

GENERAL ANNOUNCEMENT::UNAUDITED NET EXCEPTIONAL LOSSES OF SINGTEL GROUP FOR 2ND HALF AND FINANCIAL YEAR ENDED 31 MAR 21

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Please see attachments.

Attachments

[Ann-SGXAnnouncement-20210514.pdf](#)[Ann-NR-20210514.pdf](#)[Ann-StrategicReview-20210514.pdf](#)

Total size = 1662K MB

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

ANNOUNCEMENT

**UNAUDITED NET EXCEPTIONAL LOSSES OF SINGTEL GROUP
FOR THE SECOND HALF AND FINANCIAL YEAR ENDED 31 MARCH 2021**

Singapore Telecommunications Limited ("**Singtel**") wishes to announce that the results for the second half and financial year ended 31 March 2021 are expected to include net exceptional losses of S\$839 million and S\$1.21 billion respectively. The figures are subject to finalisation as the statutory audits of Singtel and its subsidiaries ("**the Group**") are ongoing. The audited financial statements of the Group for the financial year ended, and as at, 31 March 2021, will be announced on 27 May 2021.

Impairment of intangible assets and goodwill in Amobee, Inc. ("Amobee") and Global Cyber Security Business¹

As part of the Group's review of major investments, the recoverable values of Amobee and Global Cyber Security Business have been assessed to be below their carrying values as at 31 March 2021. Consequently, the Group is expected to record non-cash impairment charges of US\$438 million (S\$589 million) and US\$250 million (S\$336 million) to the intangible assets and goodwill of Amobee and Global Cyber Security Business respectively in the second half year. The impairment charges are based on the Group's best estimates. The remaining carrying values of Amobee and Global Cyber Security Business will be US\$380 million (S\$511 million) and US\$517 million (S\$695 million) respectively.

Singtel has embarked on a strategic review to consider options for Amobee and Global Cyber Security Business in order to sharpen the Group's focus and ensure that these assets are positioned for growth. These options may include, among others, restructuring of product or business segments, a full or partial divestment or business combinations with other industry players.

Singtel Optus Pty Limited's ("Optus") exceptional charges

With the completion of the National Broadband Network (NBN) rollout in Australia and the subsequent migration of customers, Optus has undertaken a comprehensive review of its network assets. It expects to record non-cash impairment charges of A\$197 million (S\$204 million) due mainly to its legacy fixed access networks that will no longer be used.

Consistent with other major corporations in Australia, Optus is undertaking a programme to review its staff compensation and will record an exceptional charge of A\$98 million (S\$101 million) in the second half year. This programme includes staff payroll adjustments, professional fees as well as remediation of Optus' systems and processes.

¹ Comprise the cyber security businesses across Singtel Group, including Trustwave Holdings, Inc.

Other exceptional items

The exceptional losses will be partially offset by exceptional gains which included an estimated gain of S\$98 million arising from the dilution in Singtel's effective shareholding in Bharti Airtel Limited ("**Airtel**") from 31.9% to 31.7% after shares were issued by Airtel as partial consideration for the acquisition of equity interest in Bharti Telemedia Limited in March 2021.

See **Appendix 1** for more information on Singtel Group's net exceptional losses. The exceptional items for the third quarter and nine months ended 31 December 2020 have been disclosed in Singtel's Business Update dated 10 February 2021.

Issued by Singapore Telecommunications Limited on 14 May 2021.

Appendix 1

SINGTEL GROUP
NET EXCEPTIONAL LOSSES (UNAUDITED)
FOR SECOND HALF AND FINANCIAL YEAR ENDED 31 MARCH 2021

	Half Year				Year	
	31 Mar				31 Mar	
	2021			2020	2021	2020
	Q3 S\$ m	Q4 S\$ m	H2 S\$ m	H2 S\$ m	S\$ m	S\$ m
Exceptional losses						
Impairment of intangible assets and goodwill of:						
- Amobee	-	(589)	(589)	(195)	(589)	(195)
- Global Cyber Security Business	-	(336)	(336)	-	(336)	-
Optus' exceptional charges						
- Impairment of property, plant and equipment	-	(204)	(204)	-	(204)	-
- Payroll review programme and other charges	-	(101)	(101)	-	(101)	-
Staff restructuring costs	*	(8)	(9)	(20)	(18)	(50)
Deconsolidation of HOOQ	-	-	-	(86)	-	(86)
Others	(1)	(9)	(10)	(16)	(11)	(22)
	(1)	(1,247)	(1,248)	(317)	(1,259)	(353)
Exceptional gains						
Gain on dilution of interest in Airtel	-	98	98	582	647	670
Gain on sale of properties	-	6	6	90	6	97
Others	-	1	1	-	1	2
	-	105	105	673	654	768
Net exceptional (losses)/ gains (pre-tax)	(1)	(1,143)	(1,144)	356	(604)	416
Tax credit	-	93	93	3	95	9
Group exceptional items (post-tax)	(1)	(1,049)	(1,050)	359	(509)	424
Share of associates' exceptional items (post-tax) ⁽¹⁾	117	95	211	(302)	(701)	(1,806)
Net exceptional gains/ (losses) (post-tax)	116	(955)	(839)	57	(1,210)	(1,382)

“*” denotes less than -S\$0.5 million

Note:

(1) Share of associates' exceptional items for Q4 FY2021 included Telkomsel's estimated gain on tower sales and Globe's estimated tax credit from the reduction in corporate tax rate. Share of net exceptional losses for FY2020 included Airtel's significant provision made for regulatory demands on the Adjusted Gross Revenue matter.



News Release

Singtel books exceptional charges for second half year

Commences strategic review of digital businesses

Singapore, 14 May 2021 – Singtel has booked non-cash impairment charges of US\$438 million (S\$589 million) and US\$250 million (S\$336 million) against its investments in Amobee and Trustwave respectively for the second half of the financial year ended 31 March 2021. The move comes amid rapid shifts in the fast-moving digital marketing and cyber security industries and economic shocks resulting from COVID-19 that have impacted both businesses' ability to scale. As a result of this, both companies will require a longer cycle to achieve their business plans. Singtel has embarked on a strategic review of the businesses in order to sharpen the Group's focus and ensure that these assets are positioned for growth.

Mr Yuen Kuan Moon, Singtel's Group CEO explained, "We need to focus our strategic agenda. Both businesses have come under increasing pressure in the last two years due to industry and operational challenges. The COVID-19 pandemic has also impacted performance, with enterprises and advertisers tightening their belts as economies went into lockdown. Amobee saw an almost year-long contraction in advertising spend by some of the largest agencies and advertisers in North America. Against this backdrop, there is a clear need to review these major investments to identify ways to increase the probability of successful execution."

Mr Yuen added, "This review could involve the restructuring of product or business segments, a full or partial divestment or business combinations with other industry players. We are open to all types of strategic partnerships and deals including inviting investors who have complementary capabilities and can enhance the value of the businesses. Cyber security remains core to our Group strategy and ICT offerings, and the review will be geared to ensure we capture the growth in Asia Pacific."

With customer migration to the National Broadband Network (NBN) in Australia now largely complete, Singtel's wholly-owned subsidiary, Optus, has undertaken a comprehensive review of its network assets and will make non-cash impairments and write-downs of A\$197 million (S\$204 million) in the second half year, mainly for its legacy fixed access networks.

Consistent with other major corporations in Australia, Optus is undertaking a programme to review its staff compensation and will record an exceptional charge of A\$98 million (S\$101 million) in the second half year. This programme includes staff payroll adjustments, professional fees as well as remediation of Optus' systems and processes.

Barring further audit changes, the above charges as well as other exceptional charges disclosed in Singtel's Announcement of Unaudited Net Exceptional Losses, will result in net exceptional losses of S\$839 million and S\$1.21 billion for the Group for the second half and financial year ended 31 March 2021 respectively.

Singtel's full-year results announcement is scheduled for 27 May when Group CEO Mr Yuen Kuan Moon will provide further details on the Group's strategic direction and priorities.

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**About Singtel**

Singtel is Asia's leading communications technology group, providing a portfolio of services from next-generation communication, technology services to infotainment to both consumers and businesses. 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. The Group has presence in Asia, Australia and Africa and reaches over 700 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 more information, visit www.singtel.com.

Follow us on Twitter at twitter.com/SingtelNews.

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Strategic review of Amobee & Trustwave

Yuen Kuan Moon, Group CEO

14 May 2021

Singtel

H2FY21 : Exceptional charges of S\$839m¹

Mainly comprising :



S\$589m
(US\$438m)

- Ongoing operational challenges linked to Covid-19, with certain customer segments (FMCG, automotive & travel) taking longer to recover
- Pivoting to programmatic & connected TV
- Industry challenges



S\$336m
(US\$250m)

- Significant challenges in North American markets
- Commoditisation of legacy products
- Pivoting product development towards cloud-platforms



S\$204m
(A\$197m)

- Mainly impairment of legacy fixed access networks with completion of NBN rollout

S\$101m
(A\$98m)

- Undertaking a programme to review its staff compensation
- Exceptional charge relates to payroll adjustments, professional fees & remediation of Optus' systems & processes

1. Includes other exceptional gains/losses. Refer to Singtel's Announcement of Unaudited Net Exceptional Losses dated 14 May 2021 for more information.

2. Refers to the Singtel Group's global cyber security business.

Learnings from our digital investments



Co-invest with partners & be willing to take significant minority positions

Pivot & scale rapidly in response to industry shifts

Focus on digital opportunities in Asia, leveraging our customer base

Commencing strategic review of Amobee & Trustwave



Background & Scope

Address declining performance, arising from operational & industry challenges, as well as Covid-19

Holistic review to explore & consider all options, including :

- restructuring of product or business segments
 - full or partial divestment of the businesses in parts or entirety
 - business combinations with other industry players
-

Open to strategic investors who have complementary strengths & bring synergies to drive growth for the businesses

Key drivers of strategic review

Reposition Amobee & Trustwave to:

Sharpen focus to capture growth opportunities

Attract strategic partners with complementary capabilities

Reset the business & execute successfully

In turn allow Singtel to:

Reshape portfolio to ensure optimal allocation of resources

Maintain strong proposition in high-growth ICT sector, with cyber security as a key product offering to enterprise customers

Focus on value creation

Unveiling our strategy soon...

Delivering sustainable growth



Re-invigorate
the core



New growth
engines



Reallocate
capital, unlock
value



New ways of
working

More details will be provided during FY2021 results announcement on 27 May 2021

