



Financial Results

For the half year ended 30 Sep 2023

Yuen Kuan Moon, Group CEO

9 November 2023

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 and are subject to known and unknown risks and uncertainties, some of which are outside Singtel's control, that could cause actual results, performance or events to differ materially from those in the statements as originally made.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. No reliance should therefore be placed on these forward-looking statements, which are based on the current view of the management of Singtel on future events. The presentation is also not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

"S\$" means Singapore dollars and "A\$" means Australian dollars. Any discrepancies between individual amounts and totals are due to rounding.

H1FY24 at a glance



Resilient performance against challenging macro economic backdrop

- Sustained mobile momentum & growth engine outperformance offsets weakness in enterprise
- Continued macro, inflationary & forex pressures



Strong 83% growth in NPAT from dilution gains

- Regional associates PBT rose 9%¹ on improving market dynamics
- Underlying NPAT up 12% or 16% excluding S\$42M impact from strong SGD



Delivering to the strategic reset

- Consolidated consumer & enterprise businesses in SG
- Raised S\$1.1B from RDC² stake sale to KKR³
- Divestment of Trustwave



Rewarding shareholders sustainably

- Interim dividend increased 13% to 5.2 cents
- Dividend payout raised to between 70% & 90% of underlying NPAT

1. On constant currency basis.

2. Regional data centre platform.

3. Global investment firm with US\$528B in assets under management.

Key financials

Operating revenue

S\$7,028M

▼ 3% (▲ 2%¹)

EBITDA

S\$1,787M

▼ 5% (▼ 1%¹)

EBIT
(ex associates' contribution)

S\$580M

Stable (▲ 2%¹)

Regional associates' PBT

S\$1,187M

▲ 3% (▲ 9%¹)

Underlying net profit

S\$1,121M

▲ 12% (▲ 16%¹)

Net profit

S\$2,136M

▲ 83% (▲ 85%¹)

1. On constant currency basis.

Core business

OPTUS

Revenue

A\$4,018M

YoY ▲ 1%

EBIT

A\$141M

YoY ▼ 14%

- Mobile service revenue increased 3% on
 - Strong net connections, led by prepaid
 - Higher postpaid ARPU from re-pricing
 - Optus Sport take-up with success of FIFA Women's World Cup
- EBIT declined with
 - Erosion in enterprise fixed business
 - Inflationary & FX driven opex

Singtel SG

Revenue

S\$1,893M

YoY ▼ 3%

EBIT

S\$442M

YoY ▼ 4%

- Mobile service revenue grew 2% on continued roaming recovery & customer growth
- Overall revenue lower as
 - Weaker business sentiment affected ICT sales
 - Decline in TV revenue offset by content savings
- EBIT declined with higher depreciation from network & IT investment

Reinvigorate the core



Compelling value proposition

OPTUS

>4.2M

5G capable devices in AU



Driving simplification & value for customers



SpaceX collaboration to extend network coverage

Singtel SG

>1M

5G subs in SG



Strengthened device plans to drive upgrades



Launched SG's 1st fully digital 5G Tourist eSIM



Differentiated service offerings



Strong traction in connected cars with 4 major car brands signed

Developed SingVerify APIs under GSMA Open Gateway initiative



Launching new Optus Living Network features



Launched Singtel CUBΣ to accelerate enterprise digital infrastructure transformation

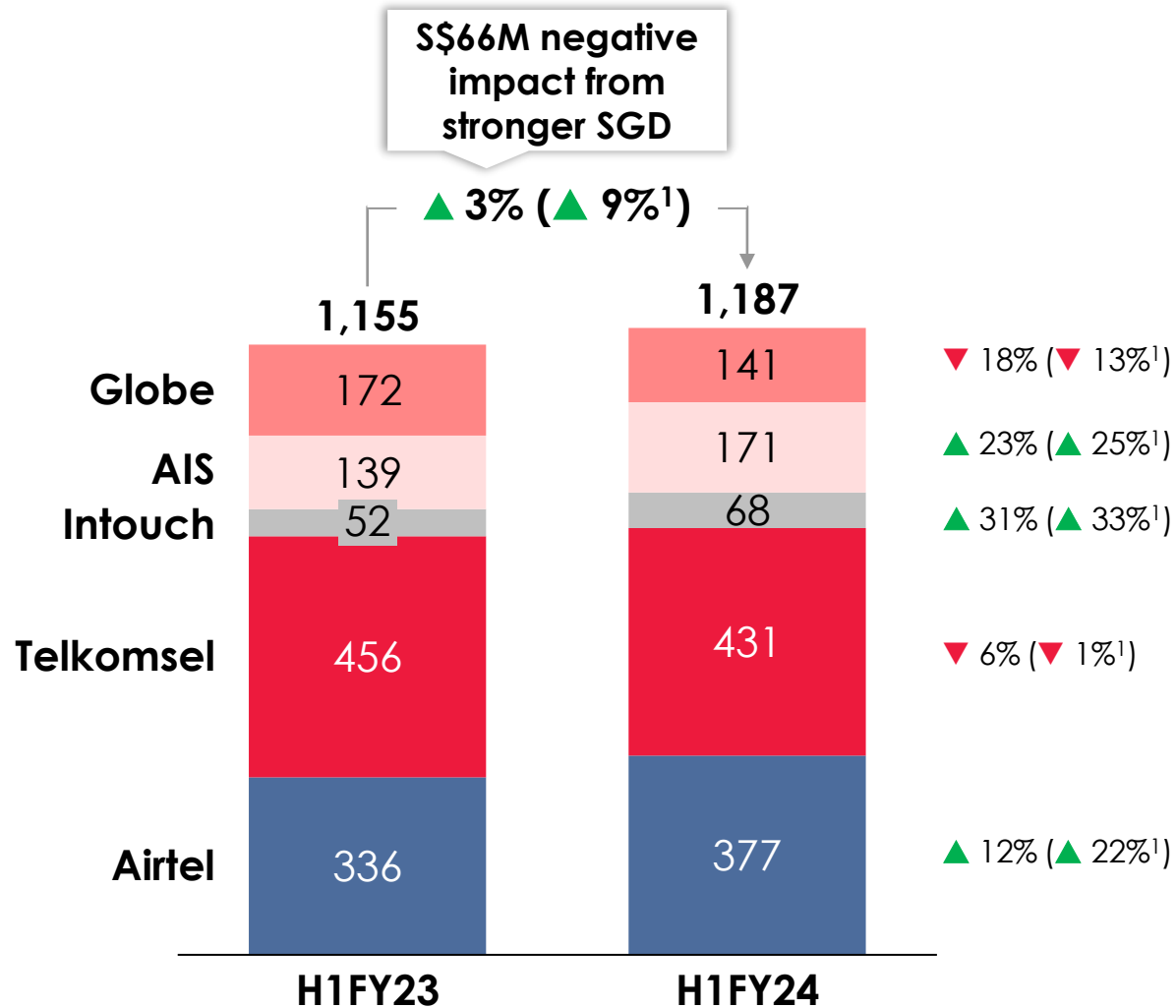


Growing Optus Sport & SubHub subscriptions



Regional associates' pre-tax profits

S\$M



Highlights

- Regional associates' PBT rose 9%¹
 - S\$66M negative impact from stronger SGD
- Sustained market repair across all markets & disciplined cost control
- Positive trend of fibre broadband growth
- Contributions from IndiHome offset Singtel's reduced stake in Telkomsel
- Globe was impacted by higher network-related costs²

1. On constant currency basis.
2. Including depreciation & amortisation and finance costs.

Growth engines

NCS //

Revenue

\$S\$1,396M

YoY ▲ 9%

EBIT

\$S\$93M

YoY ▲ 74%

- Broad based growth momentum across all SBGs¹
- Focus on improving profitability with 1.4pp EBITDA margin² expansion to 10.8%
 - Driven by higher revenues & cost-to-serve optimisation
- Positive momentum maintained with bookings of \$S\$1.4B

1. Strategic Business Group.

2. Excluding reselling business.

3. Regional data centre platform.

Digital InfraCo

Revenue

\$S\$203M

YoY ▲ 13%
(RDC³ ▲ 9%)

EBIT

\$S\$39M

YoY ▲ 24%

- Solid revenue growth driven by
 - RDC³: mainly price uplifts on existing capacity which is 99% utilised
 - Satellite: project-based deployment services
- Robust EBIT growth from project-based satellite revenue & lower depreciation, which offset higher investments at RDC

NCS executing to plan

Sustained SBGs¹ growth



Continue to lead in public service, defence & homeland security, especially in SG



Strong growth momentum in healthcare, transportation & banking sectors



Leverage Singtel Group to expand into APAC

Expanding beyond SG



AU integration progressing as planned, building a foundation for future growth



Strong organic growth in CN & HK, especially in Greater Bay area

Riding digitalisation trend



Strong client interest in Gen-AI & digital trust capabilities

Live Gen-AI projects



Government call centre



Digital transformation across consumer, enterprise, IT & networks

Digital InfraCo – RDC in expansion mode



Revenue

S\$144M

YoY ▲ 9%

EBITDA

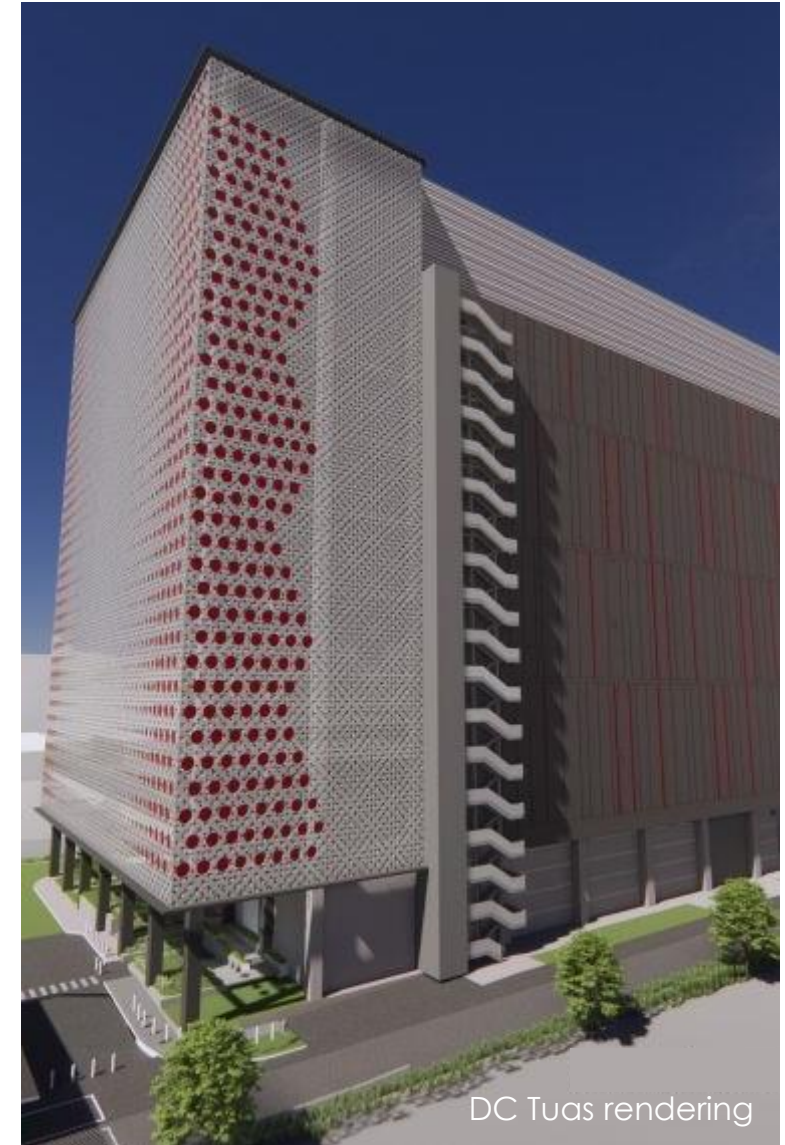
S\$82M

YoY ▼ 4%

EBITDA margin

57.1%

- Revenue growth to track inflation till late FY26, when 58MW² of new capacity from DC Tuas comes online
- Ramp up in investment capabilities to continue impacting EBITDA margins
- S\$1.1B investment from KKR (20% stake in RDC¹)
 - Capex³ for planned projects till FY26 fully funded
 - Potential growth capital for future RDC projects



DC Tuas rendering

1. Regional data centre platform.
 2. Additional capacity of 37MW from regional data centres to come on board in FY26 which will contribute to NPAT as share of profit/(loss) of associates.
 3. Along project financing.

Reallocate capital, create value

RDC

Divested **20%** stake at attractive valuation to **KKR** for **S\$1.1B** in Oct 23



B kakaobank acquired **10%** stake through issuance of new shares in Oct 23



Sale of our US-based cyber-security firm for **US\$205M²** in Oct 23

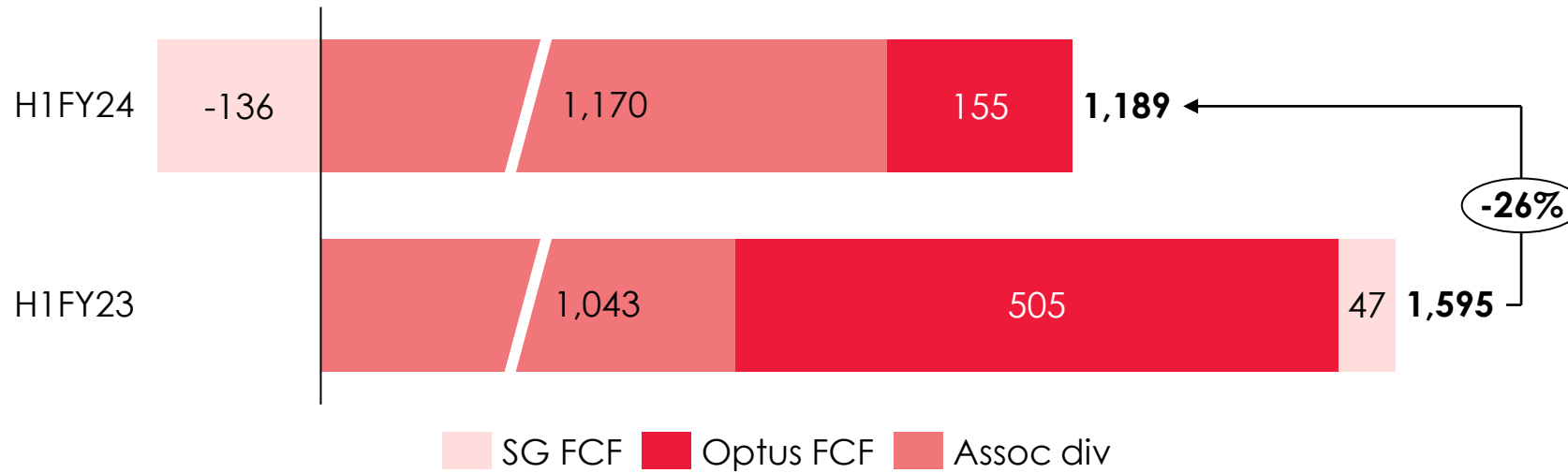


Pared down 1.4% stake for **~S\$95M** in Nov 23

1. An Indonesian digibank joint venture by Grab, Emtek Group & Singtel.
 2. Comprising secured note & cash.

Strong balance sheet

Free cash flow¹ (\$\$M)



Highlights

- Recycled total of ~\$7B since FY21
- Lower FCF due to timing of payments & a one-off prepayment related to Optus insurance in H1FY23
- Net debt rose ~\$0.8B mainly from 5G rollout, investment into Telkomsel & dividend payment
- Higher associates' dividends on special dividend from Telkomsel
- ~90% of debt on fixed rates with average maturities of >5 years
- \$2.6B cash balance; \$58M of interest income

Net debt

\$9B

▲ ~\$0.8B (vs Mar 23)

Net debt to EBITDA & assoc PBT

1.5x

(Mar 23: 1.4x)

Interest rate cover

19.3x

(Mar 23: 16.8x)

Fixed rate debt

~90%

(Mar 23: 90%)

1. Cash flow from operating activities, including dividends from associates, less cash capital expenditure.

Raising the bar in sustainability



Environmental sustainability

>200

Endangered species trees planted on Sisters' Islands



Launched enhanced Singtel Safe Contractor Accreditation Award



Advanced Net Zero to 2045, with updated 2030 SBTi¹ targets pending SBTi approval

ISSB

Plan to pilot ISSB² sustainability disclosure standards from FY25³



Implemented internal carbon pricing at S\$50 per tonne



Community impact

~S\$4.5M

Raised for charity



Singtel Charity Golf



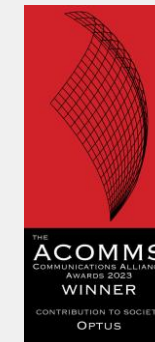
Singtel Carnival 2023



Singtel-Singapore Cancer Society Race Against Cancer

580K

AU students educated through Optus' Digital Thumbprint programme



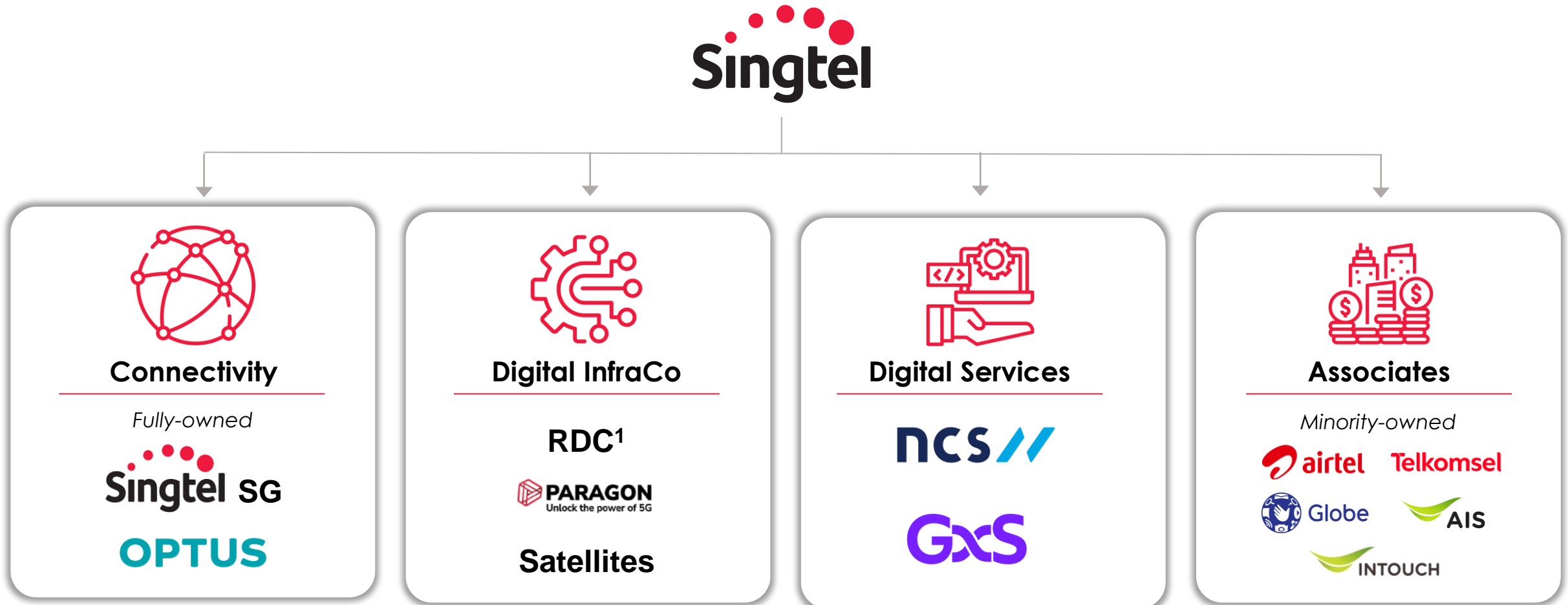
Winner of ACOMMS 2023 Award – Contribution to Society for Digital Thumbprint

1. Science Based Targets initiative.
 2. International Sustainability Standards Board.
 3. Subject to finalisation of recommendations by regulators.

VALUE CREATION & RETURNS

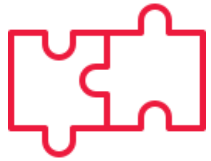


Simplified structure



1. Regional data centre platform.

Aligned for growth



Combined consumer & enterprise for operational synergies

- **Affirmed capex guidance of S\$2.1B** for FY24
- **15% reduction in indirect cost^{1,2}** by FY26



Carved out growth engines for scale

- **Contribute >20% of Group EBITDA** by FY26
- **Additional 95MW of RDC³ capacity** by FY26; all fully funded



Regional assoc creating new avenues for growth

- **Price-ups from market consolidation**
- Building new growth engines in **enterprise & FBB**



Rationalised non-core digital assets; losses reduced

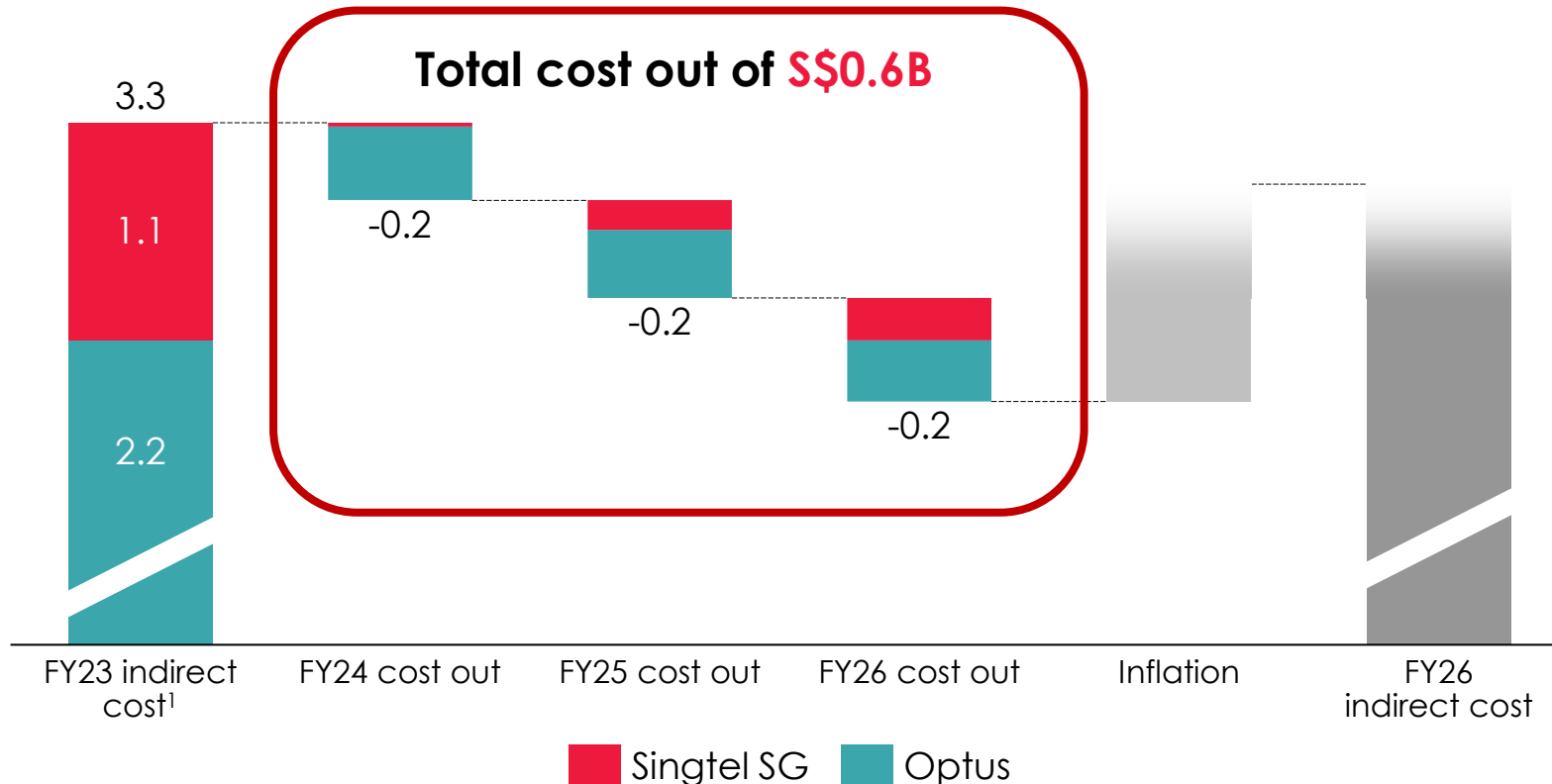
- **Divested Amobee & Trustwave**
- **Closed down HOOQ**
- **Losses reduced**

ROIC⁴: 6.8% (FY21) → 8.3% (FY23) → low double digit in the mid-term

1. Excludes cost of sales & traffic expenses.
 2. Excludes inflationary impact.
 3. Regional data centre platform.
 4. Excluding Optus goodwill.

Programme to drive ~15% reduction in core costs^{1,2} over next 3 years

Indirect cost¹ (S\$B)



Key drivers

Reduce operational complexity

- Consolidation of vendors
- Rationalise IT platforms & sales channels
- Streamline products/ categories
- Consolidate Network Operations Centre

Digitalisation & automation

- Deployment of Gen AI in call centres, network monitoring & proactive maintenance

Decommission legacy systems

- Shutdown 3G network

Raising energy efficiency

- Leverage AI / ML to optimise usage (e.g., sleep mode) for 4G RAN sites

Workforce optimisation

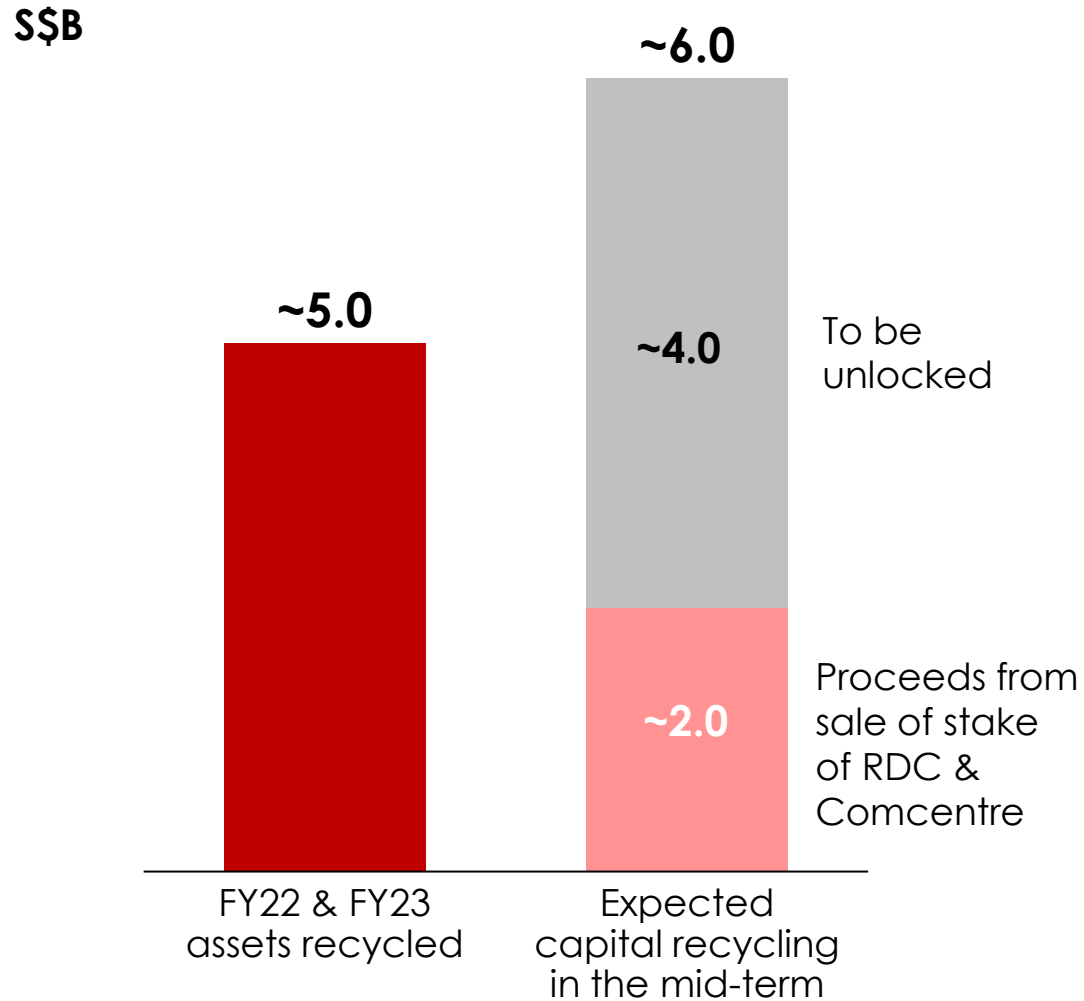
- Delaying of functions
- Job redesign

Continue to invest in network resilience & security

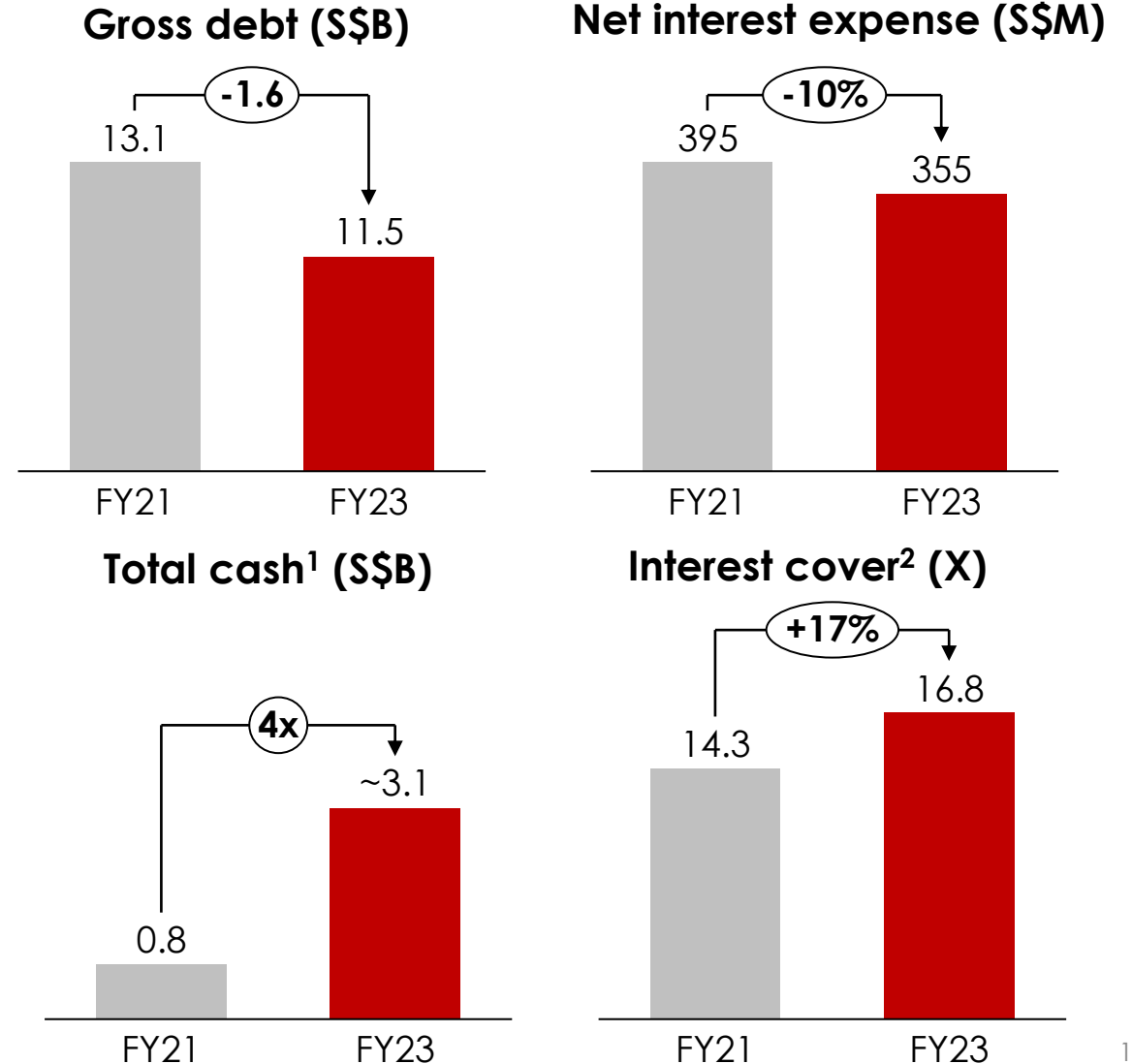
1. Excludes cost of sales & traffic expenses.
2. Excludes inflationary impact.

Balance sheet strength with asset recycling

Unlocked S\$7B of capital



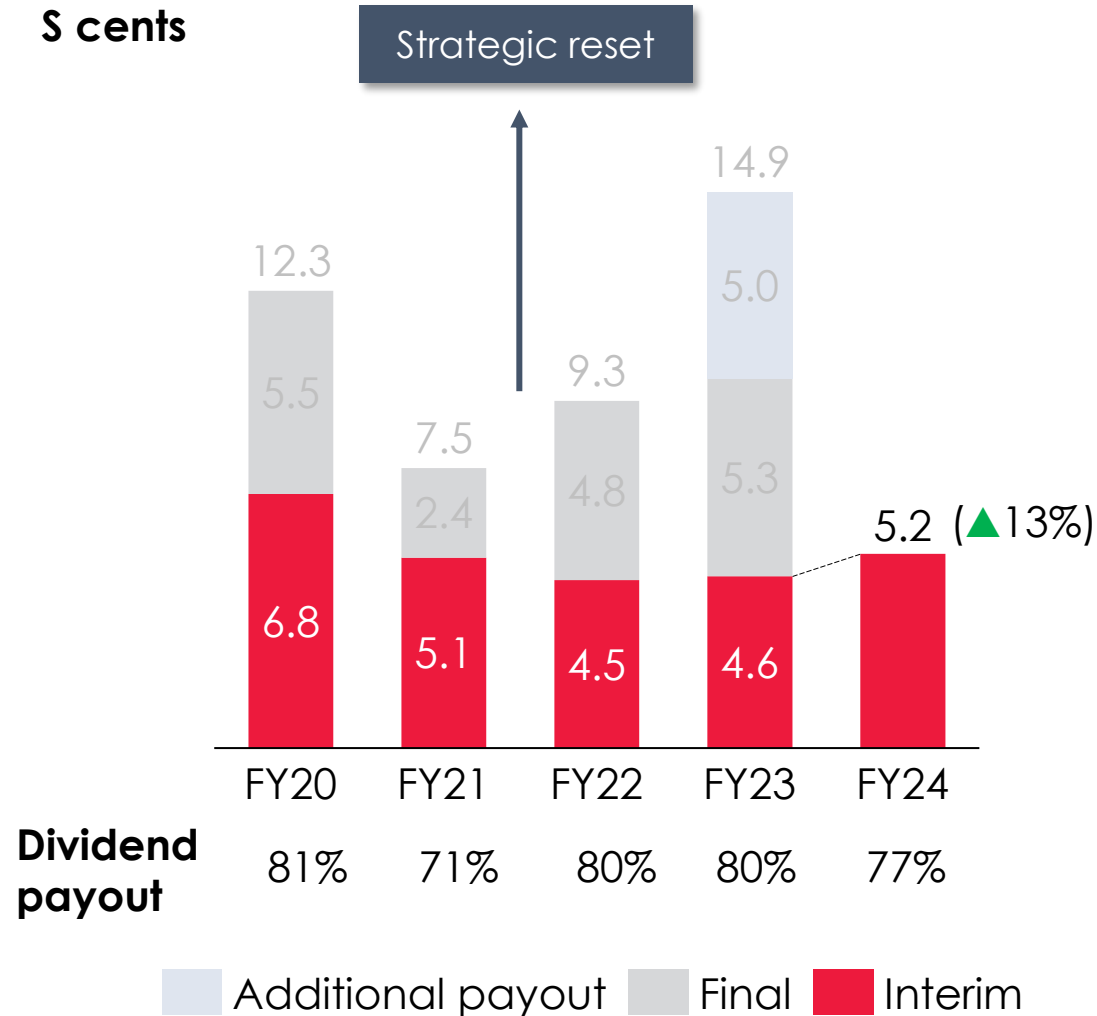
Strengthened financial position



1. Comprised cash and bank balances, fixed deposits & Singapore Treasury bills.
 2. EBITDA & share of associates' pre-tax profits/ net interest expense.

Boosting shareholder returns

Improving core dividend



Raised interim dividend

by 13% to **S5.2¢/share**
(S4.6¢/share in H1 FY23)

Revised dividend policy

between **70% & 90%**
of underlying NPAT
(Previously between 60% & 80%)

Positive momentum from Strategic Reset

- ✓ **Simplified business structure** & carved out growth engines
- ✓ **ROIC improved** 1.5pp^{1,2} to 8.3%
- ✓ Strengthened financial position with **S\$7B of capital recycled**
- ✓ **Capital requirements secured for future growth plans**
- ✓ **~S\$4B of dividends** in FY22 & FY23
- ✓ Commenced **S\$600M cost out programme** by FY26

1. From FY21.
2. Excluding Optus goodwill.

A large, centered version of the Singtel logo. It features the word "Singtel" in a bold, black, sans-serif font. Above the letters "i", "n", "g", "t", and "e" are five red dots of increasing size, arranged in a slight upward curve.