

Singtel sets new strategic direction to capture growth and unlock value

Singapore, 27 May 2021 – Singtel today announced its new strategic direction designed to capture untapped digital growth in the 5G era, sharpen the Group's focus and improve shareholder value. The strategic reset centres around three key tenets – leveraging its 5G leadership to reinvigorate its core consumer and enterprise businesses; developing new growth engines in ICT and digital services; and unlocking the value of its quality infrastructure assets. The move comes as digital economies experience a global growth spurt, amplified in part by COVID-19, creating a new and urgent dependency on telecommunications as a platform.

Group CEO Mr Yuen Kuan Moon explained, "This strategic reset is the most significant move in recent years to refocus the business and capitalise on technology proliferation and large-scale digitalisation. With the mass migration online over the last 18 months, the pandemic has also accelerated trends that were already redefining the basis for success for our industry. We intend to use this unique opportunity to make profound changes, restructure and reposition to emerge stronger."

LEVERAGING 5G TO BECOME A POWERHOUSE FOR DIGITAL SOLUTIONS

With strong investment in leading 5G networks, the Group will realign its core business to drive its quest for 5G market share in Singapore and Australia. On the consumer front, this means innovating products and services to deliver the best possible customer experience and growing digital businesses in adjacent lifestyle sectors. On the enterprise side, the focus will be on growing 5G enterprise and cloud solutions in Singapore, Australia and the Group's regional associates. The Group will also double down on the digitalisation of its operations to drive productivity, make cost improvements and get even more digital.

Mr Yuen said, "Going digital isn't new to us but rapid changes in technology require us to keep pace and reset our digital playbook. In addition, COVID-19 has brought headwinds and challenges but also tailwinds of digitalisation that we intend to exploit to propel us forward. Customer behaviours have leapfrogged, digital-enabled sales interactions have jumped and business operations and processes have shifted irrevocably online. While we have been a telecom company with digital products in the past, we are set on becoming a digital telco, providing easy access to a whole range of digital solutions encompassing connectivity, lifestyle and ICT."

DEVELOPING NEW ENGINES OF GROWTH

To capitalise on the large-scale digitalisation underway, Singtel will develop a number of new growth engines, key among these being NCS. After seven straight years of positive revenue growth, mostly on the back of the public sector in Singapore, the ICT subsidiary will be repositioned for growth, with the goal of becoming a B2B digital services champion in Asia Pacific. Working off its strengths and domain expertise in servicing the public sector and the Singtel Group, NCS will set up two strategic business units to focus on the key sectors of government and telecoms, as digitalisation of processes and services continue to accelerate. It is also setting its sights on expediting growth in the enterprise sector, particularly healthcare and transport, communications, technology and media and financial



services, in the markets of Singapore, Australia and Greater China. In a Group-wide reorganisation at the start of the year, NCS was carved out as an independent business unit, as a first step towards realising this new remit and ambition. Cyber security remains a key growth driver for NCS and the Group will be reorganising part of Trustwave's technology services into NCS.

Mr Yuen said, "With its public-sector focus, NCS has been a consistent revenue growth engine for the Group over the years. It makes a lot of sense to develop this growth engine by casting its net further afield into the enterprise sector and markets outside Singapore where we have presence and synergies. There will be no letting up in the e-government side of the business, but this is a major turning point for NCS – we are growing our capabilities and repositioning ourselves to capture new business from the private sector which should provide a growth uplift from the ongoing digital race."

Given Asia's fast-growing digital economies, Singtel will step up the building out of a digital ecosystem with its regional associates, leveraging its scale and reach to capture growth in digital services and grow capital. This will mean adopting a multi-local strategy, when working with associates to create and port where viable, lifestyle products, services, business segments or even companies across its regional footprint. Leveraging Singtel's well-known brand and 5G leadership, such an approach could take the form of partnerships with digital natives and strategic investors with complementary capabilities and capital. A recent example of this is the propagation of the digital mobile brand GOMO. Conceived by Singtel in Singapore, GOMO has been successfully adopted by Optus, AIS, Globe as well as Telkomsel (rebranded as by.U) to cater to their respective millennial customer segments. Singtel also guided and supported Telkomsel's participation in a US\$100 million Series B funding round in Indonesian e-wallet LinkAja along with other investors like Grab and Gojek. In addition, Singtel lent support to Globe whose fintech arm Mynt recently raised US\$175 million at a valuation close to US\$1 billion.

Mr Yuen said, "With digitalisation sweeping across ASEAN, we want to make the most out of this growing appetite for digital services by exploiting the digital ecosystem we've built with our associates. We will be pursuing a hyper-local strategy where we will create, partner, support, and facilitate the propagation of products and services, even companies among the Group, where relevant and monetisable."

UNLOCKING THE VALUE OF INFRASTRUCTURE ASSETS

With accelerated digitalisation fuelling connectivity and demand for critical infrastructure, Singtel is exploring options to leverage its infrastructure assets to unlock latent value and drive growth. The Group currently holds a large and unique portfolio of infrastructure assets including towers, satellites, subsea cables and data centres across the region. It has already begun a partial sale via auction of Optus' towers in Australia to maximise proceeds from the sale and seeks to more actively recycle its assets.

Mr Yuen said, "Through the years, we've built a suite of quality infrastructure assets to support the growth of our business. Given the disruptions of the past year and the massive pivot online, demand for such assets have surged and made valuations very compelling. The timing is now good for us to improve returns from these holdings where appropriate, to grow the company and maximise value for Singtel shareholders." He added, "The quality of our infrastructure assets are the result of years of sustained capital investment and innovations. Given the importance of the digital economy to Singapore and its economic recovery, it is also important that we unlock the value of these assets so



that we can continue to reinvest in world-class infrastructure that will sustain an environment for investment and innovation, and support our businesses, our society and our shared future.”

ENSURING SUSTAINABLE GROWTH

The Group’s strategic reset included renewed commitments to advance the sustainability agenda while pursuing business growth. Against the pandemic backdrop, this involves embedding more conscious climate action and deliverables into the Group’s recovery plans, harnessing the power of technology to enrich the lives of customers and the broader community, and helping employees develop and grow in the new economy.

Mr Yuen said, “Singtel has one of the strongest franchises in Singapore, Australia and the region which behoves us to be a purpose-driven organisation that positively impacts the diverse communities in which we operate. The resilience of our people has always been one of our key assets and we will be doing our best to deliver on our ambition to grow the company as a responsible member of society.”

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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 740 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.

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Media Contacts

Lian Pek

Vice President, Group Strategic Communications and Brand

Phone: +65 94882696

Email: lianpek@singtel.com

Marian Boon

Director, Group Strategic Communications and Brand

Phone: +65 88761753

Email: marian@singtel.com