



## News Release

### **Singtel advances digital infrastructure growth strategy**

- Raises approximately A\$1.9 billion from 70% sale of Australia Tower Network; proceeds to fund 5G rollout and new growth
- Starts regional data centre business with Thailand's Gulf Energy and Telkom Indonesia
- Paves way towards digital infrastructure platform

**Singapore, 1 October 2021** – Singtel today announced two major moves to unlock value from its quality infrastructure assets and advance its digital infrastructure growth strategy, first outlined in its strategic reset in May. These include a partial sale of Australia Tower Network (ATN), a wholly-owned subsidiary which operates Optus' passive telecommunications tower infrastructure, and the creation of a regional data centre business which will in turn form part of a regional digital infrastructure platform to capture new growth opportunities arising from the digital wave sweeping Asia.

These moves are part of Singtel's plans to optimise and grow the value of its large and unique portfolio of quality infrastructure assets including mobile towers, data centres, subsea cables and satellites, by capitalising on structural tailwinds of digitalisation, soaring demand for data accelerated by COVID-19 and burgeoning investor demand for infrastructure as an asset class.

Singtel's Group CEO Mr Yuen Kuan Moon said, "The rise of digital technology and its accelerated adoption on the back of COVID-19 has had major implications for the physical infrastructure that facilitate and support this overwhelming demand for data connectivity we are witnessing. From our telecom towers to our data centres, it is imperative that we restructure our assets and re-organise our business to better fund, improve and grow our digital infrastructure. Not only will this secure our place in the digital economy, it will also allow us to help keep our communities supported and economies up and running."

#### **ATN divested for approximately A\$1.9 billion**

Singtel will sell a 70% stake in ATN to AustralianSuper, Australia's largest superannuation fund. The transaction involving 2,312 mobile network towers and rooftop sites values ATN at an enterprise value of approximately A\$2.3 billion, representing FY21 pro-forma EV/EBITDA transaction multiple of 38x, or 28x following completion of the build-to-suit programme. This is significantly above telco multiples, reflecting the high quality of the assets and tenants.

Under the terms of the deal, Optus will have continued access to the towers through a long-term lease agreement with ATN. Optus will be the anchor tenant on 565 new build-to-suit towers to be built over the next three years which will form an integral part of its 5G network.

Mr Yuen said, "We are pleased that the value of Optus' towers has been duly recognised, reflecting the high quality of our assets and positive outlook for telco infrastructure. The value of the transaction, the calibre of our partner and the access arrangements under the terms of the agreement will protect Optus' strategic advantage and preserve its network leadership as it accelerates its 5G rollout across Australia." Mr Yuen added, "This transaction also supports our larger infrastructure strategy to unlock value through an asset-right approach which will free up capital to reallocate and reinvest in key growth areas."



Singtel expects net cash proceeds after transaction costs of approximately A\$1.9 billion, which will enhance cash flow and balance sheet flexibility. This will support the rollout of 5G and other growth initiatives, including expanding the B2B digital services business in Singapore and Australia through NCS. The value unlocked through capital recycling will also position the Group to deliver sustainable dividends. Completion is expected in October, subject to the fulfilment of certain conditions precedent.

Following the closure of this transaction, the towers will be managed by AustralianSuper, forming the largest independent tower company of scale. Singtel will continue to hold a 30% stake in ATN, providing the Group with options for growth given the potential to increase the number of tenants on the existing towers.

### **Regional data centre business with Gulf Energy and Telkom Indonesia as partners**

As a next step in its infrastructure growth strategy, Singtel is extending beyond Singapore, where it is one of the largest data centre operators, by forming a regional data centre platform with an initial focus on ASEAN. Singtel has signed an MOU with Gulf Energy, Thailand's leading power and infrastructure company, to build and develop data centres across the country. Singtel and Gulf, which recently acquired a stake in Singtel's associate Intouch Holdings, intend to form a partnership to pursue such opportunities. Singtel is also in advanced talks with long-standing partner Telkom to explore acquiring and building data centre assets in Indonesia and the region. Singapore, Thailand and Indonesia jointly make up more than 70% of the data centre market in ASEAN.

Singtel is well-placed to grow its data centre footprint across the region and become a leading player in ASEAN, given its extensive experience designing, developing and operating high quality data centres for a diversified customer base in Singapore, including hyperscalers and blue-chip companies. Given Singapore's importance as a regional data centre hub in Asia, Singtel's data centre business will be a key pillar of the data centre platform.

Mr Yuen said, "We see data centres as a new growth catalyst for our Group and are very excited about kicking off our regional data centre business with partners like Gulf who recognise the strong growth potential of digital infrastructure. We are also keen to work with our associates to enhance overall shareholder value for all parties. With the blistering pace of digital growth, we are seeing strong demand for an integrated network of data centres across different markets to deliver consistent standards and value-added services to customers as they scale their presence regionally. Our established track record, customer relationships and deep links with local partners in other markets, position us well to capture this new growth."

Mr Yuen added, "Gulf is a trusted, established company which brings strong local know-how and networks, and excellent access to land and power, including green energy. As we work with potential partners around the region to acquire brownfield projects and develop data centres on greenfield sites, we are committed to developing this new growth engine sustainably and will incorporate the latest technologies and renewable energy to optimise energy efficiency and achieve a carbon-neutral footprint."



Mr Sarath Ratanavadi, CEO of Gulf Energy, said, “Gulf recognises the future of the digital and data economy, driven by fast adoption of digital technologies and growing demand from both corporates and consumers. We believe that data centres will be crucial to support Thailand’s growth in the digital economy. We are very happy to be working with Singtel as business partners to capitalise on this promising opportunity. We look forward to leveraging our local expertise in combination with Singtel’s strengths to build a strong data centre business in Thailand and to explore ways to add more value to the business through the integration of green energy solutions. We believe that this collaboration signifies the beginning of a long-term partnership that will allow us to pursue more data centre businesses in Asia in the future.”

Singtel’s regional data centre strategy is premised on offering a differentiated value proposition to customers – one that is carrier neutral, while providing access to bundled services that draw on Singtel’s ecosystem such as best-in-class connectivity, cyber security and hybrid cloud services. As one of the leading companies in the region focused on sustainability, Singtel will also be launching an initiative to invite companies in the ecosystem to ideate and co-create solutions to build the greenest data centres in the region.

Demand for data centres has surged since the COVID-19 pandemic, with data consumption in Asia expected to propel the region to become the largest data centre market globally. ASEAN’s data centre capacity is poised to grow at a compound annual growth rate of 18%<sup>1</sup> from 2020 to 2025, especially in Singtel’s regional associates’ markets, driven by hyperscale cloud-based service providers looking to be closer to users while meeting data residency standards.

Singtel currently owns prime data centre assets with a combined capacity of more than 70 MW, which contribute revenue of over S\$250 million, and industry-leading EBITDA margins of over 60%. Singtel is looking to build and upgrade data centres that will be undertaken in full compliance and support of the government’s overall plans for the data centre industry.

### **Maximising infrastructure asset value with regional platform**

Data centres are a first step in the establishment of a regional digital infrastructure platform across multiple asset classes. The platform will own and manage digital infrastructure assets with a strong commercial focus to improve capital efficiency and return on invested capital while supporting Singtel’s business needs. Singtel seeks to grow this business in partnership with long-term capital providers with complementary capabilities and networks, through further investments in next-generation infrastructure regionally.

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<sup>1</sup> Frost & Sullivan 2020 Data Centre Services Market Forecast



### **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. For more information, visit [www.singtel.com](http://www.singtel.com).

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