News Release

Singtel's FY24 net profit down 64% to S$795 million due to previously announced exceptional loss from non-cash impairment charges

- Underlying net profit up 10% to S$2.26 billion, reflecting increased regional associate contributions and higher interest income
- Higher total ordinary dividend payout of 15.0 cents for FY24, 52% increase year-on-year
- Change in dividend policy driven by improvements in underlying profits and proven capital recycling model
- Dividend yield at 6.3% at last close price

Singapore, 23 May 2024 – Singtel's net profit dropped 64% to S$795 million as a result of an exceptional loss of S$1.47 billion. As previously announced in April 2024, the company incurred non-cash impairment charges on goodwill and Optus Enterprise's fixed network assets. However, excluding these charges, Singtel delivered resilient results for the full year with underlying net profit up 10% to S$2.26 billion, reflecting increased contributions from regional associates Airtel and AIS as well as higher interest income from capital recycling. In constant currency terms, underlying net profit would have risen 13%. Had it not been for the strong Singapore dollar, operating revenue and EBITDA would have been stable as the mobile business in Singapore and Australia saw positive momentum while declines in enterprise services were offset by NCS' growth.

Mr Yuen Kuan Moon, Singtel Group CEO, said, "Despite a challenging macro environment and significant currency headwinds, our underlying performance was resilient underpinned by higher contributions from our regional associates which executed well on continued industry repair. Customer numbers and mobile service revenue at Optus improved while roaming revenue grew in Singtel Singapore, driving the overall growth momentum in mobile. NCS delivered strong EBIT growth and secured bookings of S$3 billion."

The Group has introduced a revised dividend policy. After raising the dividend payout range to between 70% and 90% of underlying net profit last November, the Group has added a new value realisation dividend of 3 to 6 cents per share per annum, on top of the core dividend, to increase shareholder returns over the medium term. This is made possible by the Group's proven capital recycling programme which has raised S$8 billion in the last three years. The Group has further identified a pipeline of around S$6 billion of assets that can be potentially recycled over the medium term to fund growth opportunities and return excess capital to shareholders through the value realisation dividend.

Mr Yuen said, "We recognise that our market capitalisation is not fully reflecting the Group's value. Through lifting our core performance and returning excess capital from our capital recycling programme, we aim to share the rewards with shareholders through increasing the total dividend payout. This demonstrates our commitment to creating sustainable shareholder value."

The Directors have proposed a final one-tier tax exempt ordinary dividend of 9.8 cents per share consisting of a core dividend of 6.0 cents per share and a value realisation dividend of 3.8 cents per share. This is the third increase in dividends since the strategic reset three years ago.

The Group has a solid financial position, a result of the S$8 billion capital recycled since 2021. Net debt was 7% lower at S$7.78 billion compared to a year ago. Almost 90% of debt is locked in at fixed rates, hedged for the high interest rate environment while cash balances have reached S$4.63 billion.

Mr Yuen added, “As our strategic reset draws to a close, we are now primed for the next phase of growth. We have made significant improvements in our operations to reap synergies and drive innovation, the key being the consolidation of our consumer and enterprise businesses in both our Singapore and Australian companies. Our growth engines are scaling with NCS and Nxera going regional. We have divested our non-core digital businesses and strengthened our financial position, increasing returns on invested capital and driving underlying net profit growth. With the decentralisation of our organisational structure, we are in a strong position from which to execute the next phase of our strategy.”

REGIONAL ASSOCIATES

The regional associates’ pre-tax profit contribution increased 3% to S$2.33 billion with continued industry repair in their markets and disciplined cost control. Excluding adverse currency translation effects of S$93 million, their contribution would have risen 7%. Airtel reported strong growth in operating revenue and EBITDA in both India and Africa in constant currency terms. This was moderated by currency devaluations in Africa, especially the Nigerian Naira. Telkomsel’s net profit was boosted by contributions from its IndiHome broadband business, which was integrated from 1 July 2023, and growth in data and digital services. However, its contribution to the Group dropped mainly due to a reduction in Singtel’s equity interest. AIS’ robust performance was driven by growth from mobile and fixed while Globe delivered healthy mobile revenue growth, partly offset by higher network-related costs.

OPTUS

Optus’ operating revenue was stable as higher mobile service revenue offset weakness in the fixed enterprise business. Mobile service revenue continued to grow, backed by strong prepaid customer growth and higher postpaid ARPU. EBIT was stable as pressures from eroding fixed enterprise margins and higher content and energy costs were mitigated by cost optimisation efforts.

SINGTEL SINGAPORE

Singtel Singapore’s operating revenue was down 2% due to lower enterprise and legacy carriage especially voice, partially offset by higher mobile roaming and IoT connectivity. Mobile service revenue momentum continued with 3% growth. This helped mitigate legacy and ICT declines as Singtel Singapore works towards creating new revenue streams. EBIT was 5% lower on increased investments in digital, network resiliency and cyber security.

NCS

NCS’ operating revenue rose 4% with balanced growth across all its businesses, having completed the integration of its Australian businesses and with Greater China delivering strong double-digit growth. It has scaled up its global delivery network, with access to regional talent, resulting in lower cost-to-serve. Given the cost optimisation, EBIT grew by 31%. Through innovation and co-creation, NCS continued to harness AI and strengthen digital resiliency with clients. NCS secured S$3 billion of new bookings.

DIGITAL INFRACO

Digital InfraCo delivered healthy 8% operating revenue growth, driven by its Nxera data centre business and satellite services. Nxera's revenue grew 10% mainly from price increases and satellite revenue was up 2% from project-based satellite services. With Nxera continuing to expand its capabilities and scale up in the region, EBIT declined marginally.

OUTLOOK FOR THE FINANCIAL YEAR ENDING 31 MARCH 2025

Strategic Focus

The Group expects macroeconomic headwinds and foreign currency volatility to persist in the next financial year. With a disciplined capital approach and strong balance sheet, the Group is well-positioned to navigate the challenging environment.

Building on the progress made in its strategic reset, the Group remains focused on lifting core performance at Singtel Singapore and Optus and scaling growth engines such as NCS and Nxera in the region while driving greater operational efficiencies and a leaner cost structure. The Group will also continue its capital recycling programme to fund growth and returns.

The Group has launched a new strategic plan Singtel28 to drive this focus.

Outlook

- EBIT[1] growth rate to be in high single digits to low double digits[2].
- Cost savings of approximately S$200 million[2] in Singtel Singapore and Optus.
- Dividends from the regional associates are expected to be approximately S$1.1 billion.
- Total capital expenditure is expected to be around S$2.8 billion[2]. Core capital expenditure is expected to be around S$1.8 billion, comprising A$1.4 billion (S$1.2 billion) for Optus and S$0.6 billion for the rest of the Group. This reflects the Group's multi-year investments in 5G networks in Australia, as well as cyber security and digital transformation initiatives. Another S$1.0 billion[3] is to be invested in data centres, equipment and fit-out for GPU-as-a-Service facilities, and satellites including a satellite to replace ST-2 by 2028.
- Spectrum payments of A$1.5 billion for 900 MHz in Australia and S$0.4 billion for 700 MHz[4] in Singapore.
- Estimated net proceeds of S$1.0 billion[5] upon dilution of equity interest in Singtel Somerset Pte. Ltd. from 100% to 51%.

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[1] Excluding associates' contributions.
[2] Based on average exchange rate during FY2024 of A$1: S$0.8845. Cost savings are before impact of inflation.
[3] S$0.7 billion will be funded by external capital partners and advance satellite receipts from customers.
[4] Subject to spectrum release by IMDA.
[5] After estimated payments for land betterment and upgrading premium charges for Singtel's Comcentre headquarters site and planned capital injection in Singtel Somerset Pte. Ltd. (which holds the site).

DIVIDEND POLICY AND CAPITAL MANAGEMENT

Singtel is focused on a disciplined capital management approach of balancing investing for growth and delivering strong, sustainable total returns to shareholders while maintaining financial flexibility and investment-grade credit ratings. This is achieved through improving business performance and commitment to an asset recycling programme.

Barring unforeseen circumstances, Singtel plans to pay ordinary dividends comprising:

- A core dividend at between 70% and 90% of underlying net profit, which will track business performance
- A value realisation dividend of 3 to 6 cents per share per annum over the medium term, funded by excess capital generated from asset recycling proceeds after investing in growth initiatives

This policy will be reviewed periodically in line with the Group's evolving business strategy and market conditions.

DIVIDENDS

The Directors have proposed a final one-tier tax exempt ordinary dividend of 9.8 cents per share, totalling approximately S$1.62 billion in respect of the current financial year ended 31 March 2024. The dividend consists of:

(a) a core dividend of 6.0 cents per share; and

(b) a value realisation dividend of 3.8 cents per share.

The value realisation dividend is to be paid in two tranches of 1.9 cents per share each in August 2024 and December 2024.

Including the interim dividend of 5.2 cents per share, the aggregate ordinary dividends for the current financial year ended 31 March 2024 would increase by 52% to 15.0 cents per share (FY2023: 9.9 cents per share), totalling approximately S$2.48 billion.

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About Singtel

Singtel is Asia's leading communications technology group, providing a portfolio of services from next-generation communication, 5G and technology services to infotainment to both consumers and businesses. The Group has presence in Asia, Australia and Africa and reaches over 780 million mobile customers in 21 countries. Its infrastructure and technology services for businesses span 21 countries, with more than 428 direct points of presence in 362 cities.

For consumers, Singtel delivers a complete and integrated suite of services, including mobile, broadband and TV. For businesses, Singtel offers a complementary array of workforce mobility solutions, data hosting, cloud, network infrastructure, analytics and cyber security capabilities.

Singtel is dedicated to continuous innovation, harnessing technology to create new and exciting customer experiences and shape a more sustainable, digital future.

For more information, visit www.singtel.com.
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Singtel

Financial Highlights for the Year Ended 31 March 2024

	FY2024 (S$m)	FY2023 (S$m)	YOY Change	YOY Change Constant Currency[6]
Group revenue	14,128	14,624	(3.4%)	(0.2%)
EBITDA	3,597	3,686	(2.4%)	0.6%
EBIT excluding associates	1,153	1,112	3.7%	4.8%
Regional associates pre-tax earnings[7]	2,334	2,267	2.9%	7.1%
Underlying net profit[8]	2,261	2,053	10.1%	13.1%
Exceptional items (post-tax)	(1,466)	172	NM	NM
Net profit	795	2,225	(64.3%)	(62.7%)
Free cash flow	2,569	2,613	(1.7%)	NM

NM denotes not meaningful.

[6] Assuming constant exchange rates from FY2023.
[7] Excludes exceptional items.
[8] Defined as net profit before exceptional items.