

Financial Results

For the financial year ended 31 Mar 2022

Yuen Kuan Moon, Group CEO

27 May 2022



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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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.

FY22 at a glance

Strong turnaround in financial performance

Underlying NPAT ▲ 11%

NPAT ▲ 2.5x

- Growth in market share & ARPU by Optus & Airtel
 - Digitalisation momentum drove NCS & data centre business
 - Strength in fixed broadband & nascent roaming recovery
-

Executing to strategic reset

- Continued investments to lead in 5G & customer experience
 - Made good progress with growth engines
 - Unlocked >\$2b of value & re-allocated capital
 - Developed a purpose-driven organisation
-

Momentum building into FY23

- Ongoing digitalisation by enterprises to drive ICT growth
- Prepaid & roaming to return with borders re-opening
- Portfolio of quality assets provides strong pipeline for capital recycling



FY22 financial highlights

Operating revenue

S\$15,339m

▼ 2% (▼ 3%¹)
Stable²

EBITDA

S\$3,767m

▼ 2% (▼ 3%¹)
▲ 8%²

EBIT
(before associates' contributions)

S\$1,045m

▼ 9% (▼ 10%¹)
▲ 33%²

Regional associates' PBT

S\$2,067m

▲ 21% (▲ 23%¹)

Underlying net profit

S\$1,923m

▲ 11% (▲ 13%¹)
▲ 33%²

Net profit³

S\$1,949m

▲ 2.5x (▲ 2.6x¹)
▲ 7.2x

Return on equity

7.3%⁴

(Mar 21: 2.1%)

Return on invested capital

5.4%⁴

(Mar 21: 5.0%)

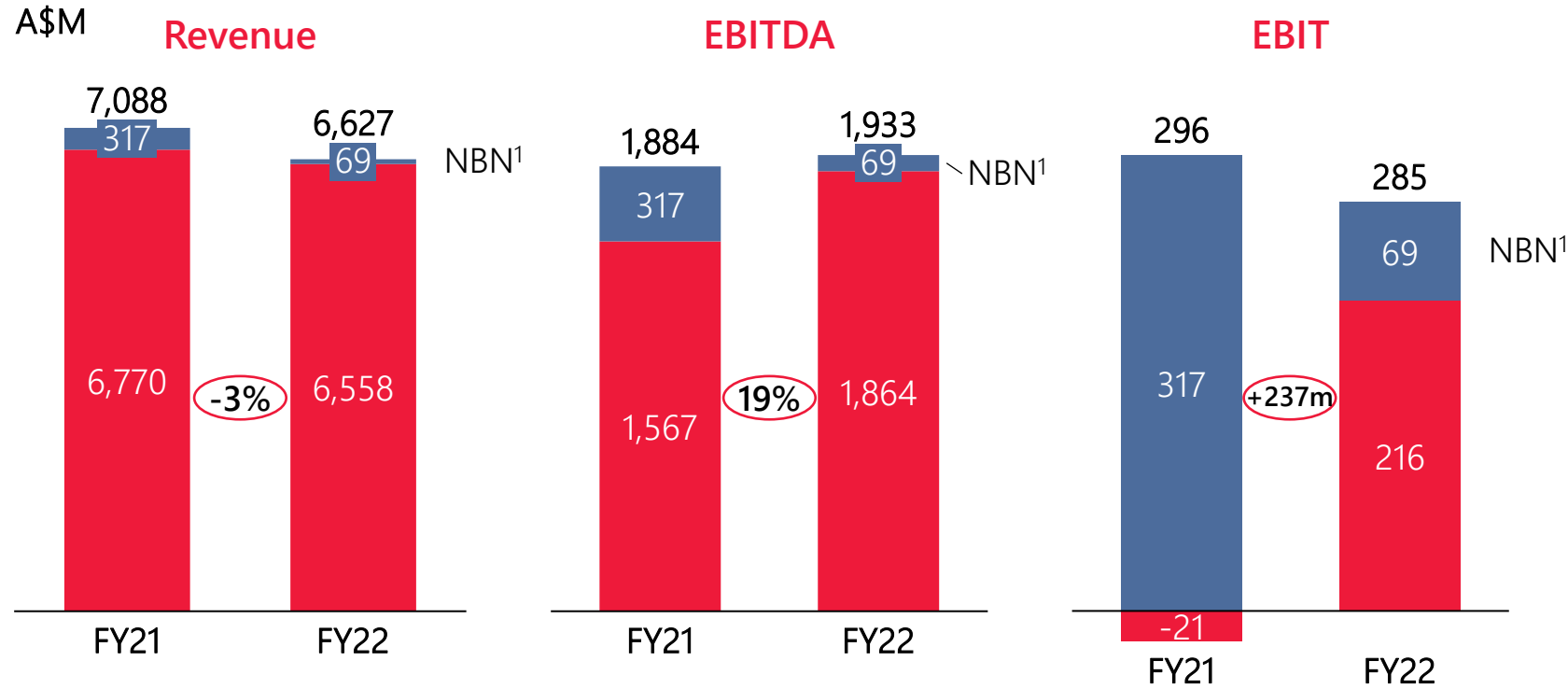
Proposed final dividend to increase by 2.4cts to 4.8cts. Total dividend for FY22: 9.3cts (▲ 24%)

1. Constant currency - assuming constant exchange rates from corresponding 12 months in FY2021.

2. Excludes Optus' NBN migration revenues (FY22: A\$69m, FY21: A\$317m) & Jobs Support Scheme credits (JSS) from the Singapore government (FY22: S\$4m, FY21: S\$107m).

3. Includes net exceptional gains of S\$25m (FY21 : net exceptional loss of S\$1,179m).

4. Excluding Optus' goodwill, ROE was 11.5% (FY21 : 3.2%) and ROIC was 7.0% (FY21: 6.6%)



Highlights:

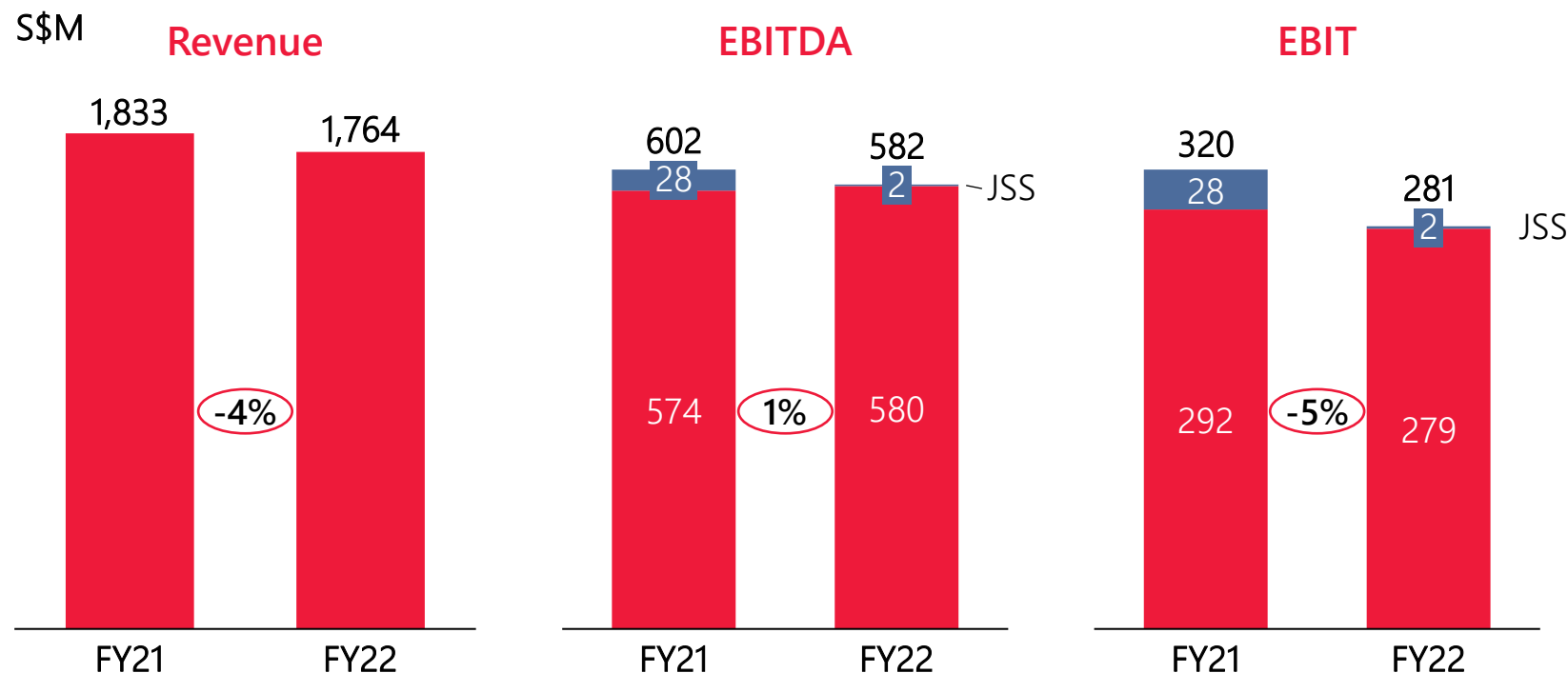
- Strong EBIT² improvement driven by margin growth
- Mobile service revenue grew 7%, with increases in Optus Choice plans, net connections & ARPU
- Equipment sales fell 17% impacted by lockdown & equipment shortages³

Looking ahead:

- Continued growth in mobile services, driven by:
 - Growing penetration of ARPU-accretive Optus Choice Plans
 - Prepaid & roaming to increase with borders re-opening
- Broaden customer relationships & wallet share with unique & innovative services, eg Living Network & SubHub
- Increased investment in 5G leadership & coverage

1. Optus' NBN migration revenues, which ceased in FY22
 2. Ex NBN migration revenue.
 3. Supply chain and volume shortages as per global trends.

Singapore Consumer

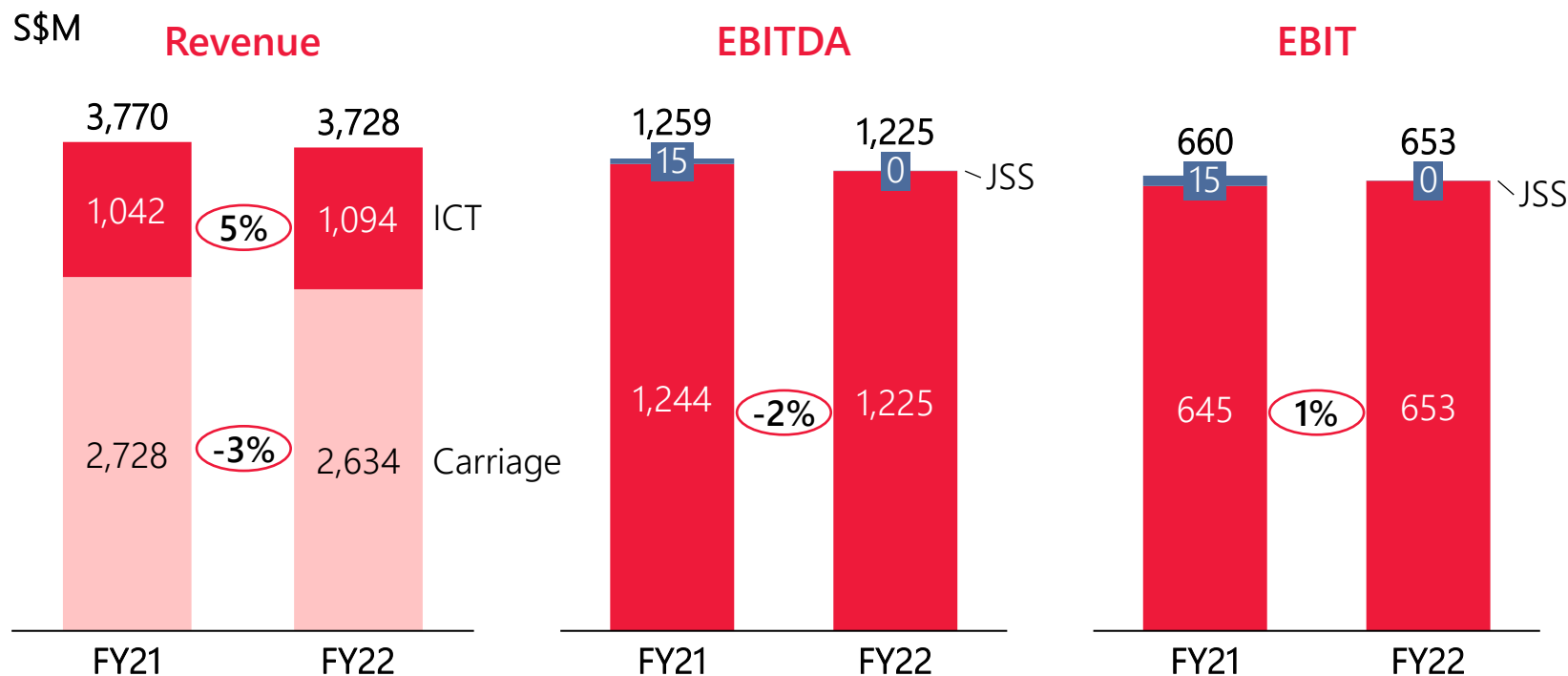


Highlights:

- Strong increase in fixed broadband & nascent recovery in mobile roaming services mitigated decline in equipment sales & prepaid services
- Modest growth in EBITDA (ex-JSS) led by disciplined cost controls
- Lower EBIT reflected depreciation on increased network investments
- Further upside in roaming with Q4 roaming traffic at ~30% of pre-pandemic levels

Looking ahead:

- Prepaid & roaming to strengthen with return of foreign workers & tourists
- Flexi-work arrangements to drive continual demand for home broadband upgrades
- Enrich local/ethnic TV content
- Lift customer engagement & loyalty with Singtel RED reward program & differentiated digital experience
- Lower content costs



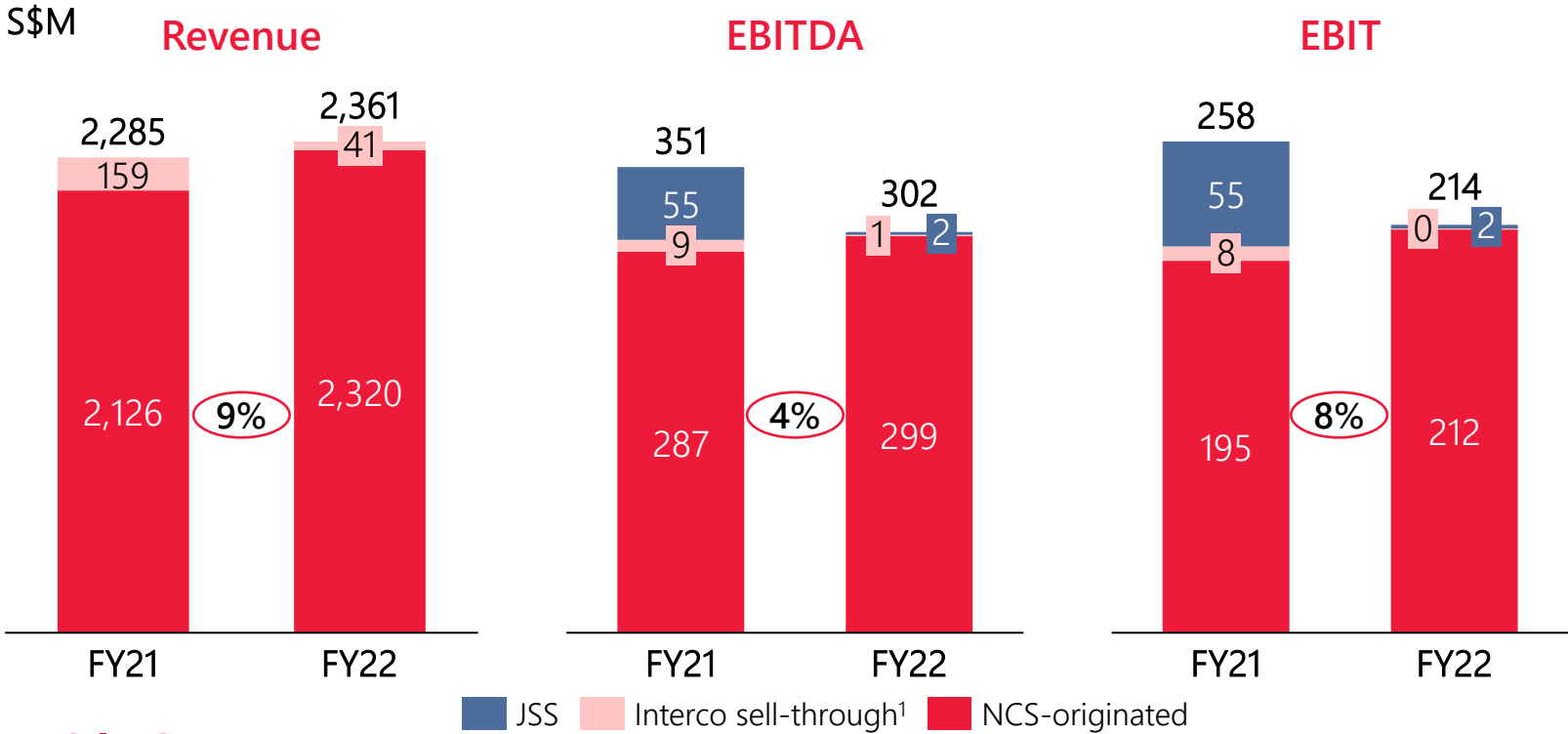
Highlights:

- Growth in ICT led by strong data centre demand
- Carriage declines mitigated by growth in mobile, unified comms & SD-WAN
- Optus Enterprise EBITDA grew 19% on strong mobile performance & cost management
- Ex-JSS, EBIT recorded slight growth

Looking ahead:

- Improving business activity & sentiment to drive customer usage & digital enablement
- Higher roaming revenue with increased business travel
- Differentiate & monetise 5G Edge Cloud Paragon¹ with enterprises
- Continued strong demand for cyber security, unified comms & SD-WAN to mitigate carriage erosion
- Build new data centre capacity to tap strong demand

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



Highlights:

- Growth led by accelerated digitalisation by government & enterprises
- Successful diversification of revenue:
 - Digital business made up 49% of revenue, up from 41% a year ago
 - Global business exceeded S\$100m
 - 26% of revenues from enterprise sector, driven by FIC² & H&T³ segments
- Increased investments in capabilities & competition for digital talent

1. Ceased from 1 Oct 2021. 2. Financial, Industrial & Commercial. 3. Healthcare & Transport.

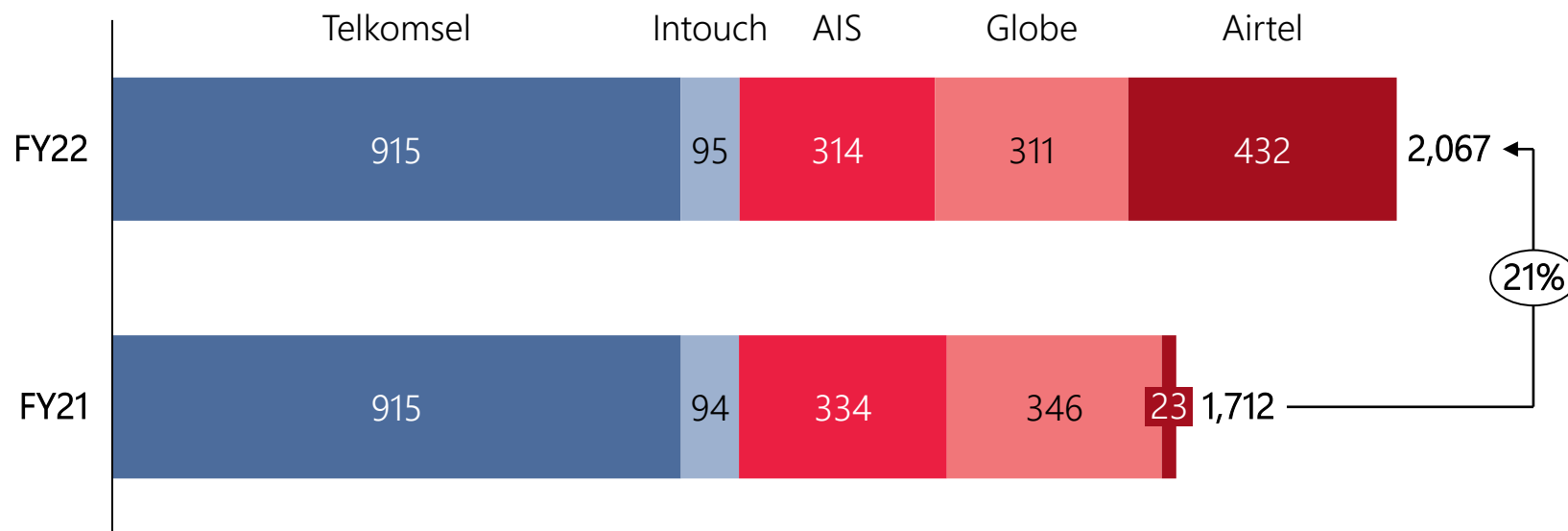
Looking ahead:

- Leverage **next** innovation engine
- Scale growth engines
gov+ **telco+**
- Build scale & integrate Australia investments
 - Acquisition of Dialog & ARQ to add ~S\$300m in revenues in FY23
- Expand Global Delivery Network with offshore delivery centres in India & China

Regional associates

Profit before tax

S\$M



Highlights:

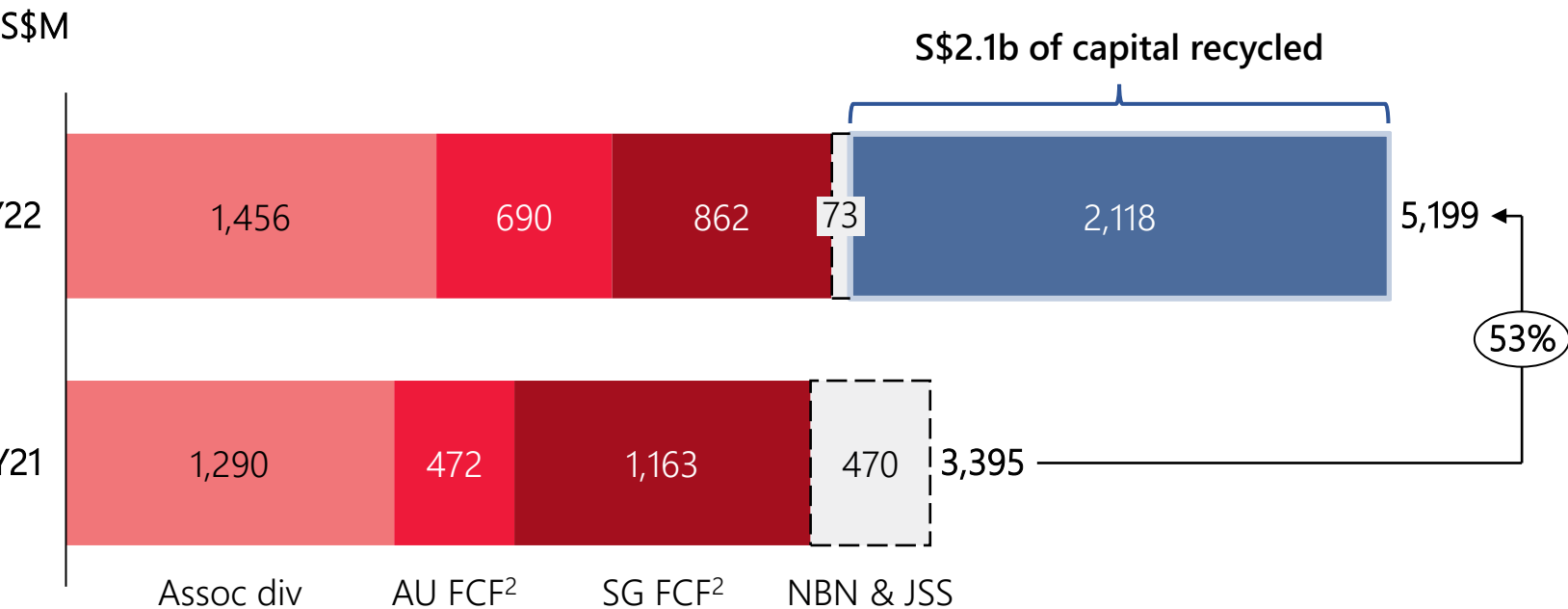
- Airtel earnings turnaround in India, coupled with sustained growth in Africa
- Regional associates impacted by Covid-related movement restrictions; Globe's performance further affected by Typhoon Odette
- Higher D&A from network investments, particularly AIS & Globe

Looking ahead:

- Associates to benefit from opening of economies, easing of Covid restrictions & industry consolidation
- Flow through from positive price adjustments in India & Indonesia
- Capture growth trends:
 - Take lead in 5G
 - Diversify into non-mobile opportunities & enterprise segment
 - Digital services (mobile money & digital media)

Financial position

Free cash flow¹ & capital recycled (S\$M)



Highlights:

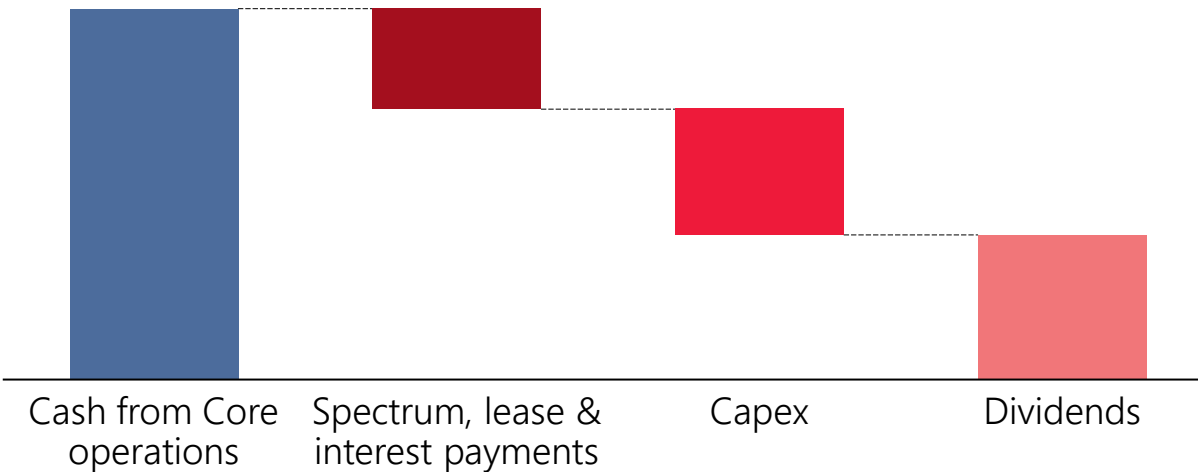
- Strong cash flow generation due to earnings recovery & capital recycling, including S\$1.9b from ATN divestment
- Singapore free cash flow impacted by working capital movements on timing of vendor payments
- Higher associate contributions on special dividends from Telkomsel's tower sale
- Balance sheet position ready for inflationary environment

Net debt	Net debt to EBITDA & assoc PBT	Interest rate cover	Fixed rate debt
S\$10.1b	1.7x	14.8x	95%
▼ S\$2.3b	(Mar 21: 2.2x)	(Mar 21: 14.3x)	(Mar 21: 81%)

1. Cash flow from operating activities, including dividends from associates, less cash capital expenditure.
2. Free cash flow ex NBN & JSS.

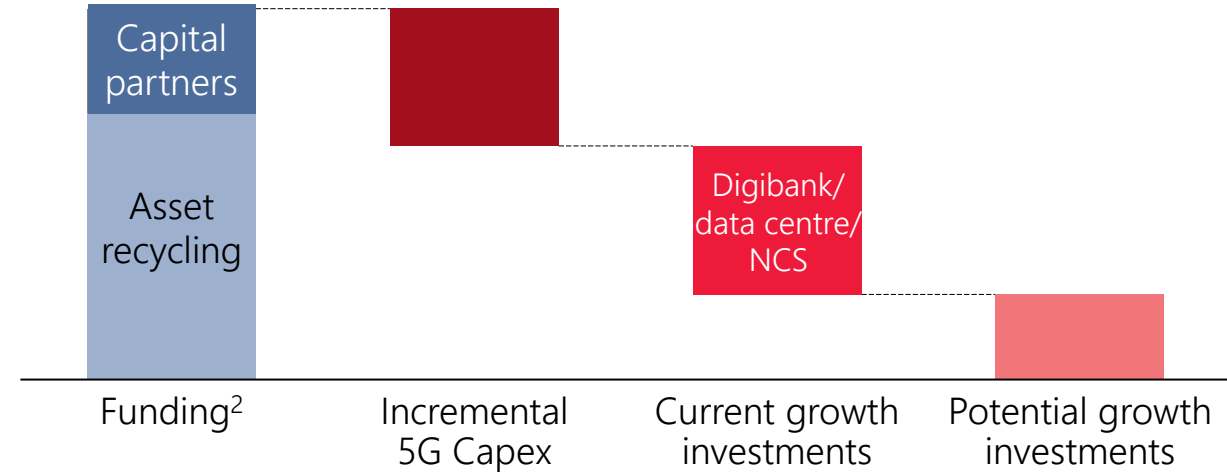
Capital management framework for sustainable dividends & growth¹

Protect the core



- Operational cash flows to fund core operations & dividends
- Sustainable dividends that grow in line with underlying profits
- Minimum yield to cater for inflationary environment

Invest for ROIC-driven growth



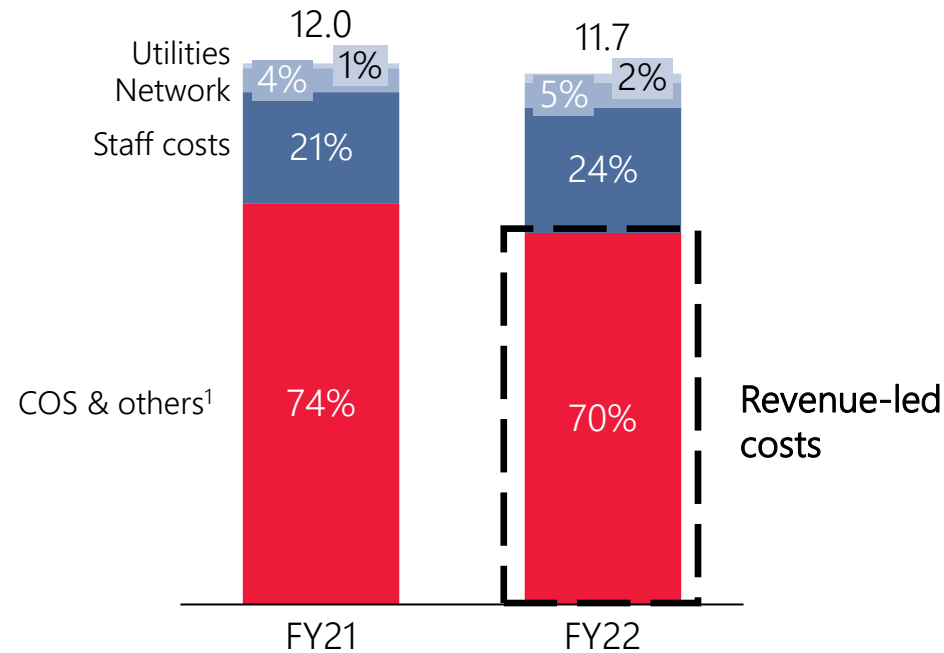
- Growth investments to be funded by asset recycling, capital partners & some debt
- Expected recycling of ~S\$3b in the mid-term
- Capital partnerships provide patient capital & compelling valuations
- Debt levels to remain within strong investment grade rating

Laser focused on improving ROE & ROIC to high-single digit

Measures to contain inflation

Operating costs

(S\$B)

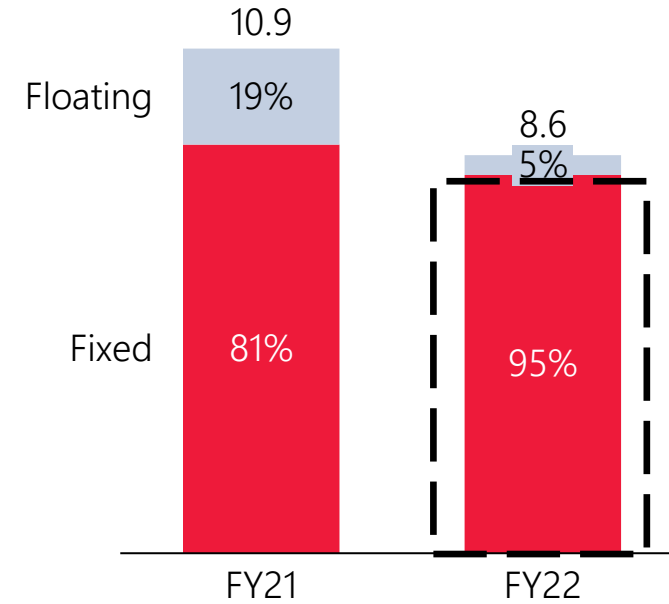


Mitigation measures for staff, network & utilities

- Hedging policy for energy rates
- Pass through of data centres utilities costs
- Workforce optimisation & transformation
- Substantial portion of NCS staff costs linked to projects
- Locking in network maintenance contracts

Interest costs

Borrowings (ex lease liabilities) (S\$B)



Locked in interest rates

- ~95% of debt on fixed rates
- Effective interest rates stable in FY22
- Minimal debt refinancing in next 2 years

1. Cost of sales (including equipment costs), traffic & others.

An aerial night view of Singapore, featuring the city skyline, Marina Bay Sands, and the Esplanade - Theatres on the Bay. Overlaid on the image are several glowing blue arcs and circular icons representing various digital and technological concepts. The icons include a building with a Wi-Fi symbol, a car, a cloud with a Wi-Fi symbol, a smartphone, a magnifying glass, a flower-like structure, and a document with a Wi-Fi symbol. The arcs connect these icons, suggesting a network or flow of information.

Executing to our
strategic reset



Reinvigorate the core

- ✓ **Executing on 5G**
 - >480k subs in SG & >2.3m 5G connected devices in AU
 - Fastest speeds¹ in SG & AU
 - Secured additional 5G spectrum for ~S\$1.5b
- ✓ **Differentiated services**
 - Began commercialising MEC platform - Paragon² to aid enterprises' digital transformation
 - Unique experiences with Optus Living Networks



Capitalise on growth trends

- ✓ **NCS:** 4 acquisitions made to establish anchor in Australia & digital IT services
- ✓ **Digibank:** Rapid regional expansion in Indonesia & Malaysia; Singapore to "go-live" in 2nd half 2022
- ✓ **Data Centre:** New build in Singapore to add 30-40MW capacity; established JVCo in Thailand & MOU in Indonesia



Reallocate capital, unlock value

- ✓ Raised >S\$2b proceeds
 - ATN
 - Airtel Africa
 - Telkomsel towers
- ✓ Redevelopment of Comcentre with partner



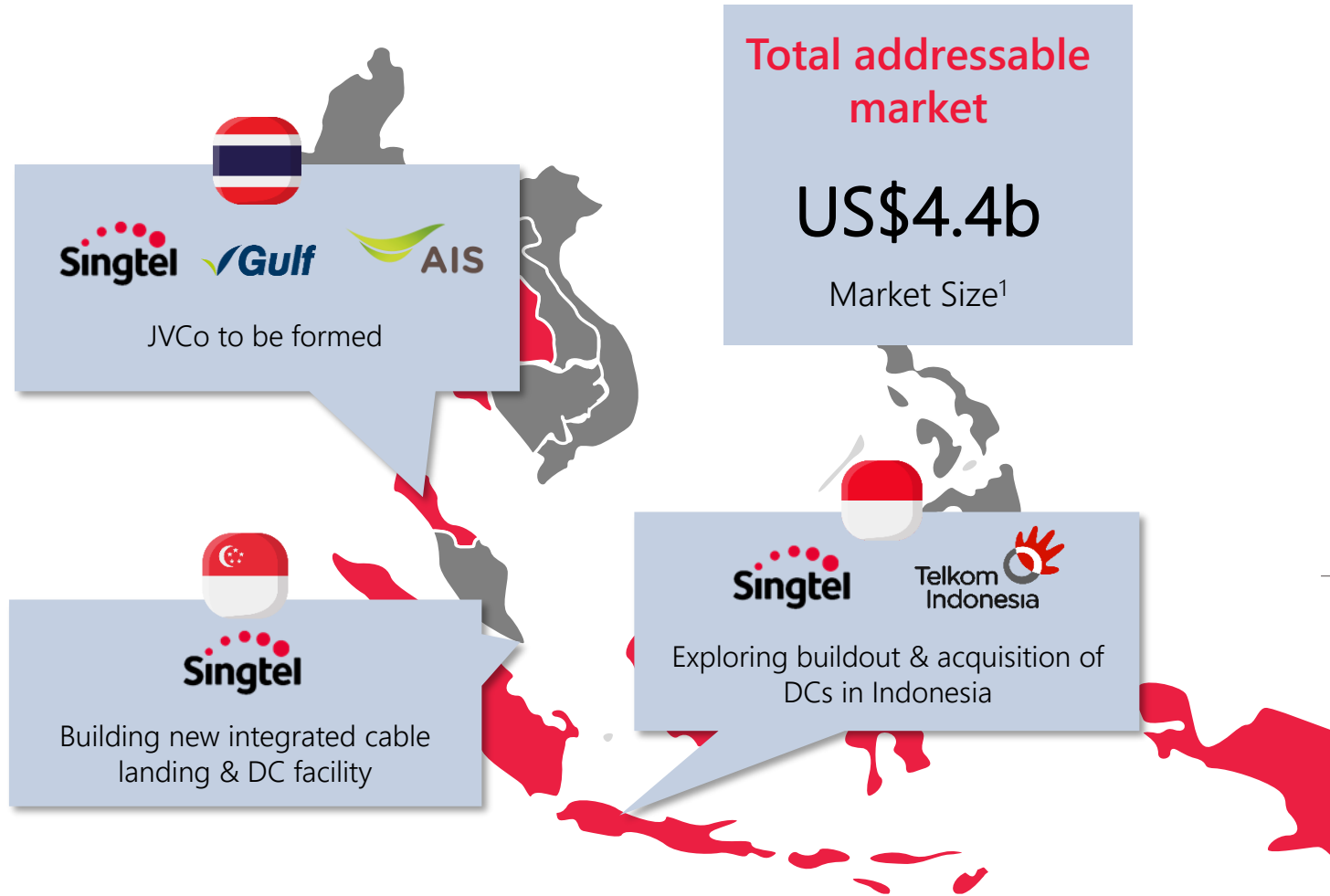
Champion people & sustainability

- ✓ Enhanced linkage with 20% of top management long term incentives tied to ESG KPIs
- ✓ Raised >S\$2.5b bond/loan facilities since start of sustainable financing programme, Olives
- ✓ Launch of Group-wide company purpose

1. Based on Ookla data. Optus & Singtel speed leadership were also recognised by other third party tests & benchmarks.
2. Singtel's Multi-access Edge Compute – industry's first all-in-one platform for 5G network, edge computing and services orchestration.

Regional Data Centre : Capturing sizeable opportunity in the region

Focus on the 3 fastest growing markets in ASEAN



Singapore: Leading DC operator

S\$150m **~60MW** **30-40MW**
annual EBITDA of capacity pipeline

Thailand: Best of breed partnership

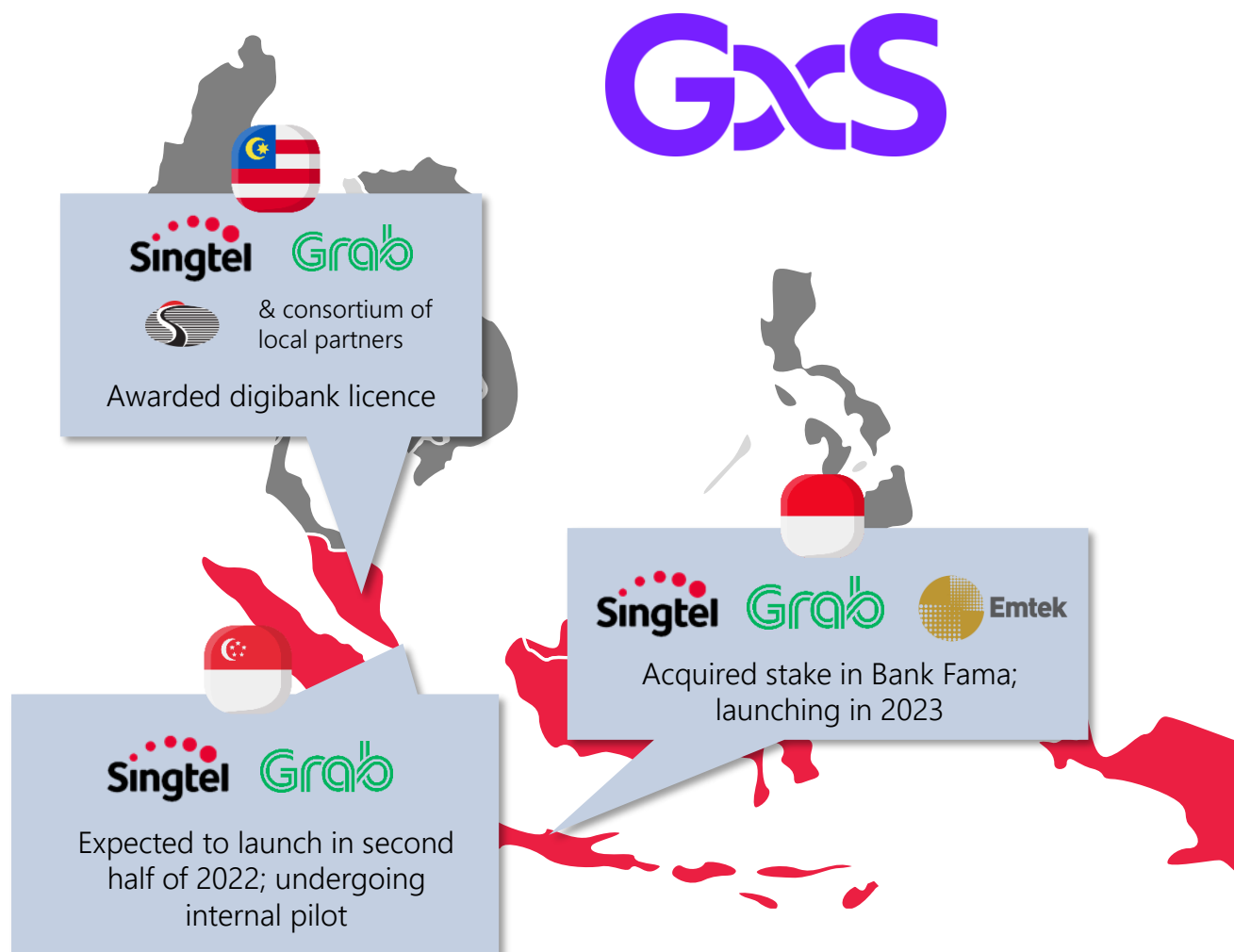
- ✓ Singtel: DC operating expertise
- ✓ Gulf: Land & power
- ✓ AIS: Connectivity & access to enterprise customers

Indonesia: Rapidly scaling capacity

Collaboration in DC & connectivity

Digibank: Leverage our unique strengths to build scale

Strong ecosystem of partners



A unique opportunity

- Deepen customer wallet & mindshare
- Leverage existing assets of partners
- Add value back to Singtel
- Forging partnerships for stronger proposition
- Needle moving prospects

Led by banking industry veterans



Charles Wong
SG CEO

>22 years exp,
previous MD Head of
Retail Banking at Citi



Pei Si Lai
MY CEO

>25 years exp,
previous head of
Stanchart in MY

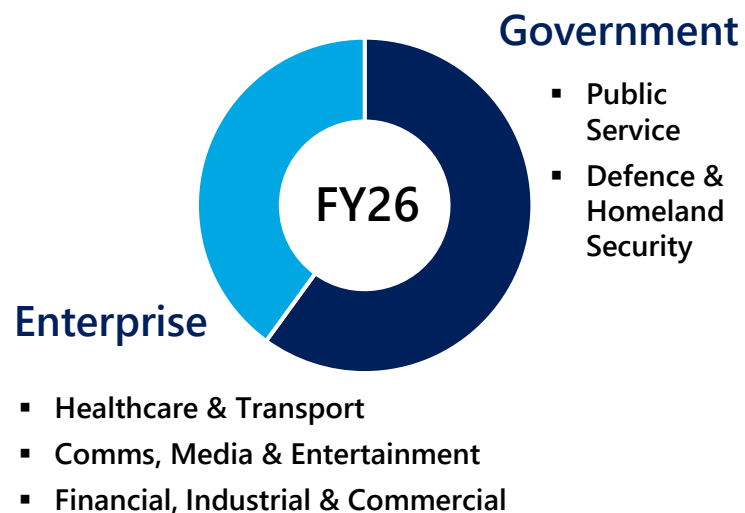


Tigor Siahaan
ID CEO

>20 years exp,
Previous CEO of
CIMB Niaga

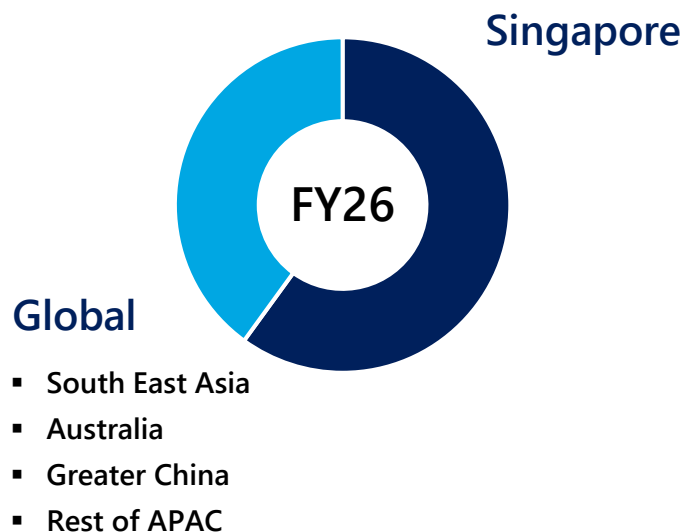
1 Government & Enterprise

Expedite growth with 40%¹ business in enterprise sector



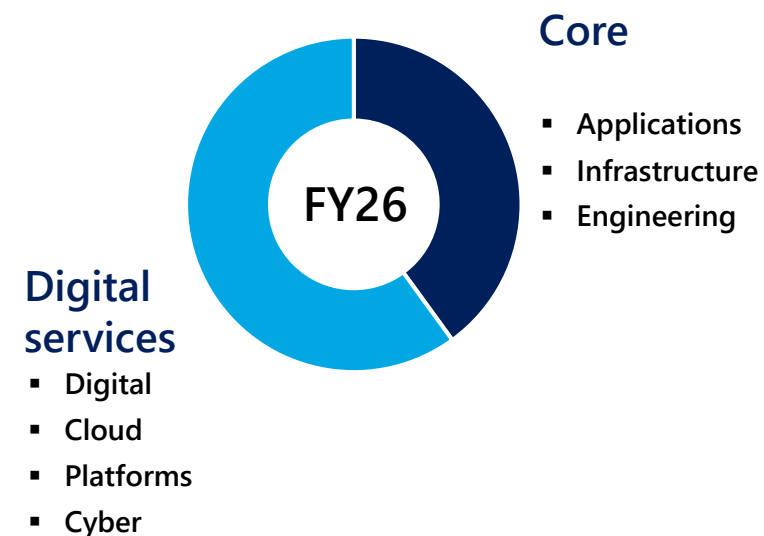
2 Singapore & APAC

Be a Pan-APAC leader with 40%² business beyond Singapore



3 Core & Digital Services

Pivot to digital services with >60%³ in digital, cloud, platforms & cyber



1. Enterprise made up 26% of NCS' revenues in FY22.

2. Global made up 5% of NCS' revenues in FY22.

3. Digital made up 49% of NCS' revenues in FY22.

Climate change & the environment

People & future of work



A- leadership score for 5th consecutive year

7%

reduction of absolute emissions¹



Completed SG & AU climate risk analysis

S\$50/ton

CO₂e internal carbon price set in SG

S\$19m

Training investment in SG & AU



Singtel Group Human Rights Statement



Bloomberg Gender-Equality Index for 4th year

20%

of top management's long term incentive linked to ESG KPIs

Community impact

Sustainable value creation

S\$33m

of community investment



Donate Your Data programme in SG & AU



>740k beneficiaries of digital enablement programmes since 2015



Listed in World's Most Ethical Companies 2022



Completion of Scope 3 emissions profile



Sustainability a priority for upcoming developments

1. Compared to Scope 1 & 2 emissions in FY21.



Sustainable financing programme, Olives¹



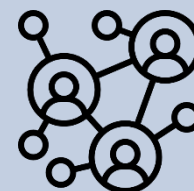
1st telco in APAC to launch sustainability-linked bond framework

- Linked to 42% cut in emissions by 2030²



Raised ~S\$2.5b¹ in sustainability linked bonds & credit facilities

- 1st by an AU telco
- Largest SGD denominated loan in SG
- 1st telco in APAC



Democratising investor participation with digital bonds



Largest foreign currency tokenised bond issuance in Singapore tapping blockchain technology




Diversify sources of funding & investor groups



Support the digital financial ecosystem to drive cost efficiency & greater participation in sustainable projects

69%¹
of financing
sustainable in
nature

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 face mask, is holding a smartphone and looking at it. Two women stand next to him, also wearing light blue face masks. The woman in the middle is wearing a white long-sleeved shirt, and the woman on the right is wearing a white sleeveless top. They are all looking at the smartphone. In the foreground, there is a wooden display counter with several smartphones mounted on white stands. The background is slightly 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

Regional associates

~S\$1.1b

of dividends

Capital expenditure

~S\$2.6b

comprising

~A\$1.7b in AU

~S\$0.9b for rest of
the Group

Dividend policy

60-80%

of underlying
net profit



Positioned to thrive in 5G & digital world



Momentum building in growth drivers



Strong cash flow from operations & levers from capital recycling



Solid balance sheet to withstand volatility



Deep value with sizeable holdco discount

