

# Business Update

For the 3rd quarter & 9 months ended  
31 Dec 2021

15 February 2022



# Financial highlights – 9 months ended Dec 2021



Operating revenue

**S\$11,566m**

Stable (▼ 3%<sup>1</sup>)  
▲ 1%<sup>2</sup>

EBITDA

**S\$2,918m**

Stable (▼ 2%<sup>1</sup>)  
▲ 13%<sup>2</sup>

EBIT  
(before associates' contributions)

**S\$886m**

▼ 4% (▼ 5%<sup>1</sup>)  
▲ 50%<sup>2</sup>

Regional associates' PBT

**S\$1,477m**

▲ 20% (▲ 22%<sup>1</sup>)

Underlying net profit

**S\$1,456m**

▲ 11% (▲ 12%<sup>1</sup>)  
▲ 39%<sup>2</sup>

Net profit<sup>3</sup>

**S\$1,688m**

▲ 59% (▲ 61%<sup>1</sup>)  
▲ 115%<sup>2</sup>

1. Constant currency - assuming constant exchange rates from corresponding 9 months in FY2021.

2. Excludes Optus' NBN migration revenues (9MFY22: A\$58m, 9MFY21: A\$281m) & Jobs Support Scheme credits (JSS) from the Singapore government (9MFY22: S\$4m, 9MFY21: S\$106m).

3. Includes net exceptional gains of S\$232m, mainly due to net gain on disposal of 70% stake in Australia Tower Network (ATN) & provisions for tax arising from unfavourable Australia Federal Court judgement for a tax dispute.

# Revenue

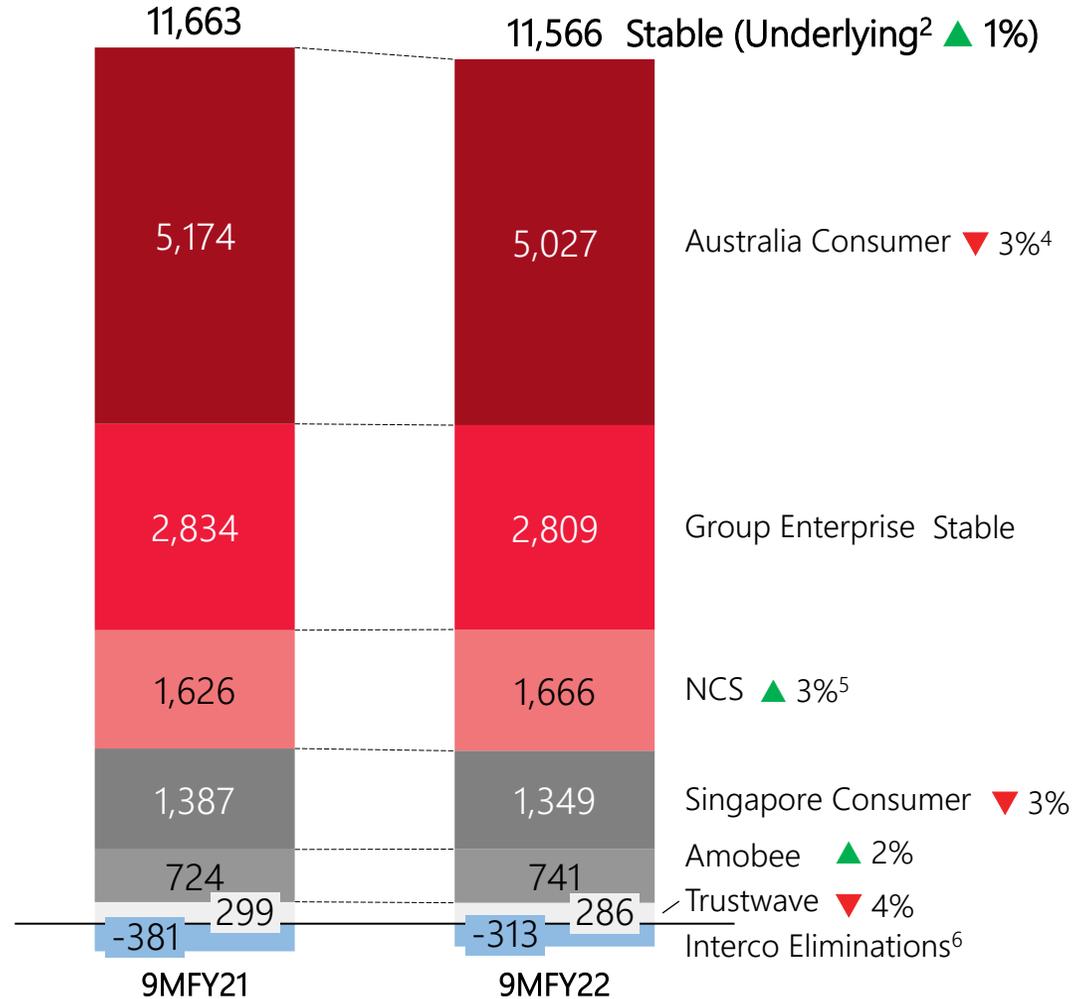
## S\$11,566m

Stable<sup>1</sup> (Underlying<sup>2</sup> ▲ 1%)

- Mobile services<sup>3</sup> gaining momentum
  - › AU: Positive price trajectory
  - › SG: Stability as uplift from 5G take-up & higher roaming revenue offset declines in voice & prepaid services
- NCS growth from increased digital services demand & diversification into enterprise space
- Strong data centre demand
- Challenges:
  - › Continued carriage erosion
  - › Equipment sales affected by handset supply disruption
  - › COVID-19 restrictions impacted roaming
  - › Contraction in foreign worker population in Singapore



S\$M



1. Down 3% in constant currency.
2. Excludes Optus' NBN migration revenues. Refer to slide 2 for details.
3. Excludes equipment sales.
4. Down 6% in A\$ terms.
5. Up 8% excluding Singtel-originated business that has been progressively transferred to Singtel, as part of the Singtel Group's restructuring, from 1 April 2021 and was completed by 30 September 2021.
6. Elimination of intercompany transactions between Group Enterprise, NCS & Trustwave.

# EBITDA

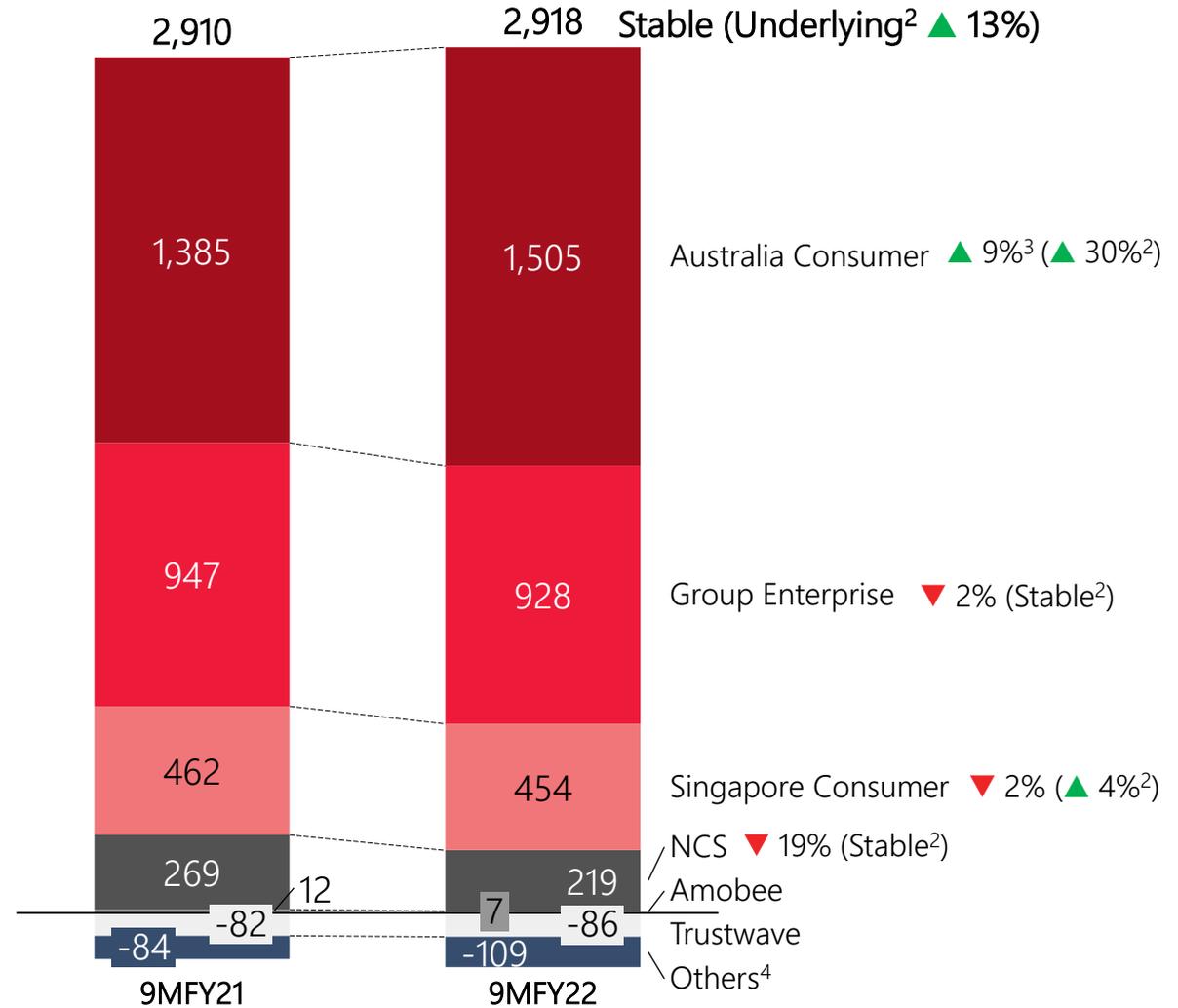
## \$2,918m

Stable<sup>1</sup> (Underlying<sup>2</sup> ▲ 13%)

- Strong 13% increase in underlying<sup>2</sup> EBITDA, underpinned by improved mobile performance & strong cost control in consumer businesses
- EBITDA stable as consumer growth offset by:
  - Optus' lower NBN migration revenue
  - Reduction in JSS
  - Increased hiring at NCS to support pivot towards digital services



S\$M



- Down 2% in constant currency.
- Excludes Optus' NBN migration & JSS. Refer to slide 2 for details.
- Up 5% in A\$ terms.
- Includes intercompany eliminations & corporate.

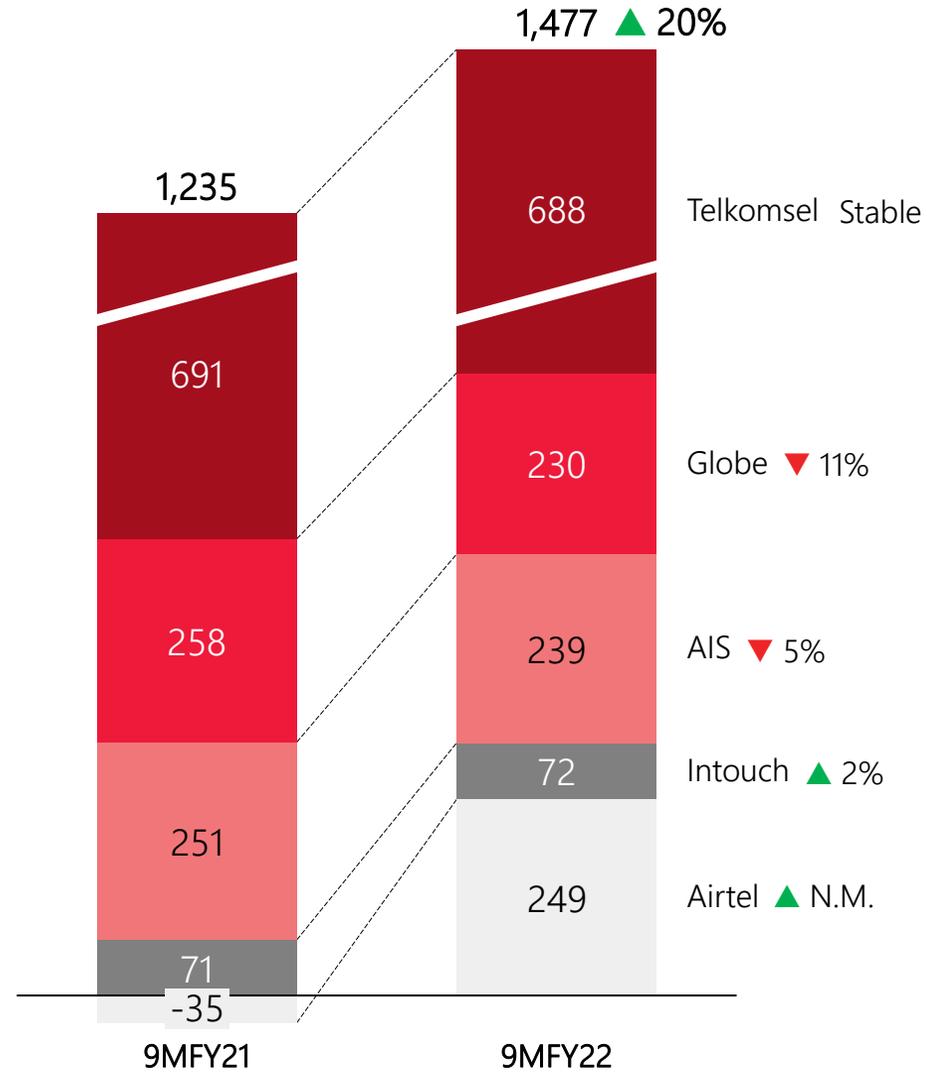
# Regional associates' pre-tax profits

## \$1,477m

▲ 20%<sup>1</sup>

- Strong turnaround in Airtel offset COVID overhang & intense competition in other markets
- Airtel: Benefited from price hikes & focus on quality 4G customers in India, as well as sustained African growth
- Telkomsel: Growth in mobile services offset by increased digital investments
- AIS: Higher services revenue, offset by increased spectrum charges
- Globe: Higher D&A from network investment, partly mitigated by stronger EBITDA

S\$M



1. Up 22% in constant currency.

# Financial highlights – Quarter ended Dec 2021



## Operating revenue

**S\$3,913m** ▼ 8% (▼ 8%<sup>1</sup>) ▼ 6%<sup>2</sup>

- Lower equipment sales & NBN migration revenues
- Higher take-up of Optus Choice plans & 5G uplift in S'pore

## EBITDA

**S\$990m** ▼ 2% (▼ 2%<sup>1</sup>) ▲ 6%<sup>2</sup>

- Cost measures mitigated impact of revenue decline
- Underlying EBITDA<sup>2</sup> boosted by traction in Optus Choice plans

## EBIT (before associates' contributions)

**S\$313m** ▼ 4% (▼ 4%<sup>1</sup>) ▲ 25%<sup>2</sup>

- Strong underlying EBIT<sup>2</sup> growth on improved performance of consumer businesses

## Regional associates' PBT

**S\$469m** ▲ 16% (▲ 18%<sup>1</sup>)

- Turnaround in Airtel

## Underlying net profit

**S\$473m** Stable (Stable<sup>1</sup>) ▲ 13%<sup>2</sup>

- Higher associates' contribution offsets declines in NBN migration revenues & JSS

## Net profit

**S\$734m** ▲ 24% (▲ 25%<sup>1</sup>) ▲ 37%<sup>2,3</sup>

- Gain on ATN divestment partially offset by ATO tax provision

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

2. Excludes Optus' NBN migration revenues (Q3FY22: A\$7m, Q3FY21: A\$72m) & JSS from the Singapore government (Q3FY22: S\$0.3m, Q3FY21: S\$13m).

3. Includes net exceptional gains of S\$261m, mainly due to net gain on disposal of 70% stake in Australia Tower Network (ATN) & provisions for tax arising from unfavourable Australia Federal Court judgement for a tax dispute.



Executing to our  
strategic reset



Reinvigorate the core



# Differentiate & win in 5G

## Strong foundation for 5G uplift

> 300k

5G customers in S'pore

~2.0m

5G-capable device customers in Australia



Partnered Microsoft to launch Asia's first public MEC<sup>1</sup> platform



Optus launched 5G mmWave network

## Secured maximum 5G spectrum

S\$65m

for 2.1Ghz spectrum

5G standalone deployment in S'pore

A\$1.5b

for 900Mhz spectrum

regional 5G expansion in Australia

## Unique products & differentiated services

### The Optus Living Network

New unique on-demand features



Call Notes



Donate your device



Optus cements its sports leadership with exclusive rights for EPL



Singtel DASH offers mobile robo-adviser



Singtel DASH partners Zip to introduce Buy Now, Pay Later service

1. Multi-access edge compute.



Capitalise on growth trends



# Transform NCS into Asian B2B digital services champion

## Sustained digital services momentum

YTD revenue<sup>1</sup>

+8%

YTD digital revenue<sup>2</sup>

+27%

Digital as % of total revenue

49%

## Key digital wins



Autonomous police robots



IoT platform for smart facilities management



machine learning application in the land transport industry

## Enabling our people for the digital world

>1.8k talents recruited in the region<sup>3</sup>



Next Hack competition

1. NCS-originated revenue.
2. Revenue from Digital, Cloud, Platforms & Cyber services.
3. Covering Singapore, Australia, Greater China, Philippines & India. From Apr 2021 to Dec 2021.



Capitalise on  
growth trends

# Build a digital infrastructure platform

## Sizeable data centre (DC) business

Annual revenue<sup>1</sup>

> S\$250m

YTD growth rate<sup>1</sup>

+17%

EBITDA margin

> 60%

## Establishing Thailand's leading DC business

  
**Singtel**

- Strong track record in DC operations
- High quality DC assets
- Long standing relationship with hyperscalers

  
**Gulf**

- Thailand's largest private power producer
- Focus on green energy
- Extensive business network



  
**AIS**

- Critical connectivity infrastructure
- Large sales force
- Extensive business network

1. Third-party revenue.



Capitalise on growth trends



# Execute digital pivot

Pursuing digital banking opportunities in Indonesia with Bank Fama investment



Partnership with Google to grow India's digital ecosystem



investment<sup>1</sup>



Affordable smartphones



5G use cases



Cloud ecosystem

Established PT Telkomsel Ekosystem Digital



Education



Health



Gaming

1. Investment of US\$700m to acquire 1.28% of Airtel & up to US\$300m toward potential multi-year commercial agreements.



Reallocate capital,  
unlock value

# Device Protect insurance



Picture: Optus Device Protect

## Unlock value of assets

### OPTUS

Sale of insurance business to Likewise<sup>1</sup>

Proceeds<sup>1</sup>

A\$35m

Long term supply partnership

A\$165m

15-year exclusive right  
for supply of devices  
to Optus' customers



Sale of 51% stake<sup>2</sup> to iCandy<sup>3</sup>



1. A global leader in device protection, repair & upgrade products.
2. Storms' existing shareholders (Singtel, AIS & SK Telecom) to receive shares of iCandy as consideration.
3. ASX listed company that has its core business in the development & publishing of mobile games & digital entertainment.

# Well-positioned for sustainable dividends & growth despite an inflationary environment



Improving ROIC & strong cashflow generation

**OPTUS**

Continued improvement in FCF (ex NBN) in YTD Dec 21

**S\$1.3b**

in dividends from regional associates in YTD Dec 21



Active capital recycling

**> S\$2b**

net proceeds raised from divestments



70% stake in ATN



insurance business



towers



Solid financial position<sup>1</sup>

**1.7x**

net debt/EBITDA & share of associates' PBT

**> 90%**

of debt at fixed rates; hedged against inflation

Strong investment grade ratings<sup>2</sup>



Profitable growth & sustainable dividends

Investment for growth & delivery against strategic priorities

FY22 dividend at **upper half of 60-80% dividend policy range<sup>3</sup>**



1. As at 31 Dec 2021.

2. Credit ratings of A (negative) by S&P and A1 (stable) by Moody's.

3. Barring unforeseen circumstances, the Group expects to pay dividends at the upper half of its dividend policy range of between 60% and 80% of underlying profit for FY22.

