

**SINGAPORE TELECOMMUNICATIONS LIMITED**  
**(Company Registration No. 199201624D)**

**32<sup>nd</sup> Annual General Meeting to be held on 30 July 2024**  
**Responses to substantial and relevant questions**

Singapore Telecommunications Limited ("Singtel") would like to thank shareholders and the Securities Investors Association (Singapore) ("SIAS") who submitted their questions in advance of our Annual General Meeting ("AGM") which will be convened and held in a wholly physical format, at the Cassia Main Ballroom, Level 3, Sands Expo & Convention Centre, 10 Bayfront Avenue, Singapore 018956 on Tuesday, 30 July 2024 at 10.00 a.m. (Singapore time).

Due to some overlaps in the questions received, we have grouped related and similar questions together and will not be responding to every question individually. Please refer to our responses in Appendix 1.

Mr Yuen Kuan Moon, Group CEO, will also be covering some of these questions/topics in greater depth in his presentation during the AGM. The presentation slides will be made available on Singtel's website at the URL <https://www.singtel.com/about-us/investor-relations/stock-exchange-announcements> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements> on 30 July 2024.

Dated: 25 July 2024

## Group

### 1. What steps are you taking to improve the share price of Singtel?

A company's share price is dependent on a number of factors. What we are focused on is to execute to our strategy. Over the past 3 years, we have delivered to our strategic reset to transform the company. Some key outcomes include simplifying the operating structure, scaling our growth engines (NCS and Nxera), exiting from loss-making digital investments (Amobee and Trustwave), as well as recycled \$8b of capital. During this period, we have achieved 3 years of improvements in underlying profit growth, ROIC and dividends.

The strategic reset has set a strong foundation for us to move into the next phase of growth – Singtel28. This is a growth plan that is centred on lifting business performance and smart capital management. We aim to grow our core business and growth engines. We will pursue smart capital management through our proven capital recycling programme and capital partnerships to fund growth initiatives and drive shareholder returns. This will allow us to deliver sustained value realisation for shareholders in the form of higher dividends and growth.

### 2. Can the Board give an update of the Singtel28 strategy?

Since announcing our Singtel28 strategy at the end of May, we have delivered on a number of initiatives including:

- Jointly investing into ST Telemedia Global Data Centres, one of the world's fastest-growing data centre providers, with KKR
- Partnering with Telekom Malaysia (TM) to develop data centres in Malaysia
- Supporting the amalgamation of Intouch and Gulf Energy to simplify AIS' holding structure

### 3. How sustainable is the new “value realisation dividend”?

We expect the Value Realisation Dividend (VRD) to run for the medium term with funding from current excess capital, as well as future excess capital from identified asset recycling pipeline of ~S\$6b, after investing in growth initiatives. The ~S\$6b pipeline will be reviewed continuously and will dynamically shift if we identify new assets to monetise. We will also look to lift business performance to support progressively higher ordinary dividends for shareholders.

### 4. Can you provide insights into the impairments made by Optus, Asia Pacific cybersecurity business and NCS Australia?

This is part of the Singtel Group's annual review of its investments.

#### Optus

The impairment provisions reflected overall industry decline of the Australia enterprise market, higher weighted cost of capital (WACC), and lower corporate spending in the current environment.

#### NCS Australia

The provision was mainly due to a step up in interest rates, which were much higher than when we first made the acquisitions. Part of our strategy is to expand in Australia and the investments there have enabled NCS to establish a presence in the market, increasing our client base and integrating local digital talent base of IT professionals into our capabilities.

#### Asia Pacific cybersecurity business

The provision was a result of the weaker cybersecurity outlook, reflecting a general business decline due to reduced corporate spending.

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## **Connectivity business**

### **5. Are you seeing market repair in Singapore?**

The mobile market continues to be competitive in Singapore. However, our overall mobile ARPU has been resilient to competitive intensity at the bottom end of the market because of the breadth of our brands and offerings covering all segments, differentiated network quality and focus on superior service.

Going forward, we aim to reap more synergies from the integration of the consumer and enterprise businesses, by simplifying product offerings to remove complexity for customers while driving a leaner cost structure. Furthermore, we will continue to maintain market leadership and scale up new growth areas (eg. 5G network slicing / quantum safe network).

### **6. Can you share how you are addressing the challenges in the Singapore and Australia enterprise space?**

#### Singapore

We plan to grow our Enterprise business by leveraging key trends and competitive advantages, including driving 5G slicing, Communications Platform as a Service (CPaaS) adoption for enterprise communications, expanding IoT connectivity in the Connected Car space, and modernising enterprise network infrastructure with scalable, cloud-centric solutions through Singtel CUBΣ. Our strategy is also to pivot to higher margin network-centric security services deals and defocusing low margin hardware deals.

#### Australia

Optus Enterprise's refreshed strategy includes growing the Small Business segment via digital channels, enhancing mid-market offerings, maintaining Enterprise profitability through standardisation and strategic vendor relationships and driving Wholesale growth with strategic pricing and partnerships. We are seeing some green shoots on this front, as Optus Enterprise secured some marquee deals including Services Australia and Tesla.

### **7. Can you provide an update on Optus?**

Optus continues to face competitive pressures. However, we are seeing better mobile trends with customer growth and ARPU increases, due to repricing on the postpaid plans.

For Optus Enterprise, we are executing to the refreshed strategy and have taken significant amount of cost out of the business. We are seeing some green shoots on this front, as Optus Enterprise secured some notable deals including Services Australia and Tesla.

We will also look at more sustainable network deployment, particularly in Australia, with the network sharing arrangement with TPG being just the first step.

Going forward, we will continue to improve:

- operational performance through focusing on stronger pricing discipline and profitable growth, as well as deliver to the refreshed Enterprise strategy.
- our financial profile by right sizing operating expenses and capex through cost out and network sharing, which will support free cash flow and ROIC growth.

### **8. Can the Board update the status of the search for the next Optus CEO?**

On 6 May 2024, Optus announced that Stephen Rue has been appointed CEO of Optus with effect from November 2024. His appointment comes after an extensive internal, external and international search.

**9. On Optus' network outage,****a) can the Board share on the status of the lawsuit?**

There are currently no legal proceedings related to the network outage.

**b) what had been done so far to prevent such a major event from happening?**

Optus has made important changes to systems and processes to ensure this issue would not happen again, including the reconfiguration of some key equipment and enhancing processes to allow restoration activities to occur faster remotely. Delivering a reliable experience for our customers is our focus and we have committed additional investments into further strengthening our network and technology resiliency.

**Growth engines****10. How does Singtel mitigate a potential oversupply of data centres in the future? Is there any differentiating factor in the data centres that Singtel is developing?**

Singtel has strong connectivity through its comprehensive network of subsea fibre-optic cables, providing good country-to-country connectivity in Asia Pacific, making it an ideal base for Nxera's expansion into the region. Other key differentiating factors include deep relationships with local partners who are leading connectivity and energy players, our relationships with enterprise customers and hyperscalers, providing a one-stop shop to customers for storage and compute capacity across the region. Given the rising adoption of Artificial Intelligence (AI), Nxera will benefit from this trend as our new builds in the region will be fourth generation, high power density, sustainable AI data centres.

**11. Johor-Singapore SEZ is looking at building data centres. How is this going to impact our data centre strategy (eg. DC Tuas etc)?**

We are looking at building our data centres in Johor due to the spill over demand from Singapore, as well as potential AI training workloads in the future. Singapore however remains a tier 1 data centre market where customers want to locate, evidenced by a tight supply demand situation and high-capacity utilisation. This can be complementary for customers with Singapore as a network hub and for core workloads and Johor for additional / spill over cloud and AI training deployments.

**12. What is the strategic rationale in partnering with external capital providers to fund capital-intensive growth initiatives, such as Nxera? Why KKR?**

Data centres are a highly capital-intensive business. Having a capital partner or establishing joint ventures will allow us to continue to ride on this growth trend with patient capital, while managing our capital commitment. Other than capital, a strategic partner can add value to the asset, such as KKR (who is a reputable global investor which brings vast experience in data centre investment and platform building expertise), which in turn can enhance shareholder value.

**13. How is Singtel positioning itself within the burgeoning AI sector, specifically through initiatives like Nxera and GPU-as-a-Service?**

We are seeing more adoption of AI that has created more demand for digital infrastructure, especially data centres. Another trend created by AI is the growing need to handle high performance computing tasks such as those needed to support generative AI workloads, which will also spur a significant growth in high-power density data centres in the years to come.

Currently there are few data centres that are ready to handle high power density AI workloads with a concentration of Graphic Processor Units (GPUs) that consume a lot of power and generate a lot of heat.

Nxera will benefit from this trend as our new build in the region will be fourth generation, high power density, sustainable AI data centres.

Our capacity will be calibrated in line with forecasted demand by the industry. As technology moves very quickly in the AI space, we will monitor market adoption and demand closely to ensure we plan and scale appropriately.

**14. Following the divestment of Trustwave is Singtel still able to provide comprehensive cybersecurity solutions through NCS?**

NCS provides a comprehensive portfolio of cybersecurity services to our clients. We collaborate with global cybersecurity providers to deliver end-to-end solutions across areas such as security testing, cloud & data security and managed security services. NCS also provides bespoke solutions to enterprises to help them ensure their digital resilience.

**Regional associates**

**15. Is the sharp depreciation of African currencies, especially the Nigerian Naira, expected to continue having a material impact on Singtel's financial performance in the year ahead?**

Through our shareholdings in Airtel, we have an indirect interest in Airtel Africa. Airtel Africa operates across various African nations, with either the #1 or #2 position in most markets. Nigeria makes up the bulk of its revenue and continues to see good growth. Despite its strong operational performance, its financials were impacted by a sharp 65% depreciation of the Nigerian Naira against the US dollar compared to the previous year. Nigerian Naira translation impact resulted in post-tax losses of S\$73m (3% of underlying NPAT) on Singtel for FY24. We are unable to comment on whether there will be further fluctuations of the Nigerian Naira, as it could depend on a number of different factors.

**16. With regards to the legal dispute between AIS and NT that was concluded recently, was any provision made previously? If so, please state the amount.**

We have recorded a contingent liability of S\$601m as at 31 March 2024, however, no provision has been made.

**Sustainability**

**17. Will the rapid scaling up of data centre capacity affect your ability to meet net zero goals?**

There is no impact to the Group's 2045 net zero target. We are committed to our externally validated Science Based Targets Initiative (SBTi) targets and have put in place programs to track and achieve this target.

**18. Could management provide an overview of financial and non-financial costs associated with green loans? How do green loans compare to traditional financing options, and what long-term benefits does the group expect from these sustainable financing initiatives?**

We set up our sustainable financing program, Olives, in 2021. Since then, we have successfully raised ~S\$3.5b sustainable financing through a combination of sustainability-linked bonds, sustainability-linked loan facilities, and green loans.

By implementing these sustainable financing strategies, the Group is actively promoting its sustainability goals while also ensuring transparency and engaging with stakeholders who are dedicated to environmental and social governance.

In terms of green loans, they are applied specifically to green purposes in line with Green Loan Principles. We secured our first green loan in December 2023, raising S\$535m to support the operations of our data centres in Singapore. Generally, there would be some green savings in terms of interest charged by banks.

**19. What are the safeguards put in place by the group to avoid greenwashing?**

We adhere to international standards and benchmarks to guide our sustainability initiatives, with support from external stakeholders and consultants. Our climate commitment is validated against SBTi standards. Stakeholders—customers, employees, investors, suppliers, and communities—are actively engaged in developing and reviewing our sustainability efforts through consultation and feedback. Annually, we disclose our ESG efforts to rating agencies like CDP and MSCI for evaluation.

In our sustainability disclosures, we prioritise clear and transparent reporting, aligning with international standards such as GRI, SASB, and GSMA ESG metrics. We are also actively working to adhere to IFRS S1/S2 standards. Internally, we have a governance structure overseeing sustainability strategy and implementation. Furthermore, we provide ongoing generic sustainability training to all employees and targeted training to relevant departments.

**20. How is the company influencing its regional associates to align with or exceed Singtel's sustainability targets?**

We have stepped up our engagement efforts with our associates. Beyond an annual regional sustainability forum, we also engage them on a quarterly basis on various sustainability topics with a focus on climate/decarbonisation. This is a platform to share best practices and to look for potential collaboration. Last year, we did a benchmarking exercise to map out where each of our associates are on their journey so that we can better support them in the right areas. Separately, we have associate board representatives that guide and influence our associates to adopt and commit to sustainability as part of their strategy.

**Others****21. What are the lessons learnt from your digital investments in Trustwave and Amobee? How will we prevent similar outcomes for future acquisitions?**

There were several contributing factors for the performance of the two businesses. For Amobee, COVID led to a slowdown in advertising spend, while Trustwave was affected by reduced spending from key customers and the commoditisation of legacy products.

We have learnt a number of lessons and are applying them. For example, we are comfortable taking minority stakes as we expand our data centre portfolio in the region. We are also co-investing with local partners (AIS, GULF, TM, Telkom) who have the requisite local knowledge and expertise.

**22. Do CPF shareholders have a say via voting rights?**

CPFIS/SRS investors may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators to vote on their behalf at the AGM.

SDS investors may vote at the AGM as proxies of the CPF Board or may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM.

More details can be found in Singtel's Notice of AGM dated 1 July 2024 on the Singtel website at the URL <https://www.singtel.com/about-us/investor-relations/annual-reports> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.