomm	Work on a cloud-native, scalable and flexible 5G infrastructure in both mm-Wave and sub-6HZ
Singtel	S K Telecom	Grow metaverse business in APAC
	Ericsson	Deploy Singapore’s most energy-efficient radio cell, the Ericsson AIR 3268, to its 5G network. It aims to create a 5G site that is 76 percent lighter than a 4G site and reduces energy consumption by 58 percent
	Micron	Deploy commercial 5G millimetre wave solution at its largest facility of 3D NAND flash memory fabrication plant in Singapore.
SK Telecom	AhnLab Blockchain Company	Develop a digital wallet that supports cryptocurrencies, non-fungible tokens and digital credentials
	Atomics Lab	
	e&	Promote the metaverse business in the Middle East
Telefónica	NEC Corporation	Conduct Open RAN (Radio Access Network) pre-commercial trials in Telefonica’s four core global markets: Spain, Germany, the UK and Brazil
Telstra	Ericsson	Create a suite of upcoming 5G Standalone automated and orchestrated services for enterprises