

# Financial Results

For the half year ended  
30 September 2022

**Yuen Kuan Moon, Group CEO**

10 November 2022



# Key highlights



## Strong mobile service led growth

Roaming recovery

Improved pricing environment

5G adoption



## Sustained momentum in India

ARPU uplift from 4G upgrade

Double-digit Enterprise growth

Home broadband's upbeat momentum



## Scaling new growth engines driven by digitalisation

Strong bookings & integrating Australia acquisitions at NCS

Scaling data centre capacity & launched digibank offerings



## Proven capital recycling model

S\$4.4B of cash generated<sup>1</sup>

Strong balance sheet with S\$3.5B cash & most debt at fixed interest rates

1. From operations & asset recycling in H1FY23.

# Key financials

Operating revenue

**\$S\$7,259M**

▼ 5% (▲ 4%<sup>1</sup>)

EBITDA

**\$S\$1,878M**

▼ 3% (▲ 3%<sup>1</sup>)

EBIT  
(ex associates' contribution)

**\$S\$579M**

▲ 1% (▲ 8%<sup>1</sup>)

Regional associates' PBT

**\$S\$ 1,155M**

▲ 15% (▲ 18%<sup>1</sup>)

Underlying net profit

**\$S\$1,005M**

▲ 2% (▲ 6%<sup>1</sup>)

Net profit

**\$S\$1,170M**

▲ 23% (▲ 26%<sup>1</sup>)

1. In constant currency basis & excluding NBN migration & Amobee in prior comparative period H1FY22.

# Exceptional items

Key exceptional items <sup>1</sup> S\$M	H1FY23
Net gain on disposal of partial stake in Airtel	1,014
Dilution gain on Airtel	221
Share of associates' exceptional gains	102
Impairment of Optus' goodwill	(1,004)
Other exceptional items	(105)
Tax expense on exceptional items	(63)
<b>Total</b>	<b>165</b>

## Impairment of Optus' goodwill

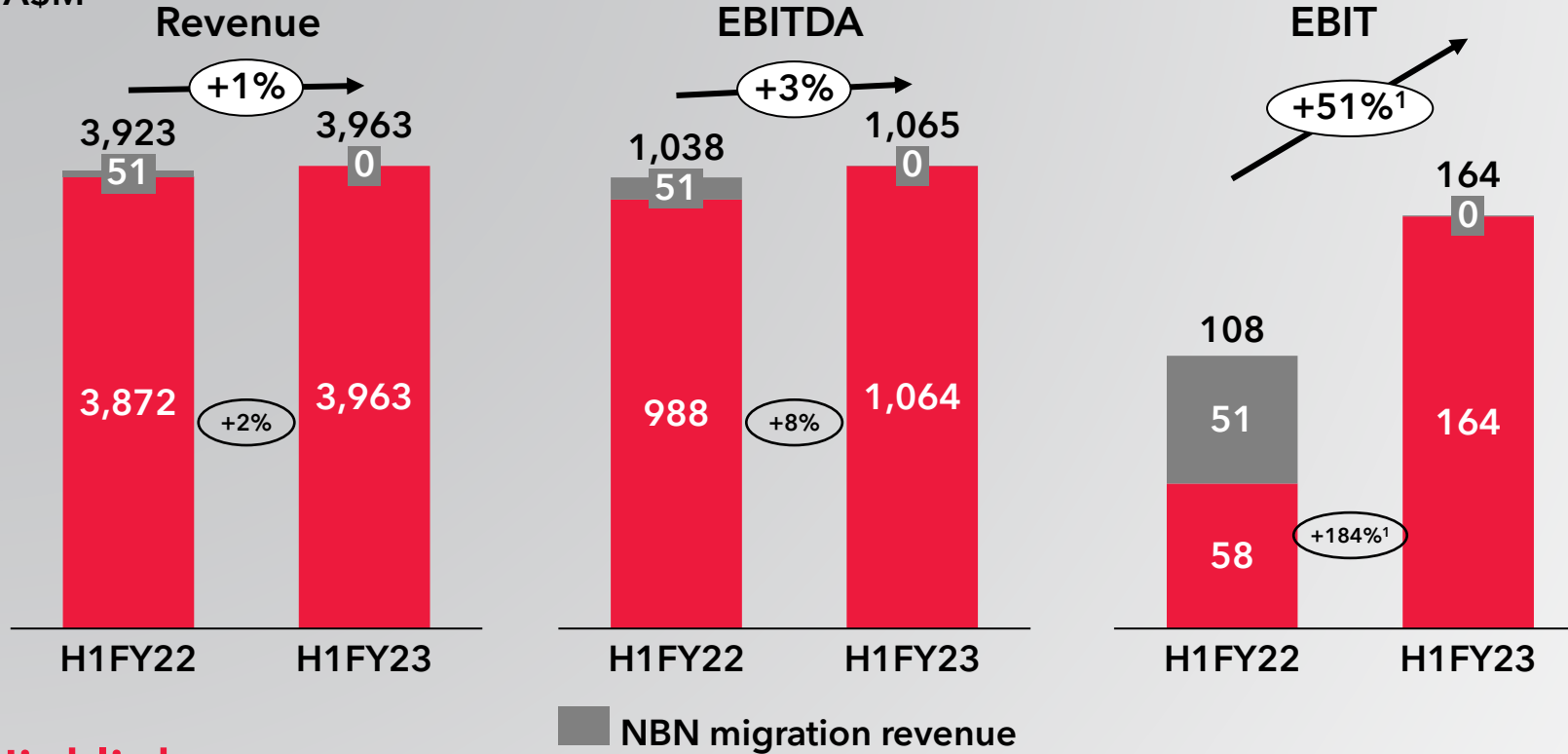
Non-cash impairment charge resulting from:

- Rapid & successive interest rate hikes
- A weaker Australian dollar
- Softer consumer & business sentiment due to a slowing economy

1. Refer to H1FY23 Management Discussion & Analysis for details of exceptional items.

# Optus

A\$M



## Highlights:

- Strong performance with growth in mobile & fixed
- Mobile service revenue growth led by price uplift & positive customer connections
- Growth in equipment sales driven by improved mix of high-end devices
- EBITDA & EBIT improved on better margins & strong cost management

1. Adjusting for the sale of Optus towers from April 2021, EBIT would have increased 13% or 73% (excluding NBN).

## Looking ahead:

- Move beyond short-term impact of cyber attack to rebuild customer trust and brand
- Cautiously optimistic despite macro headwinds & weakening consumer sentiment
- Post-COVID growth in mobile services
- Continued focus
  - Build out of Living Network & SubHub
  - Investment in 5G speed leadership & coverage
  - Synergies from integration of Enterprise

# Addressing the cyber attack



## DOING RIGHT BY CUSTOMERS

Impacted customers contacted

Rebuild trust in brand

**EQUIFAX** Credit monitoring service



Joint working group with federal government



## OPERATIONAL & FINANCIAL IMPACT

**S\$142M<sup>1</sup>**

Provision to cover costs for:

- External independent review
- Credit monitoring services
- Replacement of impacted customer identification documents

Passport replacement not required

Elevated churn but stabilising



## PROTECTING OUR CUSTOMERS

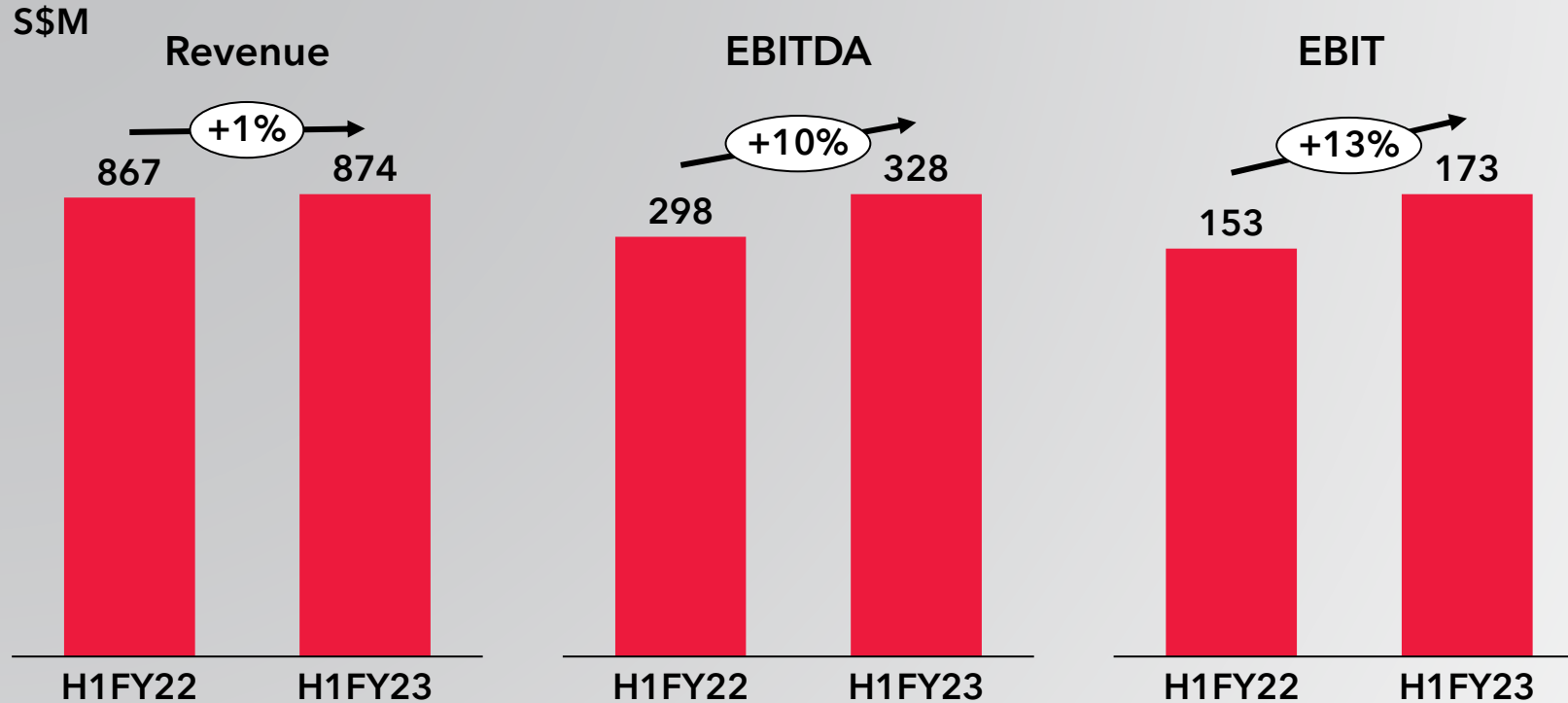
**Deloitte.** Independent review

Optus cyber security commitments:

- Enhance cyber capabilities
- Provide customers with more information & tools
- Invest in building Australia's cyber research & skills
- Share learnings with communities & organisation

1. No provision for fines, penalties & claims.

# Singapore Consumer



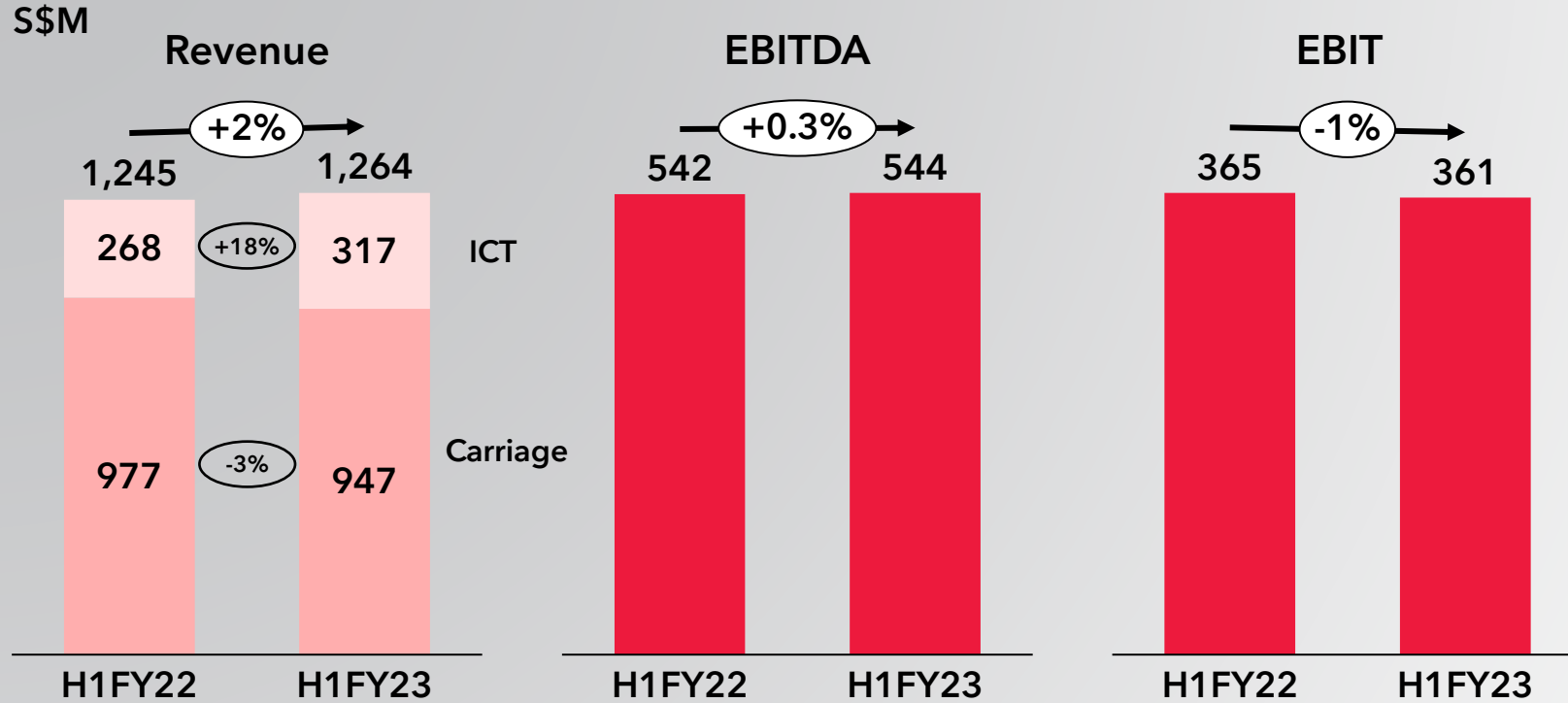
## Highlights:

- Strong mobile service revenue growth of ~10% led by roaming recovery & 5G migration
- Decline in equipment & pay TV revenue mitigated by content cost savings
- Muted churn from Premier League cessation
- Robust growth in EBITDA & EBIT on higher roaming revenue & content cost savings

## Looking ahead:

- Further upside in roaming with Q2 roaming revenue at ~60% of pre-pandemic levels
- Sustained operating momentum led by roaming & 5G premium prices
- Continuing competitive pressure in prepaid & broadband markets
- Improvement in margins through content portfolio rationalisation

# Group Enterprise



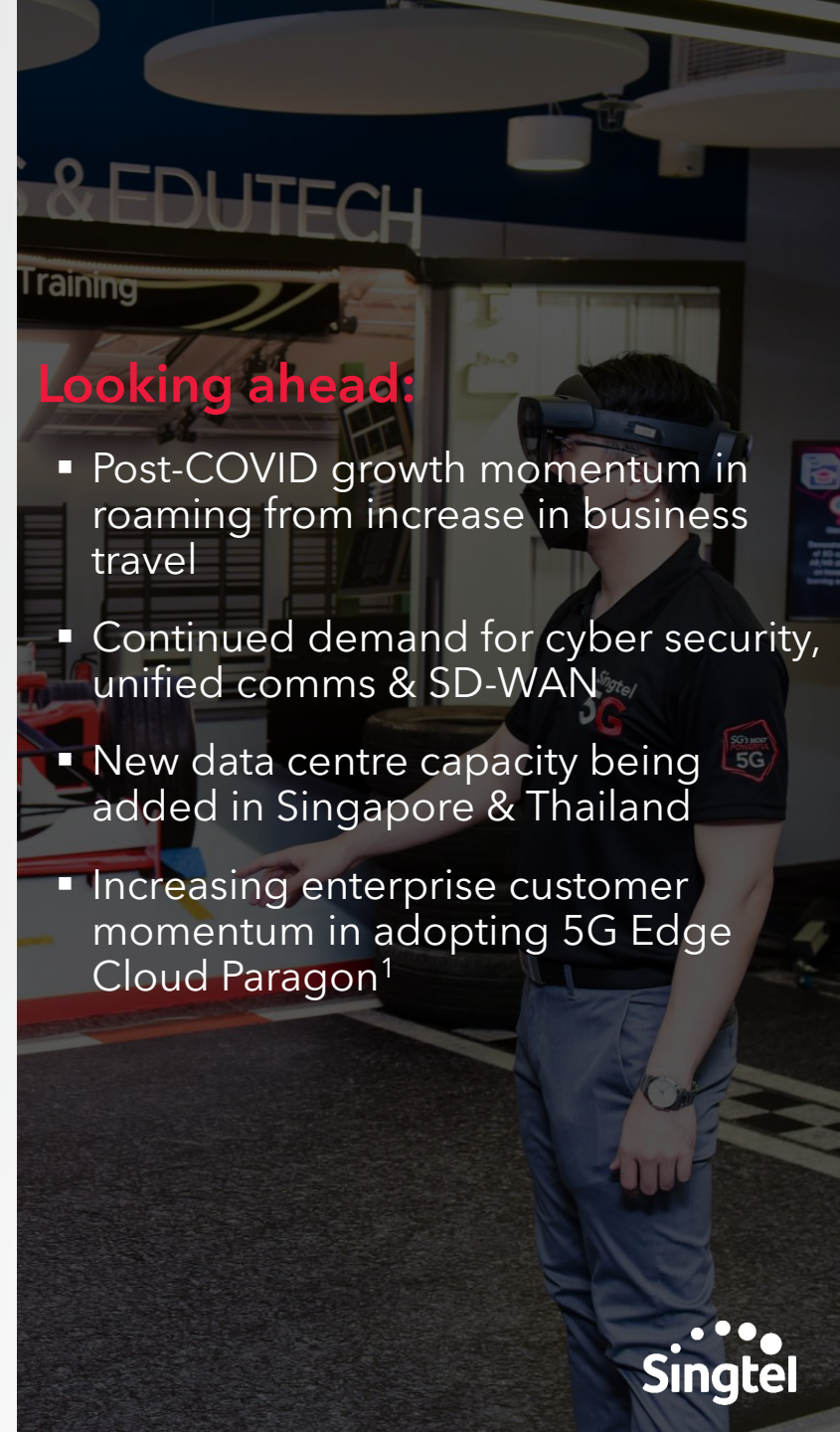
## Highlights:

- Growth in mobile services, unified comms & SD-WAN mitigated carriage decline
- Growth in ICT led by robust demand for data centre services
- Stable EBITDA & EBIT

## Looking ahead:

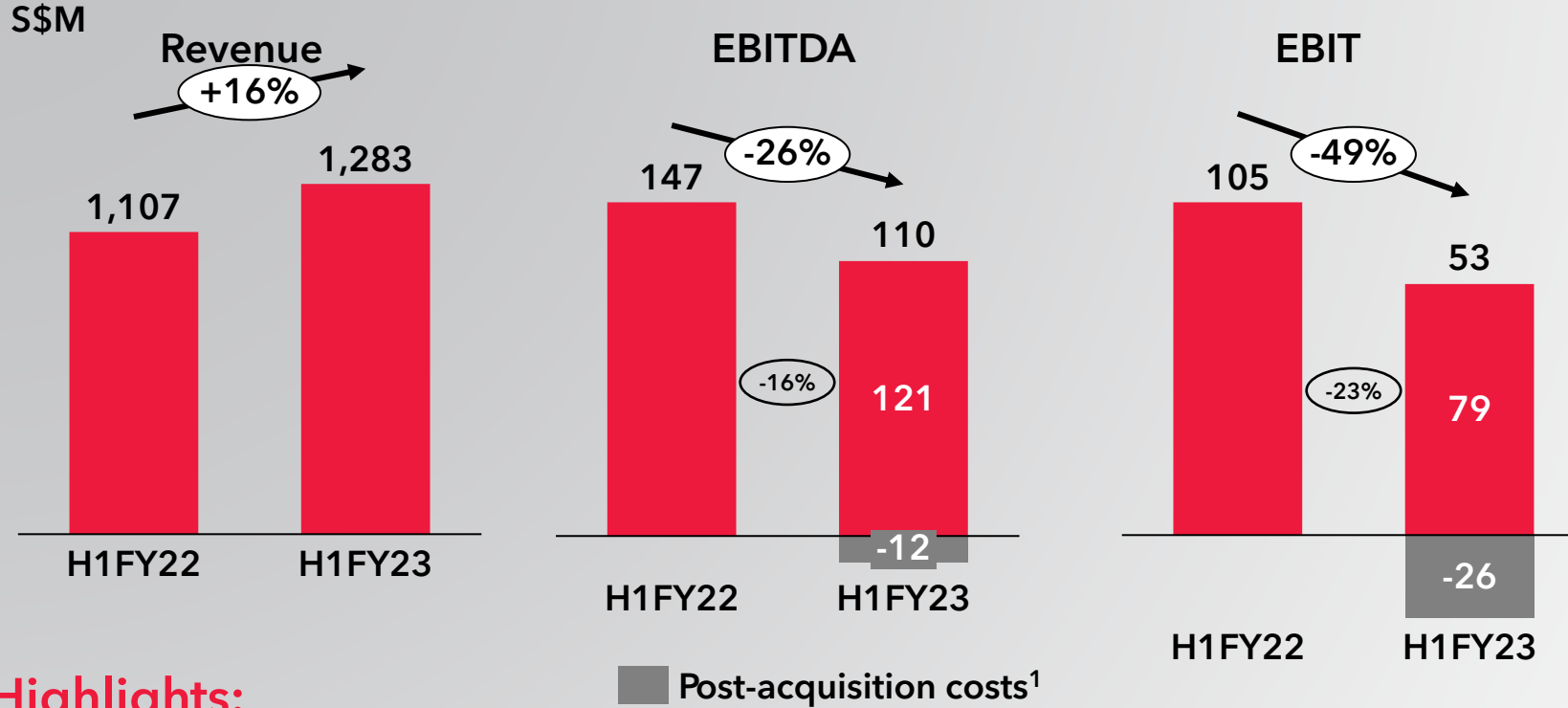
- Post-COVID growth momentum in roaming from increase in business travel
- Continued demand for cyber security, unified comms & SD-WAN
- New data centre capacity being added in Singapore & Thailand
- Increasing enterprise customer momentum in adopting 5G Edge Cloud Paragon<sup>1</sup>

1. Singtel's Multi access Edge Compute industry's first all in one platform for 5G network, edge computing & services orchestration.





# NCS



## Highlights:

- Revenue growth across all business segments from ongoing digitalisation & S\$161M of contributions from new acquisitions
- Continued transformation of NCS
  - Digital business made up 50% of revenue (H1FY22: 48%)
  - Global business crossed S\$200M mark or 16% of revenue
- EBITDA & EBIT impacted by post-acquisition costs<sup>1</sup>, increase in wages & investment in building digital capabilities

1. Includes retention bonus & purchase price allocation amortisation.

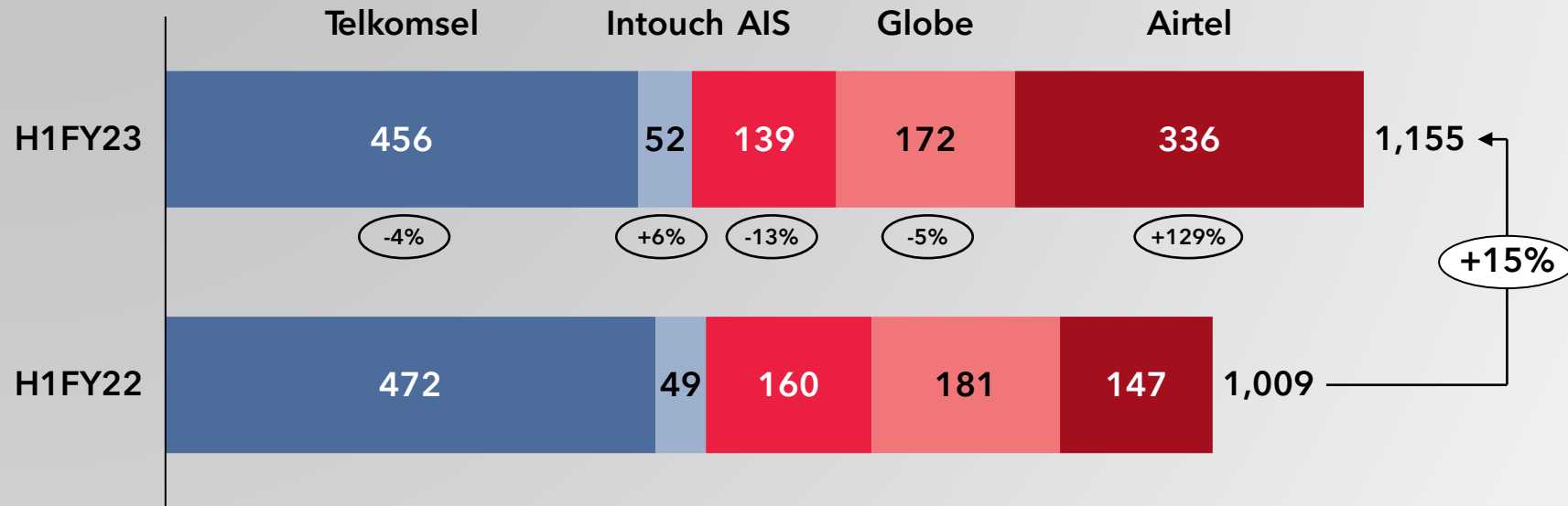
## Looking ahead:

- Strong bookings of S\$1.3B, with strong pipeline of projects
- Pursue regional projects
  - gov+ enterprise telco+
- Drive integration & operational synergies of Australian acquisitions
- Initiatives to improve margins:
  - Repricing for increased cost of talent
  - Optimise cost-to-serve leveraging NCS Global Delivery Network
  - Disciplined cost management

# Regional Associates

Profit before tax

S\$M



## Highlights:

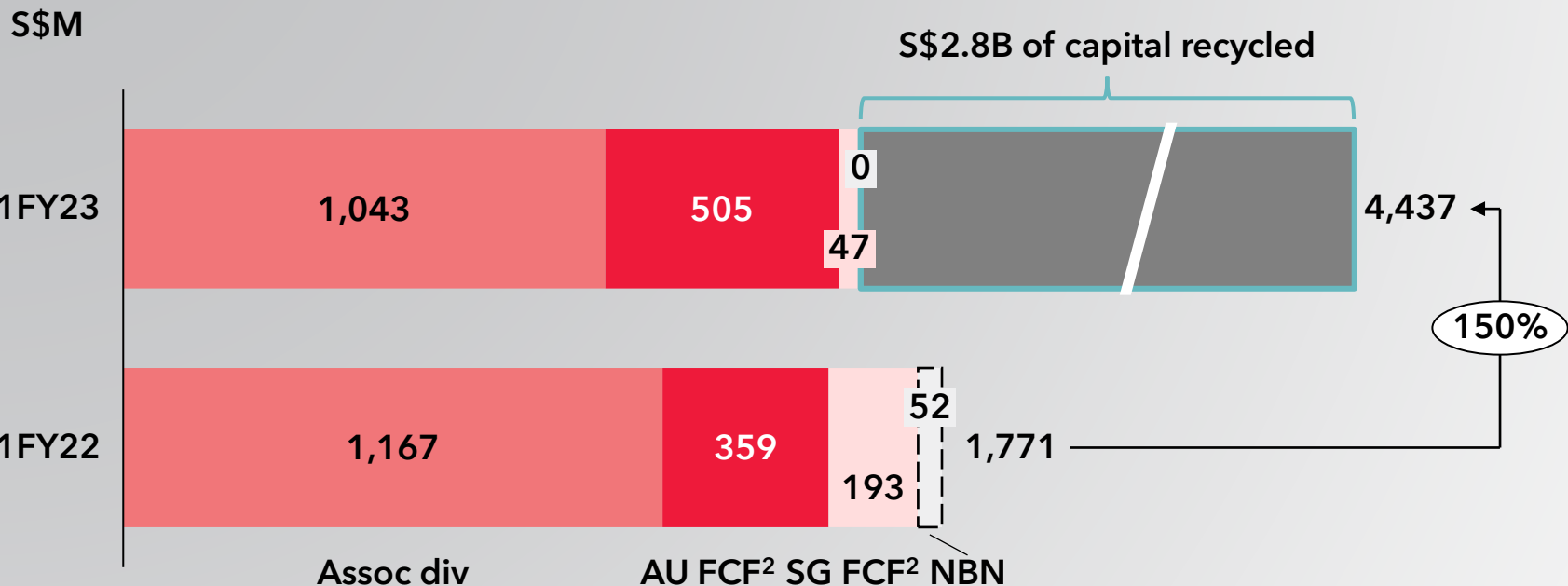
- Sustained operating momentum at Airtel, led by ARPU increase & robust growth in Enterprise & Homes in India
- Telkomsel impacted by higher opex & D&A from leaseback of towers, partly offset by healthy data revenue growth
- AIS faced intense price pressure coupled with higher marketing & content cost
- Significant depreciation of Thai Baht & Philippines Peso. On a constant currency basis, AIS declined 7% & Globe grew 2%

## Looking ahead:

- Re-opening of economies balanced against impact of rising inflation on consumer sentiment
- Industry consolidation in Indonesia & Thailand
- Premiumisation opportunity - from increasing 5G adoption
- Continued network investment to capitalise on opportunities in fixed broadband & enterprise

# Balance sheet well-positioned to weather volatility

## Free cash flow<sup>1</sup> & capital recycled (S\$M)



## Highlights:

- Recycled ~S\$6B cumulatively
- Reduced net debt by S\$3.4B
- S\$0.7B of debt maturing in next 12 months with S\$3.5B of cash
- 93% of debt on fixed rates & average maturities of >6 years
- Operating cashflows to remain steady given ongoing cost initiatives to counter rising inflation

Net debt

**S\$7.9B**

▼ S\$3.4B

Net debt to EBITDA  
& assoc PBT

**1.3x**

(Sep 21: 1.9x)

Interest rate  
cover

**15.4x**

(Sep 21: 14.8x)

Fixed rate debt

**93%**

(Sep 21: 87%)

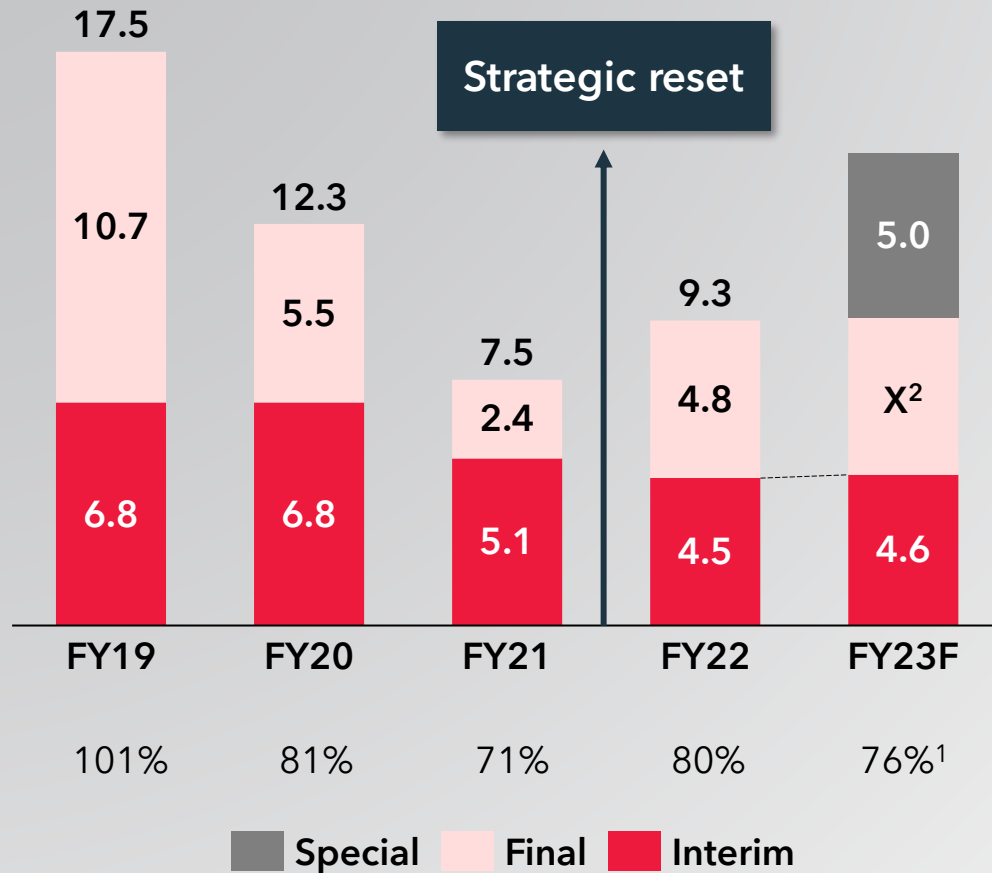
1. Cash flow from operating activities, including dividends from associates, less cash capital expenditure.

2. Free cash flow ex NBN.

# Growing dividends sustainably

## Dividend per share

S cents



### Raise interim dividend

**4.6 cents**      **76%** % of underlying net profit<sup>1</sup>

Maintain ordinary dividend policy to pay between 60% & 80% of underlying net profit

### Pay special dividend

**5.0 cents**      Payable in 2 tranches of 2.5 cents each<sup>3</sup>

Share benefits of asset recycling initiatives with shareholders, in-line with strategic reset

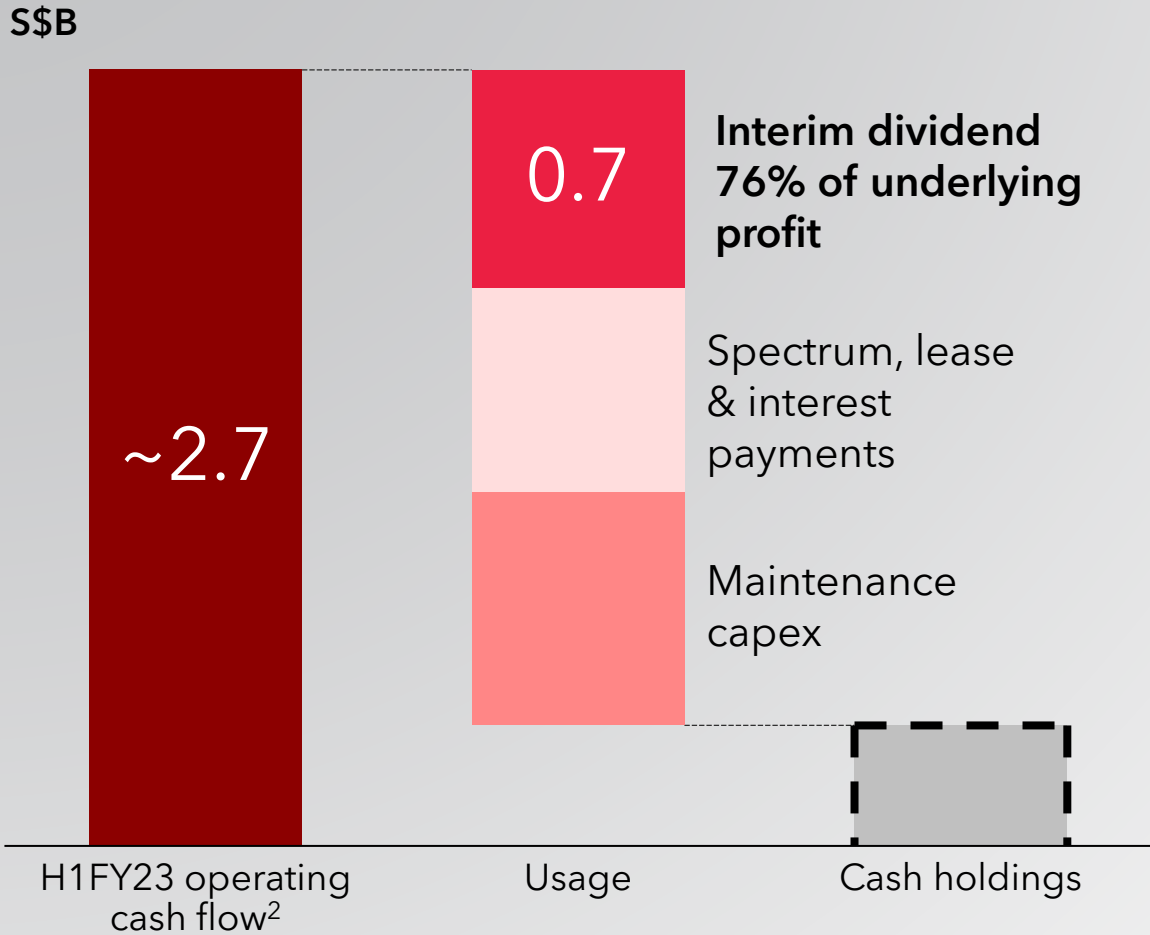
1. Interim dividend as percentage of H1FY23 underlying NPAT.

2. Shown for illustrative purpose; the amount of final ordinary dividend will be announced during the Group's results announcement for FY23 expected in May 2023.

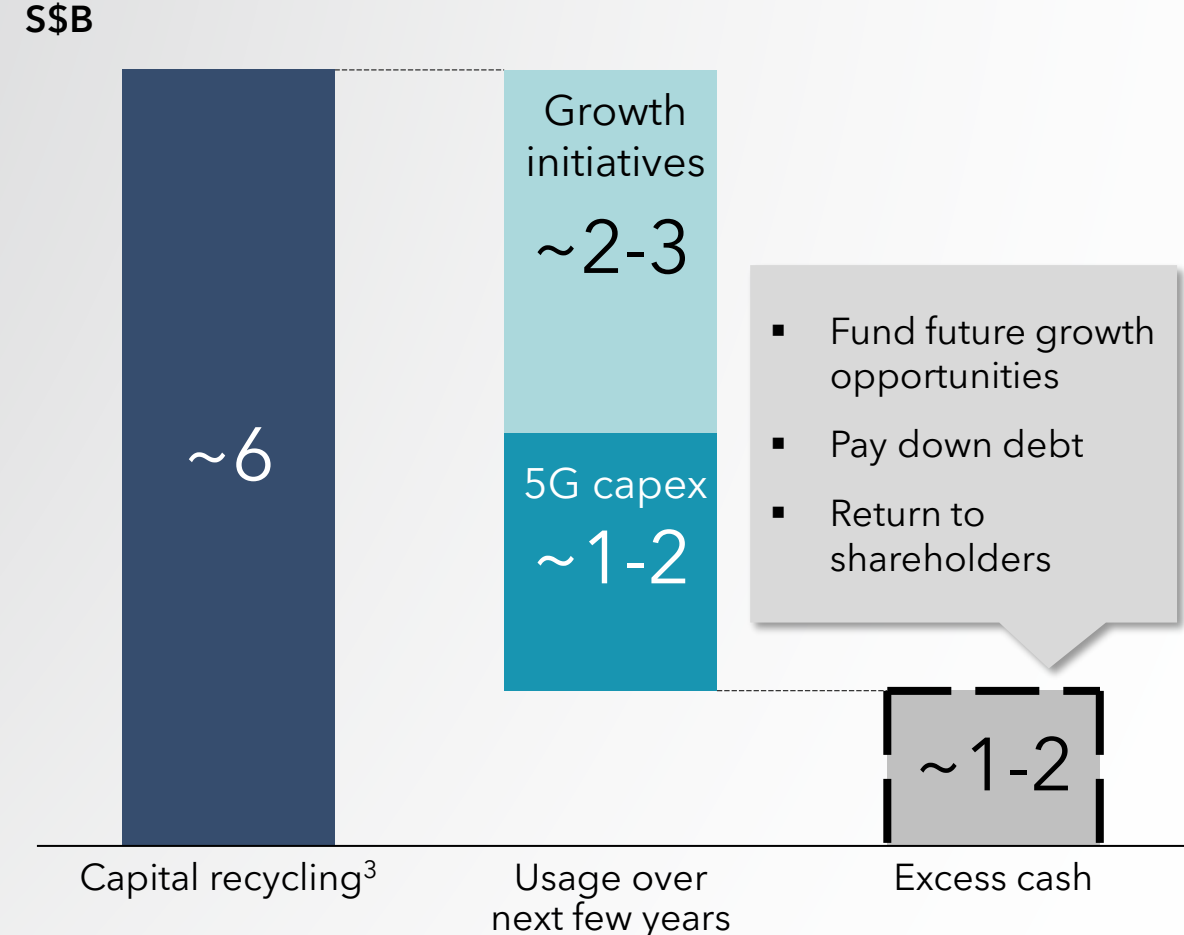
3. Payable together with the ordinary dividends in December 2022 & August 2023, to shareholders on Singtel's register at each respective record date.

# Delivering sustainable dividends & making investments for growth<sup>1</sup>

## Pot 1: Operating cash underpins sustainable dividends



## Pot 2: Capital recycling meets investment needs



1. Chart not drawn to scale.  
 2. Includes dividends from associates.  
 3. Asset recycling initiatives announced since April 2021.

# Executing to our strategic reset



# DIFFERENTIATED 5G OFFERINGS FOR CONSUMERS



>580K

5G subs



First 5G prepaid service in SG



Demonstrated network slicing at F1



>2.8M

5G connected devices



Fastest 5G download speed <sup>1</sup>



Optus Network Pulse

# DRIVING ENTERPRISE 5G USE CASES



MEC<sup>2</sup> incubator



Smart mobility & fleet mgmt



1<sup>st</sup> to deploy commercial mmWave



Advanced manufacturing



Official network partner of the Grand Prix Season Singapore 2022



1. Based on Opensignal's Oct 2022 Mobile Network Experience Report.  
2. Multi-edge computing.

# Regional Data Centre

H1FY23 Revenue

**S\$132M**

H1FY23 EBITDA

**S\$86M**

## SINGAPORE

Gaining scale

**Early 2025**

Expected completion  
of Tuas DC

**~120MW<sup>1</sup>**

Total capacity in 3 years

**Dec 2022**

Submitting bid for  
additional capacity

**THAILAND**



First overseas expansion

**2025**

Expected operation  
of 1<sup>st</sup> DC

**20MW**

Capacity

**INDONESIA**



Exploring opportunities



Discussions on  
Batam JV



Image: Rendering of  
new Tuas DC

1. Including 60MW of existing capacity.



Capitalise on growth trends

# GXS Digibank

## LARGE & DIVERSE ECOSYSTEM



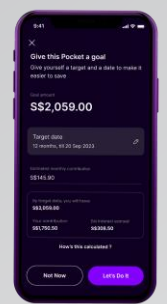
>120M  
Retail reach

>12M  
MSME reach



## CREATING A DIFFERENTIATED DIGITAL OFFERING

Launched in  
Singapore



GXS Savings Account

2023

Malaysia &  
Indonesia target  
launch

## FOCUS ON PROFITABILITY

2026  
Target EBITDA  
breakeven



Manageable capital  
contributions

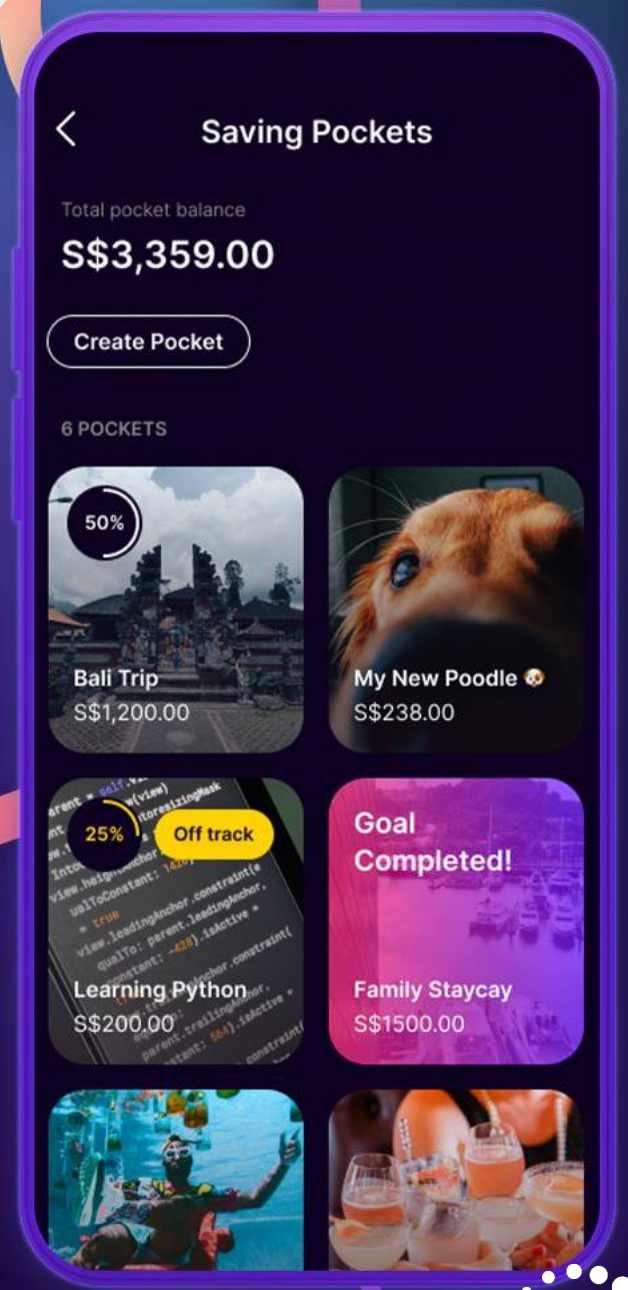


Image: GXS Saving Pockets



## ILLUMINATED VALUE OF ASSETS

**US\$2.5B**

Proceeds from partial stake sale; effective stake down by 1.8%



**US\$1.5B**

Divested 7,059 towers



**A\$200M**

Sale of insurance business



## STRATEGIC REVIEW OF DIGITAL ASSETS

**US\$239M**

Proceeds from sale of adtech business



## DECARBONISING OUR NETWORK



Deploying the latest energy efficient radio cells

Up to **58%**  
Lower energy consumption on 5G<sup>1</sup>

**413 tCO<sub>2</sub>e/year**  
GHG emissions avoidance through network optimisation in 5G

## BUILDING A FUTURE-READY WORKFORCE

**S\$20M**

Annual investment for people development programmes



Partnership with NCS to develop tech talent

**1,600**

Tech jobs & training opportunities in next 2 years

## OPTUS SUPPORTING FLOOD-AFFECTED CUSTOMERS

**25GB**

free data

**322K**

Postpaid customers

**240K**

Prepaid customers



Image: Singapore's greenest radio cell, the Ericsson AIR 3268



1. In comparison to 4G across the same spectrum in Singapore.

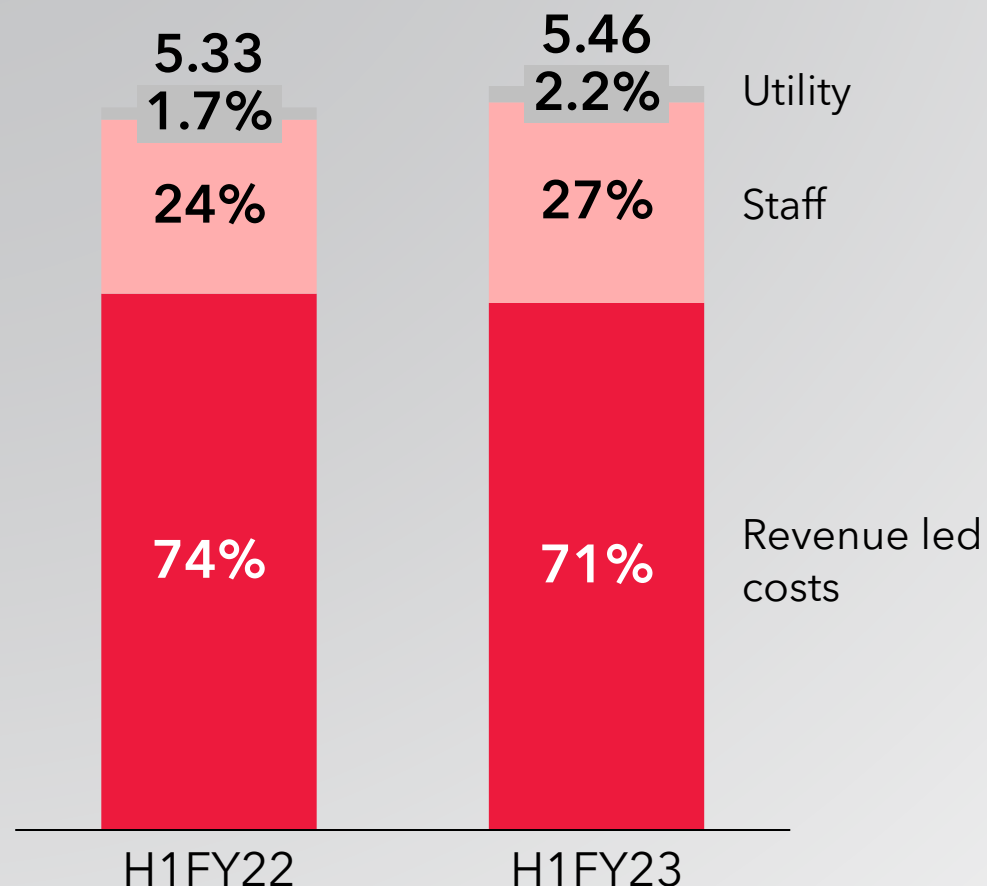
# Appendix



# Managing inflationary pressures

## Operating expenses (ex Amobee)

S\$B



## Key inflation drivers & mitigation measures:

- Data centres largest energy consumer
  - ~70% of customers utilities consumption passed through
  - All new contracts with pass through clauses
  - Hedging policy for energy rates
- NCS wage inflation
  - Increase offshoring by expanding overseas delivery centres
  - Workforce optimisation for existing projects
  - New contracts factoring increased cost of talent
- Continued focus on digital transformation

# Managing forex

## Translation exposure

- ~78% of underlying NPAT are non-SGD & hence subject to translation risk
- Manageable currency impact due to portfolio effect : -6% to +1% in last 10 years
- Aided by portfolio effect
  - Revenue: -\$157M or -2.0 ppt mainly due to A\$ weakness
  - Underlying net profit: -\$26M or -2.6 ppt helped by appreciation of IDR

Currency	YoY Chg <sup>1</sup>	S\$M impact <sup>2</sup>
Australian dollar	-4.0%	-1
United States dollar	3.3%	-2
Indonesian Rupiah	1.1%	2
Indian Rupee	-2.7%	-5
Thai Baht	-6.7%	-10
Philippines Peso	-7.7%	-10

1. Forex movement against S\$ for H1FY23.  
2. Impact of forex movements on underlying net profit for H1FY23..

## Transactional exposure

- Full hedging for capex, opex, borrowings, interest payment & multi-year contractual commitments
- Dividends from regional associates hedged upon confirmation

