

SINGAPORE TELECOMMUNICATIONS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 199201624D

PARTIAL DIVESTMENT OF SHARES IN BHARTI AIRTEL LIMITED

1. THE TRANSACTION

Singapore Telecommunications Limited (“**Singtel**” and together with its subsidiaries, the “**Singtel Group**”) wishes to announce that its indirect wholly-owned subsidiaries, Pastel Limited (“**Pastel**”) and Viridian Limited (“**Viridian**”), have today entered into a share purchase agreement (the “**BTL SPA**”) with Bharti Telecom Limited (“**BTL**”) in respect of the sale and transfer of an aggregate of 198 million shares (the “**Sale Shares**”) of Bharti Airtel Limited (“**BAL**”) to BTL (the “**Sale**”).

As at the date of this Announcement, the Sale Shares represent approximately 3.3% of the total number of equity shares of BAL (the “**BAL Shares**”)¹.

Prior to completion of the Sale (“**Completion**”), Singtel has an effective stake of approximately 31.4% in the share capital of BAL².

The sale and transfer of the Sale Shares will be executed any time before 23 November 2022 and the aggregate consideration will be approximately SGD2.25 billion.

Following Completion of the Sale, Singtel’s effective stake in BAL will decrease to 29.7%³.

2. INFORMATION ON BAL

BAL is a public limited company incorporated in India under the Companies Act, 1956 of India. The BAL Shares are listed and traded on the Bombay Stock Exchange Limited (“**BSE**”) and the National Stock Exchange of India Ltd (“**NSE**”). BAL is a global communications solutions provider with over 491 million customers in 17 countries across South Asia and Africa. BAL has four business segments, namely, mobile services, home services, digital television services and Information and Communication Technology (ICT) business services.

¹ The percentage of BAL Shares indicated here and the percentages of BAL Shares indicated elsewhere in this Announcement are based on the issued share capital of BAL as at 30 June 2022 as extracted from the Bombay Stock Exchange Limited/National Stock Exchange of India Ltd, and taking into account BAL’s disclosures on 11 July 2022 (on allotment of equity shares upon conversion of USD1,000 million 1.50% Convertible Bonds due 2025) and on 14 July 2022 (on allotment of equity shares on preferential basis to Google International LLC).

² This comprises a 13.9% direct stake owned by Pastel and Viridian, and an approximately 17.5% effective stake through BTL via a 49.4% holding (through several wholly-owned subsidiaries) in BTL, which in turns holds approximately 35.4% of the BAL Shares.

³ Assumes Completion in accordance with the BTL SPA. Following Completion, Singtel’s effective stake in BAL will comprise a 10.5% direct stake owned by Pastel and Viridian, and an approximately 19.2% effective stake through BTL.

3. RATIONALE AND BENEFITS

The partial divestment of the Singtel Group's effective stake in BAL is part of the Singtel Group's overall capital recycling strategy and underscores its capital management initiatives to rebalance and optimise the Singtel Group's portfolio of investments in investee companies within the telecommunications sector. This is aligned with Singtel's strategy to crystallise and unlock value from its latent assets to fund new growth engines and improve total shareholder return.

4. CONSIDERATION

The aggregate consideration for the Sale (the "**Sale Proceeds**") is approximately SGD2.25 billion and was agreed on upon an arm's length and willing-buyer willing-seller basis, taking into consideration the volume weighted average price of each BAL Share on the BSE and NSE calculated for 30 trading days prior to (and excluding) the date of this Announcement.

The Sale Proceeds will be satisfied in full in cash in Indian Rupees.

5. NET ASSET VALUE/ OPEN MARKET VALUE, NET GAIN ON DISPOSAL AND USE OF SALE PROCEEDS

5.1 Net Asset Value. Based on the unaudited consolidated financial statements of the Singtel Group as at 30 June 2022, the net asset value of the Sale Shares is SGD453 million.

5.2 Open Market Value. Based on the volume weighted average price of the BAL Shares on the BSE and the NSE on 24 August 2022 (being the trading day immediately preceding the date of this Announcement on which the BAL Shares were traded on the BSE and the NSE), the latest open market value of each BAL Share is approximately INR738.8 (or approximately SGD12.85, based on an exchange rate of INR57.5 to SGD1).

Accordingly, the aggregate open market value of the Sale Shares as at the date of this Announcement is approximately INR146.3 billion or approximately SGD2.54 billion, based on an exchange rate of INR57.5 to SGD1.

5.3 Net Gain on Disposal. BTL is a joint venture company of Singtel and the realised difference between the Sale Proceeds and net asset value of the Sale Shares will be offset against the Singtel Group's share of the reduction in net assets of BTL, resulting in an estimated net gain on disposal of approximately SGD0.6 billion.

5.4 Use of Sale Proceeds. The Sale Proceeds of approximately SGD2.25 billion will enhance the cash flow and balance sheet flexibility of the Singtel Group, and may be used to reduce the debts of the Singtel Group and/or fund the Group's needs for 5G capital expenditures and growth initiatives.

6. DISCLOSEABLE TRANSACTION

6.1 **Relative Figures.** The relative figures for the Sale computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Singtel Group’s net asset value	1.5 ^(a)
(b)	Net profits attributable to the assets disposed of, compared with the Singtel Group’s net profits	0.6 ^(b)
(c)	Aggregate value of the consideration received, compared with Singtel’s market capitalisation based on the total number of issued shares as at 24 August 2022, being the market day preceding the date of the BTL SPA	5.2 ^(c)
(d)	Number of equity securities issued by Singtel as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A. ^(d)
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Singtel Group’s proved and probable reserves	N.A. ^(e)

Notes:

- (a) Rule 1006(a) of the Listing Manual of the SGX-ST was computed based on the audited net asset value attributable to the Sale Shares as of 31 March 2022 of approximately SGD0.4 billion and the Singtel Group’s audited consolidated net asset value as of 31 March 2022 of approximately SGD28.11 billion.
- (b) Under Rule 1002(3)(b) of the Listing Manual of the SGX-ST, “**net profits**” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Rule 1006(b) of the Listing Manual of the SGX-ST was computed based on the audited net profits attributable to the Sale Shares for financial year ended 31 March 2022 (“**FY2022**”) of approximately SGD16 million, and the Singtel Group’s audited consolidated net profits for FY2022 of approximately SGD2.62 billion.
- (c) Rule 1006(c) of the Listing Manual of the SGX-ST was computed based on the Sale Proceeds of SGD2.25 billion, and the market capitalisation of Singtel of SGD43.30 billion as at 24 August 2022, being the market day preceding the date of the BTL SPA. Singtel’s market capitalisation was determined by multiplying the number of shares in issue (excluding treasury shares) by the weighted average price of SGD2.62 per share on 24 August 2022.
- (d) Rule 1006(d) of the Listing Manual of the SGX-ST is not applicable as no equity securities are being issued by Singtel pursuant to the Sale.
- (e) Rule 1006(e) of the Listing Manual of the SGX-ST is not applicable as Singtel is not a mineral, oil and gas company.

- 6.2 Discloseable Transactions.** As the relative figure for the Sale computed under Rule 1006(c) exceeds 5% but is less than 20%, the Sale constitutes a “discloseable transaction” for the purposes of Chapter 10 of the Listing Manual of the SGX-ST.

7. FINANCIAL EFFECTS

- 7.1 Illustrative Financial Effects.** For illustrative purposes only, the financial effects of the Sale on the (a) net tangible assets (“**NTA**”) per share, and (b) earnings per share (“**EPS**”) of the Singtel Group, based on the audited consolidated financial statements of the Singtel Group for FY2022, are set out below.

- 7.2 NTA.** Assuming that the Sale had been completed on 31 March 2022, being the end of the most recently completed financial year of the Singtel Group, the proforma financial effects on the consolidated NTA per share of the Singtel Group as of 31 March 2022 are as follows:

	Before the Sale	After the Sale
NTA (SGD million)	16,136	16,800
NTA per share (Singapore cents)	98	102

- 7.3 EPS.** Assuming that the Sale had been completed on 1 April 2021, being the beginning of the most recently completed financial year of the Singtel Group, the proforma financial effects on the consolidated EPS of the Singtel Group for FY2022 are as follows:

	Before the Sale	After the Sale
Profits attributable to shareholders ⁽¹⁾ (SGD million)	1,949	2,541
EPS (Singapore cents)	12	15

Note:

- (1) “**Profits attributable to shareholders**” means profits after tax and minority interests.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

- 8.1 Directors’ Interests.** Save for any Singtel shares which they may hold, none of the Directors has any interest, direct or indirect, in the Sale.

- 8.2 Controlling Shareholder’s Interests.** Temasek Holdings (Private) Limited (“**Temasek**”), Singtel’s controlling shareholder, has a direct interest in 8.3 billion Singtel shares and a deemed interest (through interests of subsidiaries and associated companies) in 0.4 million Singtel shares, representing an aggregate interest of approximately 52.4% of the issued Singtel shares as at the date of this Announcement.

Save as disclosed in this Announcement, Temasek does not have any interest, direct or indirect, in the Sale.

9. GENERAL INFORMATION

- 9.1 Directors' Service Contracts.** No person is proposed to be appointed as a director of Singtel in connection with the Sale. Accordingly, no service contract is proposed to be entered into between Singtel and any such person.
- 9.2 Documents for Inspection.** A copy of the BTL SPA is available for inspection during normal business hours at the registered office of Singtel at 31 Exeter Road, Comcentre, Singapore 239732 for three months from the date of this Announcement.

Issued by Singapore Telecommunications Limited on 25 August 2022.