NewStreet Research

GEM/Japan Telcos

Starlink – What impact might it have in Global EM, Japan, Singapore & Australia?

29th August 2025

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What's new: Following on from the recent report by our European colleagues on the potential impact Starlink is likely to have on broadband in Europe, we look at markets outside of Europe: EM, Japan, Singapore and Australia.

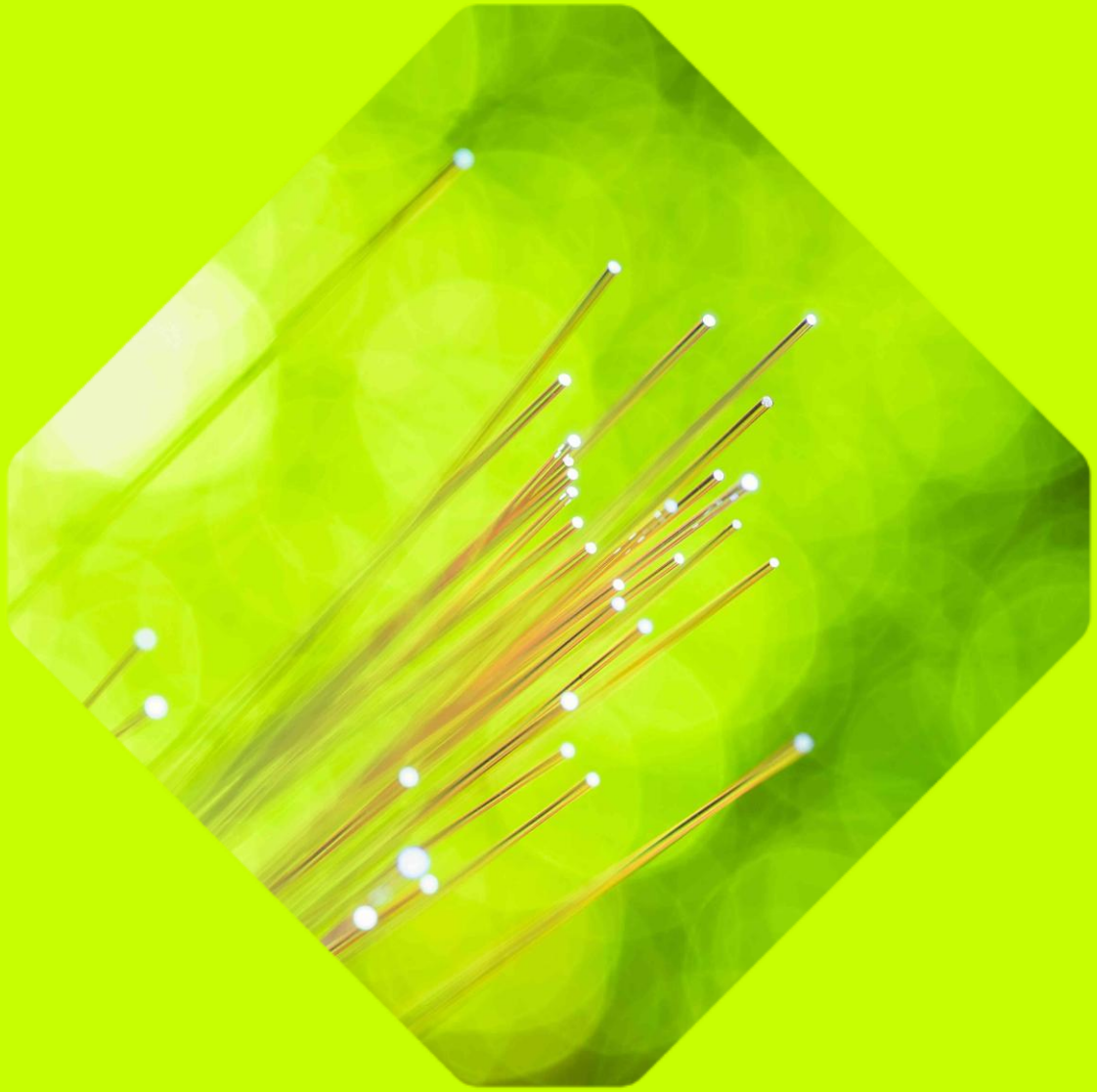
Thesis: Large country sizes suggest Starlink has the capacity to be a major broadband provider in EM. However, while Emerging Markets can be big, the inhabitants (and particularly those rich enough to be able to afford Starlink) tend to live in dense cities, and in multiple dwelling units (MDUs). This is a problem given we estimate Starlink can serve a maximum of 23 households per sq km today and it is hard to serve MDUs. This means that in most EMs Starlink has capacity today to serve 0.5-2% of homes. Among the DM countries in this note, Starlink has capacity for c.1% of households today in densely populated Japan and Singapore, but the MDU issue again likely limits the real opportunity. By contrast given Australia's large size and less dense urban areas, Starlink has capacity for penetration of 6% today. Over time (5-6 years), all these figures could increase around 3x as Starlink adds capacity.

However, in EM capacity is only part of the equation. Price is equally important. While Starlink is (a bit) cheaper in EM than in DM, the price differential is not enough to offset the fact that where it exists broadband in EM is both cheap and (typically) high quality, given fibre's low cost to roll. Thus the "Starlink premium" of around 25% in Europe is over 100% in EM. Thus, in EM Starlink does not appear to be trying to compete with broadband where it is available, and over time terrestrial broadband is likely to be ubiquitous in EM (FWA or Fibre).

Furthermore, in addition to not being competitive to existing broadband, a cohort analysis suggests that Starlink needs to cut price by more than 50% to become affordable even to the richest 20% in most non-LatAm EMs. High Gini coefficients in Latin America mean that Starlink is affordable to the high end in that region. Cheap (and high quality) ubiquitous broadband in Singapore and Japan add to capacity issues to reduce the Starlink threat in these countries. High broadband prices In Australia however, compound Starlink's threat in the country.

Conclusion: In most Emerging Markets (and Japan and Singapore), Starlink is likely to be a niche operator in the medium to longer term, serving the relatively few rich, rural consumers. Fibre (which is always going to be superior) is available in EM cities, and Starlink would need to cut both monthly fees and equipment prices by 50-75% to be affordable in rural areas even to rich consumers everywhere except LatAm. Starlink is likely to become a major player in Australia, but this disrupts NBN not the telcos, who typically make thin margins wholesaling NBN broadband today. However, the future threat from Starlink (and other satellite operators) is part of why we prefer the EM Mobile industry over Broadband.

Valuation: EM Telcos remain substantially undervalued in our view. Top picks are: Asia (Singtel, KT, TRUE, VEON), Africa (AAF, IHS Towers, Vodacom), Latin America (Millicom, Liberty Latin America, TIM Brasil).



Section 1: Capacity

For a detailed review of the technical aspects of Starlink's current and future capacity please see the note published by our European colleagues, which this work builds on.

Potential penetration by country – initial view

We use the same methodology as in our earlier note to calculate the potential penetration by country, based on their size of and the number of satellites likely to be overhead at any one time. We find that in some larger emerging markets (plus Australia) it would appear that Starlink already has sufficient total capacity overhead in principle to provide broadband to anywhere between 0.7% (India) and 12-13% (Argentina) of homes. However, as we will come on to show these calculations are probably too optimistic, especially in urbanized countries, because of issues around serving lots of customers in dense areas.

NB – Starlink has not yet launched in India, Thailand or South Africa. We expect it to launch in India and Thailand soon. SA will be harder due to the need to fulfil BEE ownership rules.

Potential penetration by country.

%

	Area (m km^2)	Off-nadir adjustment factor	Satellites in range (adjusted for off nadir)	Available capacity (Gb/s)	Target customers (000s)	As % of households
India	3.287	1.6x	79.4	4,989	1996	0.7%
Indonesia	1.904	1.5x	43.3	2,719	1088	1.6%
Thailand	0.513	2.6x	20.2	1,266	507	2.8%
Malaysia	0.331	5.4x	27.1	1,705	682	9.5%
Japan	0.378	2.1x	11.9	746	298	0.5%
Singapore	0.0007	289.0x	3.0	191	77	4.5%
Australia	7.688	1.5x	169.7	10,658	4263	41.0%
Mexico	1.964	2.0x	58.0	3,642	1457	4.3%
Brazil	8.515	1.4x	180.4	11,332	4533	7.1%
Colombia	1.139	2.1x	35.8	2,248	899	6.3%
Argentina	2.780	1.7x	73.0	4,583	1833	13.2%
Kenya	0.580	3.1x	27.1	1,703	681	5.2%
South Africa	1.219	1.7x	32.0	2,009	804	4.5%
Nigeria	0.924	3.0x	41.5	2,608	1043	2.5%

Source: New Street Research analysis

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Upside case penetration

However, over the next few years, Starlink is adding substantially more capacity. If all V1 satellites are replaced with V2, this could increase capacity by around 60%, and if further Starlink moved to 15,000 satellites this could increase capacity by a further 138%. In potentially 5 or 6 years, with 15,000 satellites, it would appear that Starlink could have sufficient capacity for high penetration rates across many emerging markets, and above 100% in Australia. There is a further upside case with the V3 satellite as well – which would take capacity up by 10x. However, by that time broadband demands will also have increased materially.

Potential penetration by country in the upside case.

%

	Base-case penetration	Capacity uplift from full V2 replacement	Upside case penetration	Uplift from move to 15,000 satellites	Penetration With 15,000
India	0.7%	59%	1.1%	138%	2.6%
Indonesia	1.6%	59%	2.5%	138%	5.9%
Thailand	2.8%	59%	4.5%	138%	10.7%
Malaysia	9.5%	59%	15.1%	138%	35.9%
Japan	0.5%	59%	0.9%	138%	2.1%
Singapore	4.5%	59%	7.2%	138%	17.1%
Australia	41.0%	59%	65.3%	138%	155.4%
Mexico	4.3%	59%	6.8%	138%	16.1%
Brazil	7.1%	59%	11.3%	138%	26.8%
Colombia	6.3%	59%	10.0%	138%	23.8%
Argentina	13.2%	59%	21.0%	138%	50.0%
Kenya	5.2%	59%	8.3%	138%	19.9%
South Africa	4.5%	59%	7.2%	138%	17.2%
Nigeria	2.5%	59%	3.9%	138%	9.4%

Source: New Street Research analysis

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Urban populations means real potential is lower today

However, the work on slides 4 and 5 assumes populations are evenly spread across countries. The reality in EM is that many people (and particularly wealthy, potential Starlink customers) live in cities which tend to be much more densely populated than in DM. Additionally, in EM cities many people live in multi-dwelling units (MDUs) rather than SDUs. This is a problem for Starlink in EM because the system has a maximum potential of 23 homes per square km (this does not increase with number of satellites or moving to V2 as it is a function of beam size), and it is hard to serve MDUs (a subscriber without line of sight would see reduced capacity), thus in dense cities potential penetration is quite low. We show below what this implies for the potential customer base in various cities. In dense cities in EM, maximum penetration today is between 0.3% and 1% we estimate. Less dense cities, with fewer MDUs, eg in Australia could see penetration of around 2%.

Potential penetration by city.

%

	Households (m)	Sq km	Max customers/ sq km	MDU Adjustment	Max customers	Max penetration
Singapore	1.7	735	23.3	0.6	9,951	0.6%
Sydney	1.9	1,687	23.3	1.0	39,379	2.1%
Tokyo	3.4	2,194	23.3	0.6	29,704	0.9%
Jakarta	2.8	661	23.3	0.6	8,949	0.3%
Bangkok	3.3	700	23.3	0.6	9,477	0.3%
Mumbai	5.0	603	23.3	0.6	8,164	0.2%
Delhi	3.5	700	23.3	0.6	9,477	0.3%
Kuala Lumpur	2.4	1,940	23.3	0.6	26,265	1.1%
Sao Paulo	5.5	1,521	23.3	0.6	20,592	0.4%
Rio De Janeiro	2.4	487	23.3	0.6	6,593	0.3%
Mexico City	2.8	1,495	23.3	0.6	20,240	0.7%
Lagos	3.7	1,000	23.3	0.6	13,533	0.4%

Source: New Street Research analysis

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Blended potential penetration

So, we bring it together. Allowing for the population living in dense cities, across most Emerging Markets Starlink has the capacity for around 0.5-2% of homes today, as the effect of these cities offsets the large size of many emerging markets. Australia is an outlier with perhaps 6% of homes capable of being serviced by Starlink today. These figures all likely increase materially over time as capacity is added. But fibre is becoming ubiquitous in many Emerging Markets. In Australia, over time, Starlink could have the capacity to provide service to 20-25% of homes in 5 or 6 years and therefore could be a real disrupter. However, the disruption is to NBN, not the telcos who generate thin margins wholesaling NBN products.

Potential penetration by country including effect of urbanized populations.

%

	Base-case penetration	Penetration with 15,000 satellites	Urban penetration	Urban Population	Urban Population - 2030/31	Blended potential capacity - today	Blended potential capacity - 2030/31
India	0.7%	2.6%	0.3%	36%	41%	0.5%	1.6%
Indonesia	1.6%	5.9%	0.3%	59%	63%	0.8%	2.4%
Thailand	2.8%	10.7%	0.3%	54%	58%	1.5%	4.6%
Malaysia	9.5%	35.9%	1.1%	78%	81%	2.9%	7.7%
Japan	0.5%	2.1%	0.9%	92%	92%	0.8%	1.0%
Singapore	4.5%	17.1%	0.6%	100%	100%	0.6%	0.6%
Australia	41.0%	155.4%	2.1%	87%	87%	7.3%	22.6%
Mexico	4.3%	16.1%	0.7%	82%	83%	1.4%	3.4%
Brazil	7.1%	26.8%	0.3%	87%	87%	1.2%	3.8%
Colombia	6.3%	23.8%	0.7%	82%	83%	1.7%	4.6%
Argentina	13.2%	50.0%	0.7%	92%	92%	1.7%	4.5%
Kenya	5.2%	19.9%	0.3%	28%	33%	3.9%	13.4%
South Africa	4.5%	17.2%	1.0%	69%	72%	2.1%	5.6%
Nigeria	2.5%	9.4%	0.4%	54%	58%	1.3%	4.1%

Source: New Street Research analysis

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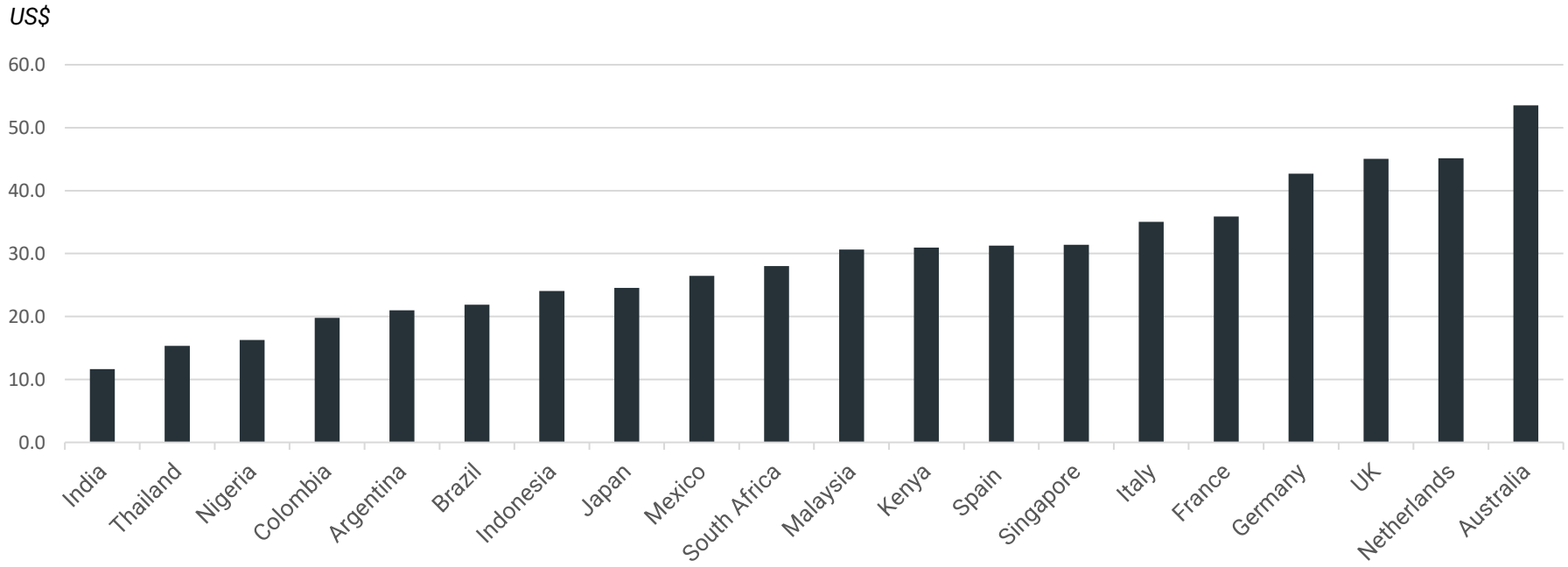
Section 2: Pricing & Affordability

Pricing – Broadband in EM is cheap

However, broadband is typically cheap in EM, and because networks are newer, in many cases the quality of broadband is higher in EM than in DM, with some countries not even offering packages below 500 Mbps. This is because the cost to deploy fibre in EM is much lower than in DM. However, Starlink's cost structure is independent of the market being served. Starlink therefore faces a choice: either price much more cheaply in EM to be competitive, and accept that ROIC in these markets will be lower, or price roughly in line with DM, and accept that this likely limits uptake. It is worth pointing out here too how cheap broadband is in both Japan and Singapore, especially considering the quality of the service.

100Mbps price by country.



Source: New Street Research analysis

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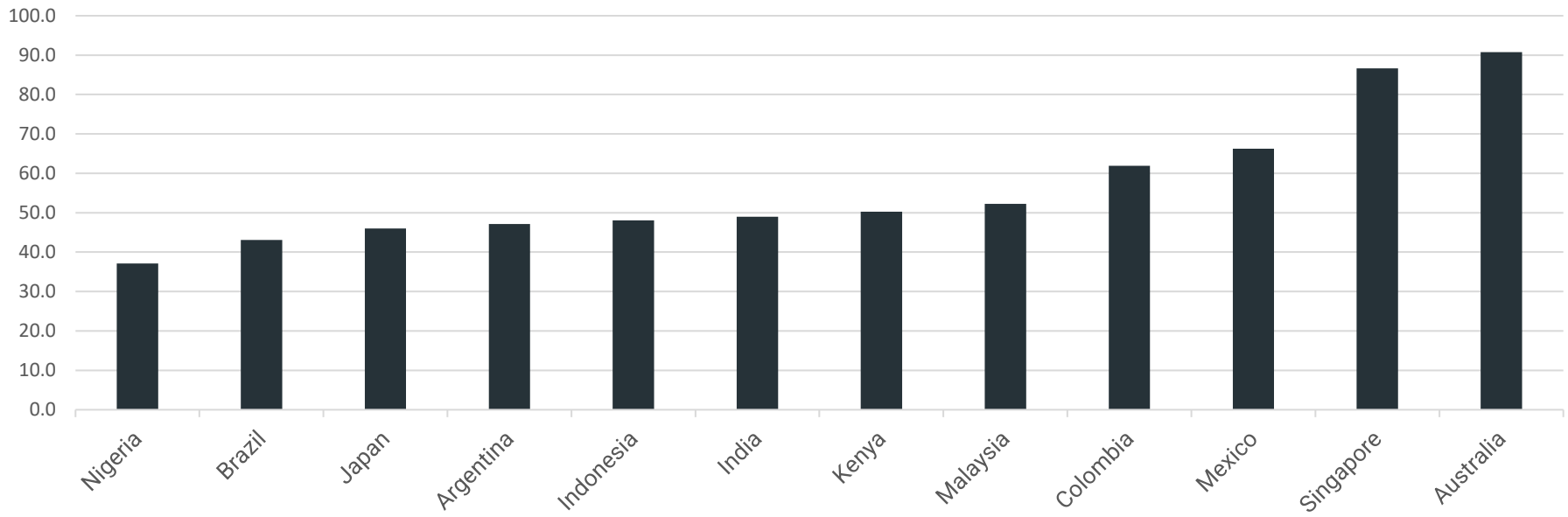
Starlink pricing by country

An analysis of pricing shows that Starlink is being priced slightly more cheaply in EM than in DM, with the main residential service priced at an average of around $45 vs just over $50 in the EU. In Japan, Starlink is cheap, but again this reflects how cheap broadband is in Japan generally.

Starlink pricing by country.

US$ for Main service



Source: New Street Research analysis

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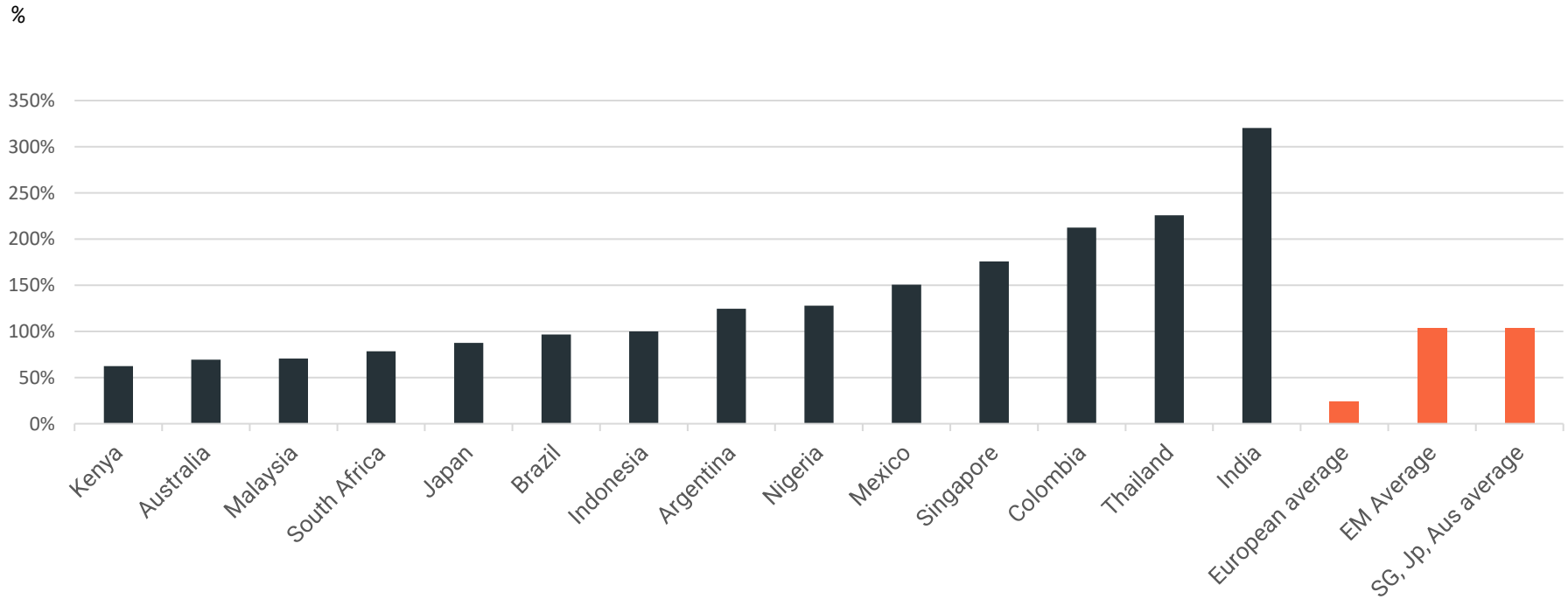
Starlink pricing suggests they are choosing the second option

However, given how cheap broadband is in EM (plus Japan & Singapore) the premium to incumbent pricing is more than 100% on average, and not less than 50% in any of the countries we looked at vs just under a 20% premium in the EU. Starlink does not at this stage therefore appear to be using EM to "fill" capacity at low price. At these prices, Starlink is not competitive in EM. Prices probably need to fall 50-60% to become competitive in most EM markets. It is worth noting that low domestic broadband pricing (and high quality) appears to protect Singapore and Japan from a Starlink threat.

Starlink premium by country.



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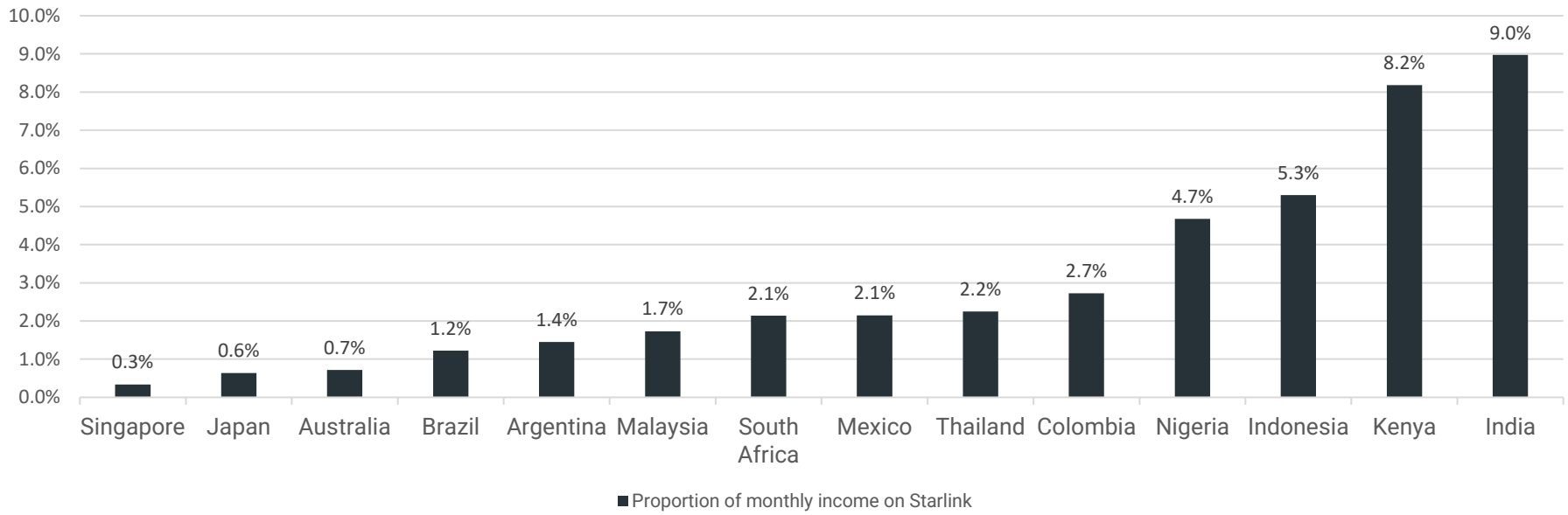
Starlink affordability in EM

To dive a bit further into this affordability issue, we show below the cost of Starlink on a monthly basis as a % of pre-tax income for the richest 20% in each country. If we define affordability as costing around 1% of incomes, only in Emerging Markets with a high Gini coefficient such as Brazil and Argentina is Starlink "affordable" even for the richest 20%. And of course, these people would tend to live in areas where fibre (or 5G FWA) has been deployed and is much cheaper than Starlink. Starlink probably needs to cut price by at least 50% to drive take up in Emerging Markets, therefore.

Cost of Starlink's monthly fees for the richest 20% in the country.

% of monthly pre-tax income



Source: New Street Research analysis

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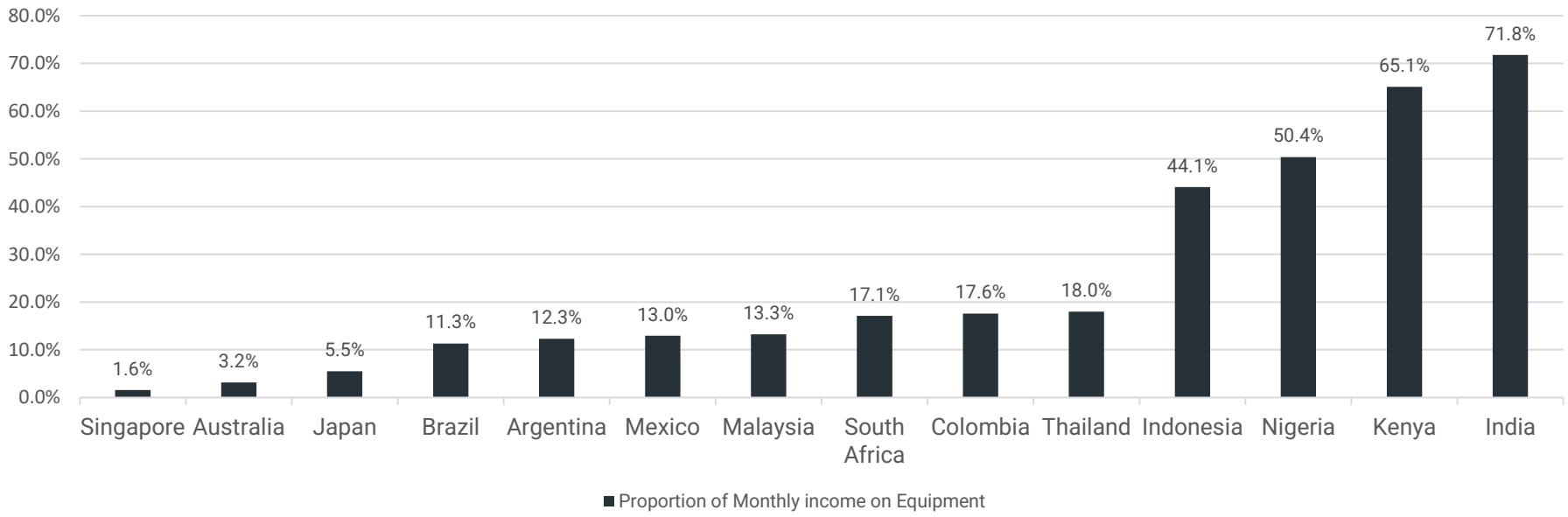
Cost of equipment also an issue in EM

By contrast, we think the cost of equipment (currently c. $400) is probably less of an issue in richer Emerging Markets with high Gini coefficients such as Brazil. However, it is likely to be a roadblock to uptake in poorer Emerging Markets in Africa and Asia. In India for instance the cost of equipment is equivalent to 70% of the pre-tax monthly income of the richest 20% in the country. In markets like this equipment prices probably need to fall 50-75% (which will likely happen over time) even to get uptake among the richest in countries.

Cost of Starlink Equipment for the richest 20% in the country.

% of monthly pre-tax income



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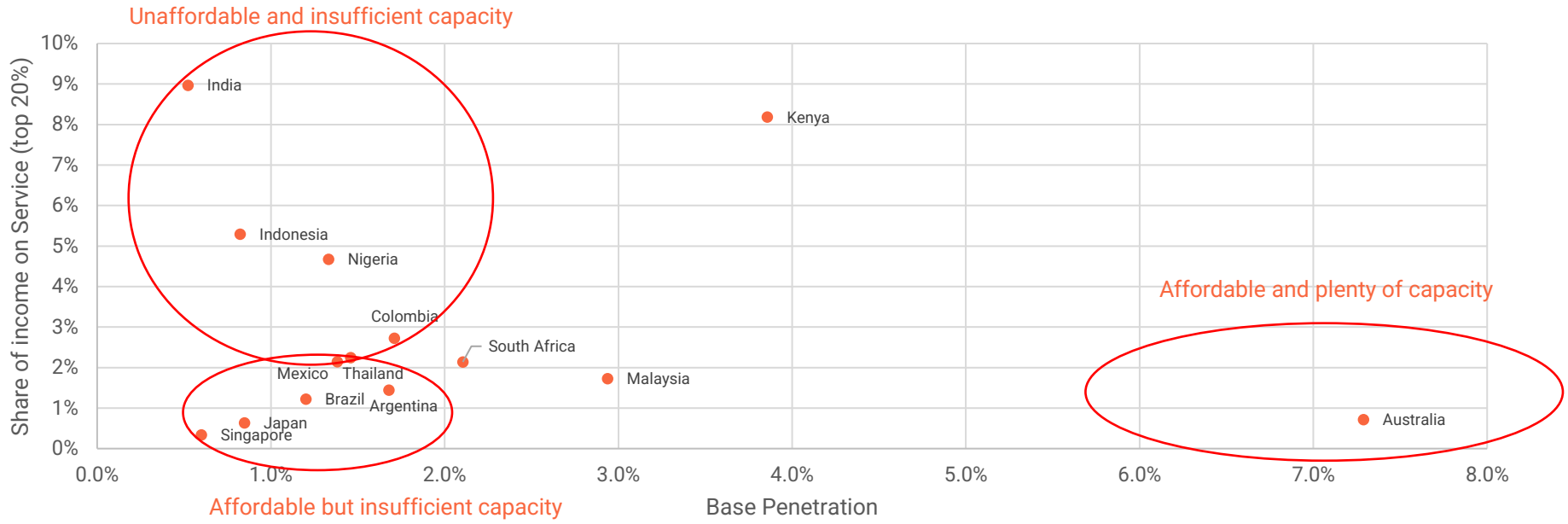
Overall “Starlink risk”

To see overall which countries are most at risk we combine base penetration with affordability. Australia is the clear outlier with Starlink having sufficient capacity for high penetration, and with the service being affordable. Poorer Emerging Markets (such as India or Nigeria) the service is both unaffordable and there is insufficient capacity for meaningful uptake, and in richer countries such as Singapore, or Emerging Markets with a high Gini Coefficient such as Brazil, the service is affordable (at least to the richest cohort), but there is insufficient capacity for meaningful uptake.

Scattergram of base penetration and affordability.



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Section 3: Recent Research

Additional Research

NewStreet Research

South Korean Telcos – Q2 25 review: KT and LG U-Plus benefiting from SKT's data breach

Liberty Latin America – Cutting Puerto Rico loose Part 1: What is the rump worth?

Singtel (Buy) – Q1 FY26 Quick Take: Strong margin uplift in NCS and Optus

IHS (Buy) – Q2 25: Solid quarter, beat and raise; call feedback included

Singtel: 4 to 3 consolidation but not as expected.

KT (Buy) – Q2 25 Quick Take: Service revenue inflection supported by B2B & Fixed

Millicom (Buy, TP: $46) - Q2 25 – Growth improving, strong EFCF

Liberty Latin America (Buy) - Q2 25: Puerto Rico separation is very positive for the equity

VEON (Buy) – Q2 25: Tracking well, guidance lifted

TRUE – Q2 25 Quick Take: Lowered 2025 guidance

Global EM Telcos & Towers – Another monster month: NSR GEM Top-10 August '25 Update

Global EM Telcos & Towers – Another decent month: NSR GEM Top-10 July '25 Update

Thai Telcos – Auction concludes, no major surprises

South Korean Telcos - Q1 25 review: Peers expected to benefit near-term from SKT's data breach

Singtel: Under Transformation – what will it look like when the transformation is over? Pt to S$ 5.5 from S$ 4.6, Buy

Global EM Telcos – A Consistent Approach to EFCF and Shareholder Remuneration

Nigerian Telcos: Zero to Hero; AAF pt to £3, MTN to ZAR 190; Q4 Review

3 Action points for investors in EM and Japanese Telcos

Tariffs – Impact on Global EM & Japanese telcos. Brief thoughts below.

Global EM & Japan High Yield Top picks: Q1 Update - Add Liberty Puerto Rico to HY Top Picks

Global EM Telcos & Towers – On Fire - NSR GEM Top-10 April 25 Update. IHS target to $7.7.

Vodafone Idea – Government to more than double their stake, approaching control. Implications for VI, Vodafone, Indus and other Indian operators

GEM Telcos: Consolidation – THE theme driving improved trends for EM Telcos – how far can it go?

Global EM Telcos – Capex in steep decline; underpins EFCF growth

Quick Hit: AMX cuts capex guidance by 10% - implications across the LatAm telco space. Brief thoughts

Global EM Telcos & Towers – Still rising – NSR GEM Top-10 May '25 Update

Quarterly KPI database for the LatAm wireless and fixed markets (Q4 24)

South African Telcos - Continuous (modest) improvements; CY24 H2 review

Sub-Saharan African Telecoms - Vodacom price target to ZAR180; Q4 24 review

Malaysian Telcos – Q4 24 review: Soft Q4; guidance suggests recovery on the horizon

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