

# H1 Financial Results

For the half year ended 30 Sep 2021

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**Yuen Kuan Moon, Group CEO**

11 Nov 2021



## Forward looking statement – Important note

The following presentation contains forward-looking statements by the management of Singapore Telecommunications Limited ("Singtel"), relating to financial trends for future periods, compared to the results for previous periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward-looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of Singtel.

"S\$" means Singapore dollars, "A\$" means Australian dollars and "US\$" means United States dollars. Any discrepancies between individual amounts and totals are due to rounding.



# Improved first half profit

Operating revenue

**S\$7,653m**

▲ 3% (Stable<sup>1</sup>)  
▲ 5%<sup>2</sup>

EBITDA

**S\$1,929m**

▲ 1% (▼ 2%<sup>1</sup>)  
▲ 16%<sup>2</sup>

EBIT  
(before associates' contributions)

**S\$572m**

▼ 4% (▼ 6%<sup>1</sup>)  
▲ 71%<sup>2</sup>

Regional associates' PBT

**S\$1,009m**

▲ 21% (▲ 24%<sup>1</sup>)

Underlying net profit

**S\$983m**

▲ 17% (▲ 19%<sup>1</sup>)  
▲ 56%<sup>2</sup>

Net profit

**S\$954m**

▲ 105% (▲ 108%<sup>1</sup>)  
▲ 293%<sup>2</sup>

**Interim dividend** : 4.5 cents/share or 76% dividend payout  
**FY22 dividend** : Expected to be at upper half of 60-80%<sup>3</sup> dividend policy range

1. Constant currency - assuming constant exchange rates from corresponding half year in FY2021.

2. Excludes Optus' NBN migration revenues (H1FY22: A\$51m, H1FY21: A\$209m) & Jobs Support Scheme credits (JSS) from the Singapore government (H1FY22: S\$4m, H1FY21: S\$94m).

3. Barring unforeseen circumstances, the Group expects to pay dividends at the upper half of its dividend policy range of between 60% and 80% of underlying net profit for FY22.

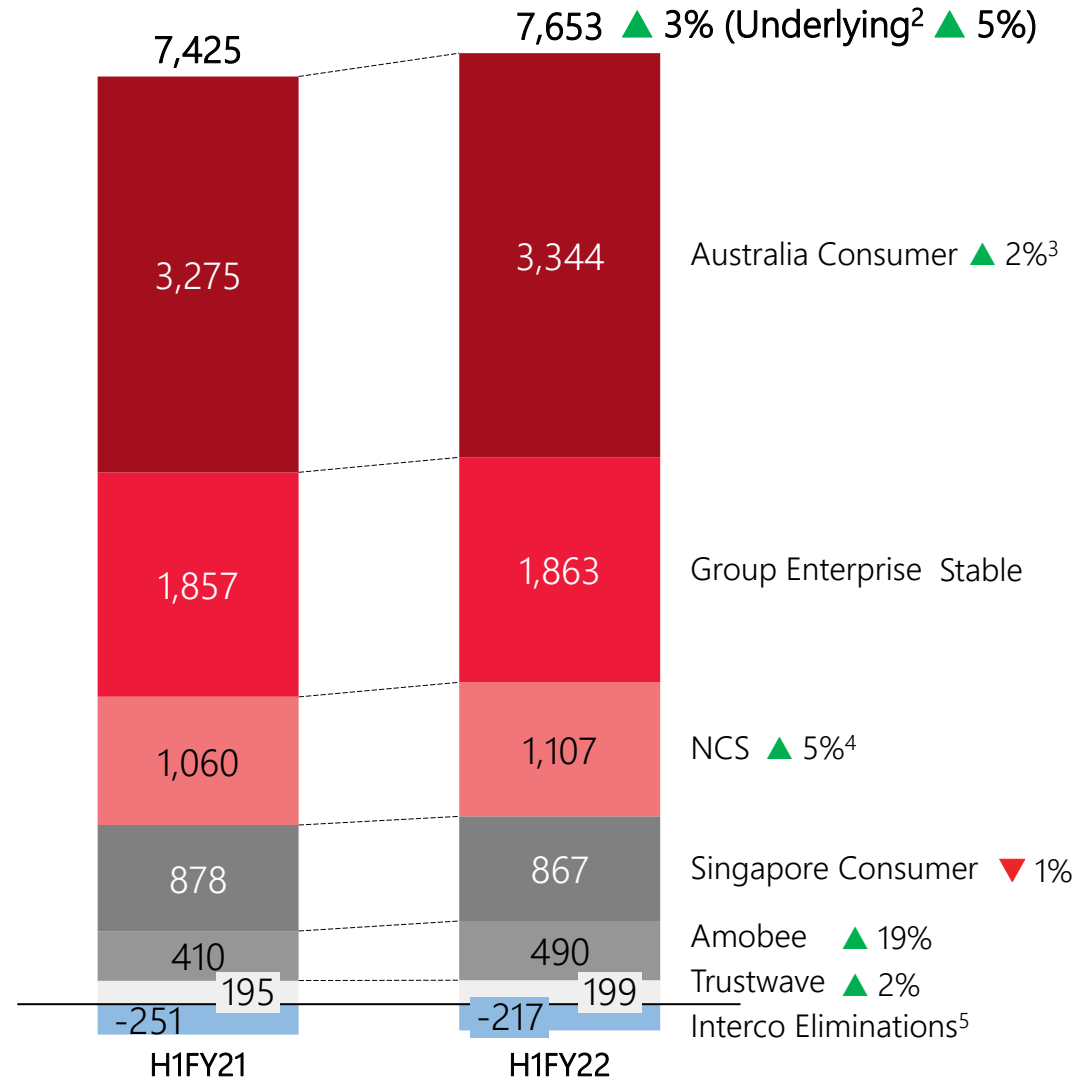
# Revenue

## S\$7,653m

▲ 3%<sup>1</sup> (Underlying<sup>2</sup> ▲ 5%)

- Mobile services rose in Australia, reflecting positive price trajectory
- NCS pivot to digital services
- Healthy data centre demand
- Challenges:
  - › Continued carriage erosion
  - › Handset shortage
  - › COVID-19 restrictions

S\$M



1. Stable in constant currency.

2. Excludes Optus' NBN migration revenues.

3. Down 3% in A\$ terms.

4. Up 9% excluding Singtel-originated business that has been progressively transferred to Singtel, as part of the Singtel Group's restructuring, from 1 April 2021 and was completed by 30 September 2021.

5. Elimination of intercompany transactions between Group Enterprise, NCS & Trustwave.

# EBITDA

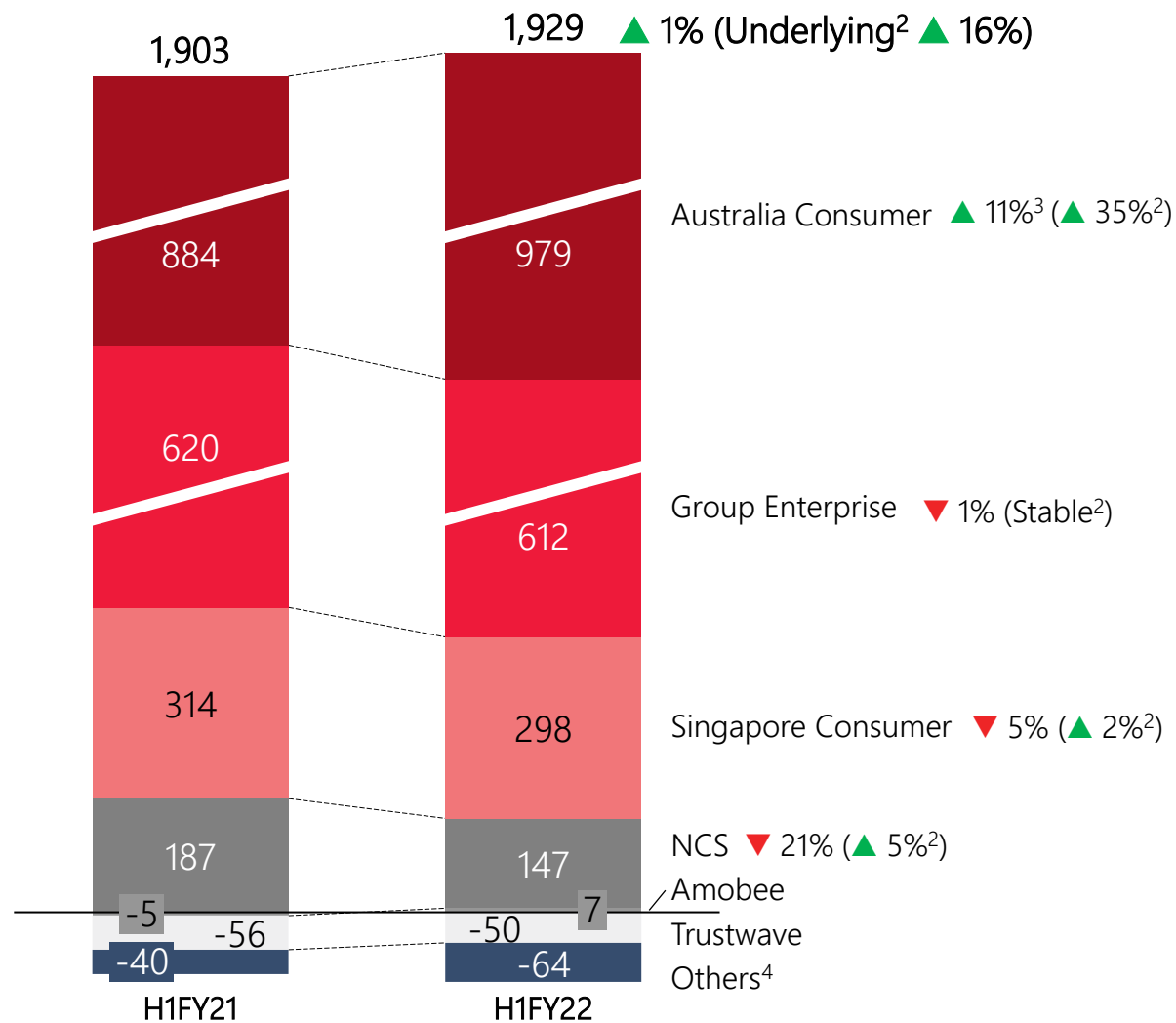
**S\$1,929m**

▲ 1%<sup>1</sup> (Underlying<sup>2</sup> ▲ 16%)

- Strong 16% increase in underlying<sup>2</sup> EBITDA underpinned by:
  - Optus' margin expansion from mobile re-pricing & cost control
  - Growth in NCS revenue from higher demand for digital services
  - Improved performance of Amobee & Trustwave
- EBITDA increased 1% on Optus' positive performance, offset by:
  - Lower NBN migration revenue
  - Reduction in JSS



S\$M



- Down 2% in constant currency.
- Excludes Optus' NBN migration & JSS.
- Up 5% in A\$ terms.
- Includes intercompany eliminations & corporate.

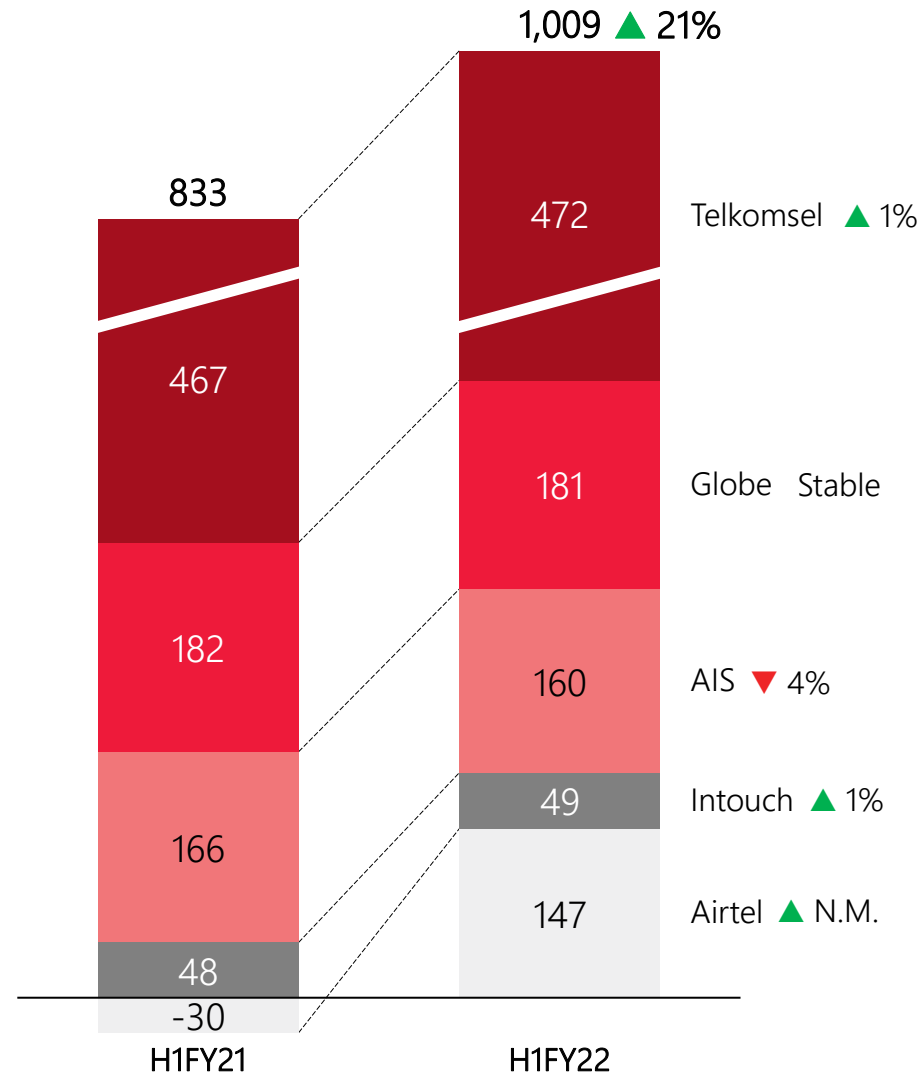
# Regional associates' pre-tax profits

## S\$1,009m

▲ 21%<sup>1</sup>

- Resilient performance by associates amid intense competition & COVID resurgence
- Strong turnaround in Airtel lifted associates' contributions, led by robust operating improvements in India & Africa
- Telkomsel: growth in data & digital services offsets softness in legacy voice services
- Globe & AIS : growth in home broadband & enterprise services, offset by increased D&A on network & spectrum investments

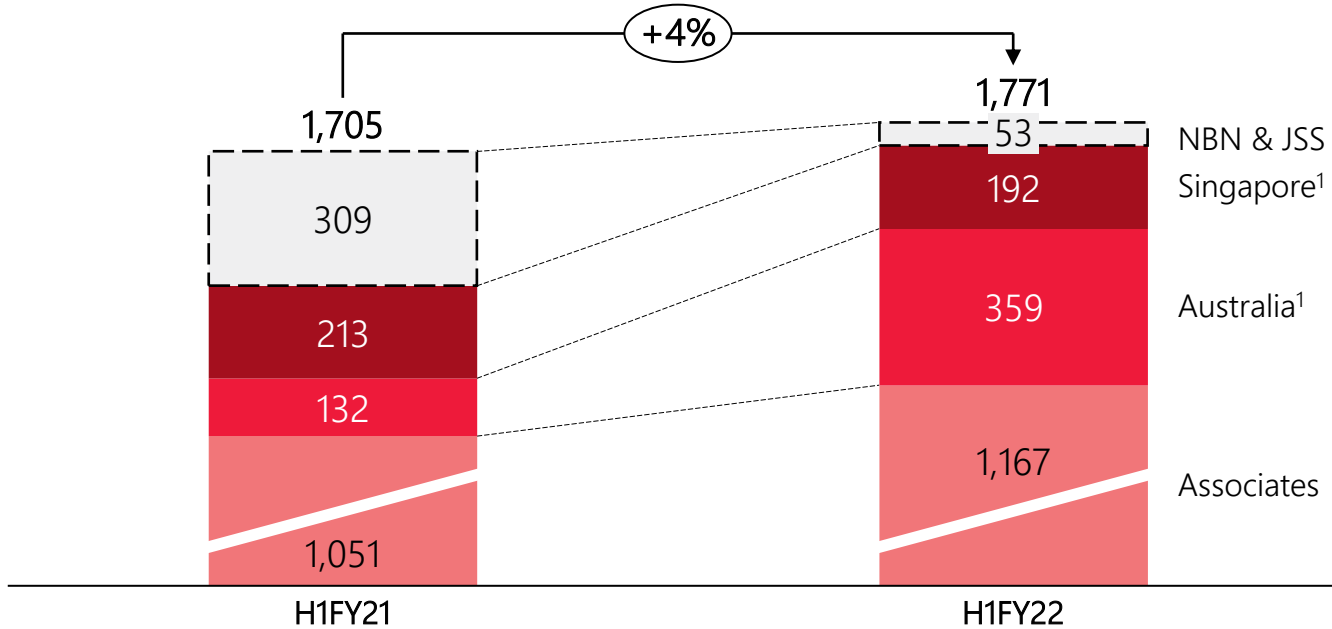
S\$M



1. Up 24% in constant currency.

# Financial position

## Free cash flow (S\$'m)



Net debt

**S\$11.3b**

▼ S\$1.4b

Net interest expense

**S\$0.2b**

▼ 4%

Net debt gearing

**29.0%**

(Sep 20: 32.1%)



## Lead in sustainable financing

- First telco in Asia Pacific to launch sustainability-linked bond framework
- Aims to cut greenhouse gas emissions by 42% by 2030<sup>2</sup>



## Hedged against inflation

**87%**

of debt at fixed rates<sup>3</sup>  
(Sep 20: 78%)

**14.8x**

interest rate cover<sup>4</sup>  
(Sep 20: 13.3x)

- Ex NBN & JSS.
- Cut scope 1 & 2 direct & indirect greenhouse gas emissions across its operations in Singapore & Australia from a 2015 baseline.
- Post hedging, excluding lease liabilities.
- EBITDA & share of associates' pre-tax profits/ Net Interest Expense.

# Capital management framework for sustainable dividends & growth

## FY22 highlights & guidance

Core  
operations

▲ **S\$0.2b** H1FY22 free cash flow<sup>1</sup>

Continued focus on profitable growth

Regional  
associates'  
dividends

At least **S\$1.3b**

Capex

~**S\$2.4b**

Dividends

**4.5c** interim dividend **76%** Dividend payout

FY22 dividend expected to be at upper half of 60-80%<sup>2</sup> dividend policy range



## Medium to long term capital targets

Capital  
recycling

**S\$2b** (excludes ~A\$1.9b from Optus towers divestment<sup>3</sup>)

Growth  
investments

NCS ▪ Data centres ▪ Digibank

Capital  
partners

Leverage third party capital to pursue growth opportunities

Credit  
ratings

Maintain strong investment grade rating to achieve optimal capital structure

1. Ex NBN & JSS.

2. Barring unforeseen circumstances, the Group expects to pay dividends at the upper half of its dividend policy range of between 60% and 80% of underlying net profit for FY22.

3. Expected to close in H2FY22.





Executing to our  
strategic reset





Reinvigorate  
the core



## Differentiate & win in 5G



S.E.A. Aquarium 4K Livestream



5G-powered night e-Racing

Excite &  
win  
customers



Fastest 5G Mobile Operator in  
Singapore & Australia for H1 2021<sup>1</sup>

5G take-up

**>200k** 5G customers in SG

**~1.5m** 5G-capable device  
customers in AU

Co-create  
enterprise  
use cases

**5G@SENTOSA**



Purpose-built test bed to catalyse  
development of smart nation solutions



Partnership to build  
national bushfire  
defence system



Reinvigorate  
the core



# Lead in customer experience

Champion digital sales & service

Singtel

45%

of sales  
transactions<sup>1</sup>

75%

of self-help  
transactions<sup>1</sup>

OPTUS

29%

of sales  
transactions<sup>1</sup>

83%

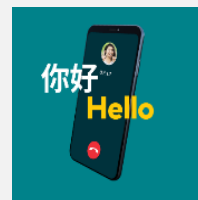
of self-help  
transactions<sup>1</sup>

Unique products & differentiated services

6

Unique  
on-demand  
features

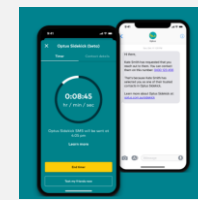
The Optus Living Network



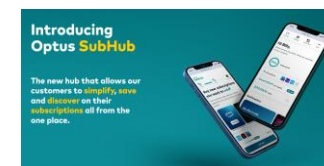
Call Translate



Optus Pause



Optus Sidekick



SubHub

A platform to unite & simplify  
customers' subscriptions

SINGTEL  
dash

~S\$0.9b

total transaction value<sup>2</sup>

~S\$0.3b

AUM for insurance products

1. For the half year to 30 Sep 2021.
2. Apr to Sep 2021 half year annualised.





Capitalise on  
growth trends

## Transform NCS into Asian B2B digital services champion

### Strong digital led growth

Revenue<sup>1</sup>

+9%

Digital revenue<sup>2</sup>

+36%

Digital as % of total  
revenue

48%

### Creating Australia's leading cloud specialist

NCS NEXT Cloud  
Centre of Excellence  
Launched in Melbourne

Acquired cloud  
capabilities (Azure,  
Google)<sup>3</sup>



### Accelerating growth in digital services

>1,200 talents recruited  
in the region<sup>4</sup>

Gaining digital  
capabilities &  
market access<sup>3</sup>



1. NCS-originated revenue.
2. Revenue from Digital, Cloud, Platforms & Cyber services.
3. Refer to Appendix A for more details.
4. Covering Singapore, Australia, Greater China, Philippines & India. From Apr 2021 to Sep 2021.

Picture: NCS food delivery autonomous vehicle



Capitalise on  
growth trends

# Rapid digitalisation fueling infrastructure demand

## Sizeable data centre (DC) business

Annual revenue<sup>1</sup>

>S\$250m

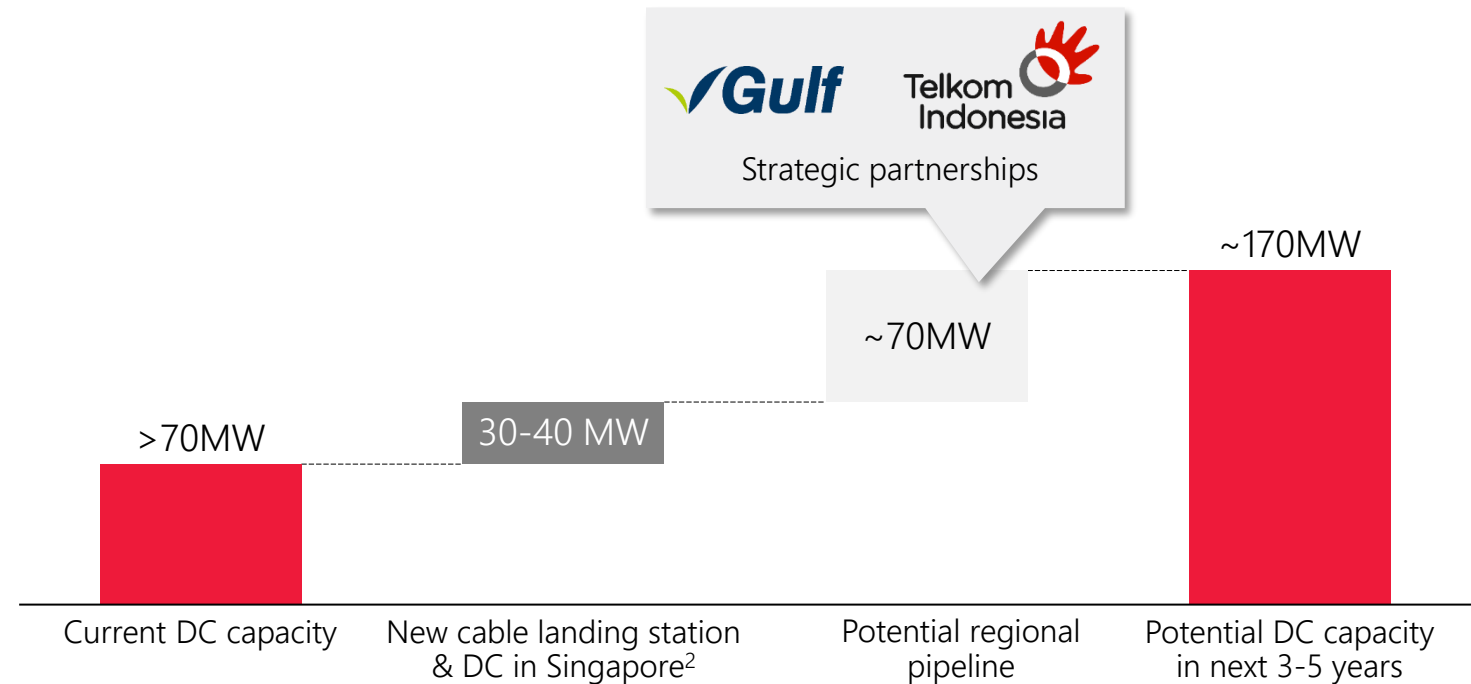
H1 growth rate<sup>1</sup>

+20%

EBITDA margin


>60%

## Building a regional DC platform with scale & quality assets



1. Third-party revenue.
2. Refer to Appendix B for more details.



A photograph of three people in a retail environment, likely a mobile phone store. A man on the left, wearing a dark jacket and a light blue surgical mask, is holding a smartphone and looking at it. Two women stand next to him, also wearing light blue surgical masks. The woman in the middle is wearing a white long-sleeved shirt and is looking at the phone. The woman on the right is wearing a white sleeveless top and is also looking at the phone. They are standing behind a counter that has several smartphones on display in white stands. The background is blurred, showing other parts of the store and bright lighting. A dark blue diagonal overlay covers the left side of the image, and the text "Looking ahead" is written in white on this overlay.

Looking ahead

# Progressing on our strategic reset



## Core operations poised for growth:

- Gradual re-opening of economies & resumption of cross-border travels
- Increased 5G adoption & rollout of commercial services



Favourable trends from digitalisation provide immense market opportunities



Opportunities in the emerging markets from digital services, B2B services & upswing in India



Strong balance sheet & diversified funding sources support growth ambitions



Relentless focus on ROIC to deliver profitable growth & sustainable dividends






# Appendices


# Appendix A - NCS : Acquisitions bolster capabilities in cloud & data analytics across its NEXT Innovation Triangle

## Accelerating growth in digital services





Singapore based data analytics consultancy  
Data storytelling for business and operational insights, data integration & data literacy enablement

key partner




key clients






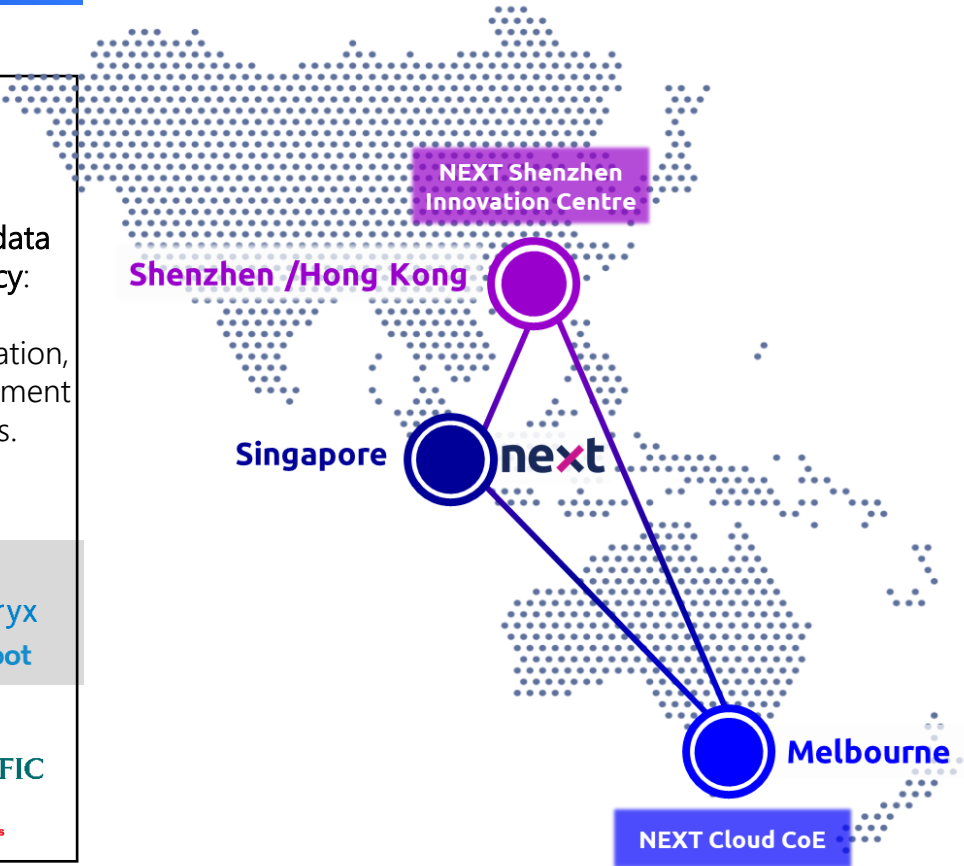
Hong Kong based data analytics consultancy:  
Data management, autoML implementation, data literacy enablement & managed services.

key partners




key clients






## Creating unique “best-of-cloud” cloud specialist in Australia





Melbourne based cloud technology consultancy  
Infra and data warehouse modernisation, cloud platform operations & managed services.

key partner




key clients






Sydney based cloud transformation consultancy  
Cloud infra for modern workplace, managed services & cloud native applications

key partner



key clients



Prior Acquisition/  
Integration:  DataSpark

## Appendix B - New cable landing station & data centre in Singapore

### Site

- Integrated landing station & data centre
  - 1.1 ha (11,196 m<sup>2</sup>)
  - Adjacent site to current Tuas cable landing station
- 

### Capacity & green focus

- Projected 30-40MW data centre capacity
  - Focus on energy efficiency, green DC technology & sustainable building design
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### Timeline

- Planning, design & construction to take 3 to 4 years
- Currently in the process of appointing consultants



## Appendix C - Unlocked value of assets

**OPTUS** divested 70% stake in Australia Tower Network in Oct 21

Enterprise value

~A\$2.3b

EV/EBITDA

38x

Net proceeds

~A\$1.9b

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**Telkomsel** divested 4,000 towers to Mitratel in Sep 21

Fair value (FV)

~IDR6.2t

FV/tower

IDR1.5b

Proceeds<sup>1</sup>

~S\$200m

