



News Release

Singtel posts H1 FY24 net profit of S\$2.14 billion; underlying net profit of S\$1.12 billion

Half year ended 30 September 2023

- Net profit up 83% to S\$2.14 billion on an exceptional gain in regional associate Telkomsel's integration of IndiHome
- Underlying net profit up 12% to S\$1.12 billion; up 16% on a constant currency basis
- Robust mobile performance in Singtel and Optus; weakness in enterprise sector
- Significant EBIT increase for growth engines NCS and Digital InfraCo
- Regional associates' pre-tax contributions up 3% to S\$1.19 billion; up 9% on a constant currency basis
- Dividend policy raised to between 70% and 90% of underlying net profit; interim dividend per share of 5.2 cents or 77% of underlying net profit

Singapore, 9 November 2023 – Singtel's first half net profit rose 83% to S\$2.14 billion, boosted by an exceptional gain from regional associate [Telkomsel's integration of IndiHome](#), the largest fixed broadband provider in Indonesia. Group operating revenue was down 3% to S\$7.03 billion while EBIT¹ was stable at S\$580 million. On a constant currency basis, both Group operating revenue and EBIT would have been up 2%, led by strong showings from growth engines NCS and Digital InfraCo which offset weakness in the enterprise business across Singapore and Australia. Underlying net profit increased 12% to S\$1.12 billion, and would have risen 16% excluding a S\$42 million impact from the strong Singapore Dollar. The higher underlying net profit was driven by sustained growth momentum in mobile, NCS and Digital InfraCo, along with higher contributions from the regional associates and interest income from capital recycled.

Mr Yuen Kuan Moon, Singtel's Group CEO, said, "Our underlying performance was resilient in the first half despite a challenging macroeconomic backdrop and inflationary pressures. Like the last financial year, we faced significant currency headwinds which impacted earnings. Nonetheless, we maintained positive momentum in NCS, Digital InfraCo and across our mobile business in Singapore and Australia despite the softness in the enterprise business. Our regional associates' contributions also grew, boosted by improving market dynamics. With a simplified organisational structure and successful asset recycling, we're in a stronger position to improve our return on invested capital and returns to shareholders."

"Over the past two and a half years, we have made steady progress in our strategic reset, creating a strong foundation for the future. We've simplified our organisation so our businesses have greater agility to pursue growth, divested non-core digital businesses and strengthened our financial position with S\$5 billion received from the capital recycled. Our focus now is on rapidly scaling up our growth engines and we expect our new strategic partnership with KKR to accelerate the expansion of our regional data centre business in ASEAN. In our core business, we will continue to take costs out and improve efficiency. We will also actively support our regional associates as they drive growth particularly in the enterprise and fixed broadband space," he added.

¹ Before associates' contributions.
Singapore Telecommunications Limited
Company registration number: 199201624D



Global investment firm KKR's recent acquisition of a 20% stake in the regional data centre business for up to S\$1.1 billion is part of a S\$6 billion capital recycling programme planned for the medium term. KKR's investment will fully fund data centre projects already planned for the next two years and provide growth capital for future projects as the business continues to scale.

Singtel entered into a conditional share purchase agreement to sell all of its equity interest in Trustwave. The divestment of Trustwave concludes the Group's strategic review of non-core digital businesses, and completion is expected by December 2023.

The regional associates' pre-tax profit contributions grew 9% on a constant currency basis due to improved performances from Airtel and AIS which partially offset Globe's weaker results. But Singapore dollar strength against weaker regional currencies resulted in a S\$66 million currency impact. As a result, contributions only increased 3% to S\$1.19 billion. Airtel reported double-digit increases in operating revenue and EBITDA led by its operations in India. Airtel Africa, however, was negatively impacted by the devaluation of the Nigerian Naira in June 2023 and inflationary cost pressures. AIS' performance was driven by higher service revenue and effective cost management, coupled with lower depreciation. For Telkomsel, first-time contributions from IndiHome largely offset the impact of Singtel's reduced stake. Globe reported higher operating revenue but faced higher costs from network investments.

The Group's financial position remains robust. With a healthy cash balance of S\$2.6 billion and highly favourable leverage ratios, the Group is well-positioned to navigate economic uncertainty and the inflationary environment. This is despite net debt rising 10% or S\$839 million in the past half year due to higher funding needs for the Group's operations. Free cash flow fell 26% to S\$1.19 billion, primarily from a decline in operating cashflow due to lower EBITDA and working capital movements.

OPTUS

Optus' operating revenue was up 1%, led mainly by its mobile business. Mobile service revenue rose 3% from customer growth, particularly in prepaid, higher postpaid ARPU and increased Optus Sport subscriptions for the FIFA Women's World Cup. Mobile ARPU fell slightly due mainly to a greater proportion of lower ARPU prepaid customers, reflecting demand for lower price plans. The total mobile customer base grew 167,000 in the first half, with 108,000 new prepaid mobile customers driven by a strong performance by amaysim. 5G device penetration also grew and reached more than 4.2 million. However, EBIT declined 14%, impacted by structural challenges faced by the enterprise fixed business as well as increases in energy and content costs.

SINGTEL SINGAPORE

Singtel Singapore's operating revenue was down 3% due to the impact of weaker business sentiment on ICT sales. Mobile service revenue grew 2%, lifted by customer growth, higher roaming and 5G services despite increased data price competition and a shift in the market to lower end plans. Singtel Singapore's 5G customer base crossed 1 million as at 30 September 2023. Lower pay-TV revenue was offset by savings in content costs. With greater cost control, EBITDA was down 1% while EBIT declined 4% due to higher depreciation from network and digital investments.



NCS

NCS saw revenue growth across all its businesses from demand for digitalisation, application development, cyber security and new technology such as generative AI. This contributed to a 9% increase in operating revenue. EBITDA rose 24%, driven by robust revenue growth and concerted cost optimisation. EBIT increased 74% due to EBITDA improvement as well as lower depreciation and amortisation. NCS' bookings remained strong with S\$1.4 billion added in the first half, boosted by new wins and contract renewals in various sectors.

DIGITAL INFRACO

Singtel's newly formed standalone infrastructure unit, Digital InfraCo, delivered solid revenue growth of 13%, largely from data centre and satellite services. The regional data centre business was up 9%, mainly lifted by price increases while satellite revenue rose 23% due to fees earned from project-based satellite services. EBIT grew 24% from higher revenue which offset higher costs, and lower depreciation.

DIVIDEND

Singtel has revised its dividend policy, raising the payout range to between 70% to 90% of underlying net profit from the current 60% to 80%. The Board approved an interim ordinary dividend of 5.2 cents per share for the half year ended 30 September 2023, totalling S\$859 million. This represents 77% of the Group's underlying net profit for the first half of the year.

OUTLOOK FOR THE FINANCIAL YEAR ENDING 31 MARCH 2024

The macroeconomic environment remains challenging as persistent inflation, high interest rates and slow economic growth continue to dampen business and consumer sentiment. Continued currency headwinds are also expected from the strong Singapore Dollar relative to the Australian and regional currencies.

However, the Group is well-positioned to navigate these challenges given its strong balance sheet. The Group will continue executing to its strategy of improving margins in the core business, scaling growth engines such as NCS and Digital InfraCo, and recycling capital to fund growth.

Dividends from the regional associates are expected to be approximately S\$1.3 billion. The Group's core capital expenditure is expected to be around S\$2.1 billion, comprising A\$1.6 billion (S\$1.4 billion) for Optus and S\$0.7 billion for the rest of the Group². This reflects the Group's multi-year investments in 5G networks in Australia as well as cyber security, green and digital transformation initiatives. The Group will also invest approximately S\$0.5 billion in data centres and satellites, including a satellite to replace ST-2 by 2028³.

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² Excluding acquisitions and disposals.

³ This investment will be fully funded by customers' receipts ahead of milestone payments to vendors.



About Singtel

Singtel is Asia's leading communications technology group, providing a portfolio of services from next-generation communication, 5G and technology services to infotainment to both consumers and businesses. The Group has presence in Asia, Australia and Africa and reaches over 760 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 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.

Singtel is dedicated to continuous innovation, harnessing technology to create new and exciting customer experiences and shape a more sustainable, digital future.

For more information, visit www.singtel.com.
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Financial Highlights for the Half Year Ended 30 September 2023

	FY2024 (S\$m)	FY2023 (S\$m)	YOY Change	YOY Change Constant Currency⁴
Group revenue	7,028	7,259	(3.2%)	1.5%
EBITDA	1,787	1,878	(4.8%)	(0.5%)
EBIT excluding associates	580	579	0.1%	1.5%
Regional associates pre-tax earnings ⁵	1,187	1,155	2.8%	8.5%
Underlying net profit ⁶	1,121	1,005	11.6%	15.8%
Exceptional items (post-tax)	1,015	165	@	@
Net profit	2,136	1,170	82.6%	85.1%
Free cash flow	1,189	1,595	(25.5%)	NM

NM denotes not meaningful.

@ denotes more than 500%.

⁴ Assuming constant exchange rates from FY2023.

⁵ Excludes exceptional items.

⁶ Defined as net profit before exceptional items.