

GCEO Review

Dear Shareholders,

TURNING THE CORNER ON A CHALLENGING YEAR

We have executed well and gained mobile share in our core markets in Singapore and Australia against intense competition. However, the past year was far from business as usual. Our results were affected by carriage pricing erosion in the enterprise segment and challenging conditions in India and Indonesia. Competition intensified across virtually all our markets as operators jostled for market share while advances in technology continued to disrupt the telco industry, putting more pressure on prices and return on investment. With currency headwinds and the exceptional gain recorded last year from our NetLink Trust divestment, net profit dropped 44% to S\$3.1 billion. Our underlying net profit declined 21%.

Against this backdrop of tougher industry and business conditions, we stayed the course on digital transformation which puts us in good stead. Our efforts to stay relevant to customers through digitalisation paid off as our core consumer business raised the bar in products and services and customer service standards. The race by governments and enterprises to digitalise their processes and operations also presented new opportunities for our enterprise business, particularly Trustwave and NCS. Having invested in deepening our capabilities in cyber security, cloud, data analytics and IoT, ICT services now constitute 48% of our enterprise revenue. Amid a difficult year, we were financially disciplined and prudent in managing our costs and investments. Our strong free cash flow generation and balance sheet

give us one of the strongest credit ratings among telecom companies.

REGIONAL MARKET GROWTH

We have a unique regional presence that is of scale. Our positive long-term view of our regional assets and diversification hasn't changed. While it was a particularly bruising year for India which faced such aggressive competition that only three operators now stand, Airtel has weathered the storm and strengthened its balance sheet with a rights issue to further compete in a consolidated market that remains buoyed by the growth potential of Digital India. Indonesia had a nationwide SIM card registration exercise which affected the industry but the market is now recovering. Globe had a stellar year with robust revenue share growth in mobile and broadband, and AIS continued to lead the market in Thailand. We expect our associates to deliver positive growth fueled by exponential growth in smartphone adoption and a plethora of applications and content.

DIFFERENTIATING A RESILIENT CORE

The competitive landscapes in our core markets of Singapore and Australia have changed with more players, including MVNOs, in the industry coupled with increasing capital intensity with 5G rollout expectations. Our businesses will accelerate digitalisation, automation and robotic processes combining AI tools and data analytics to drive productivity, cost savings and better customer experiences. We have differentiated with product innovations, quality content and partnerships that were well-received by customers. We remain committed

to providing superior network coverage and connectivity and leading the way to 5G. While 5G spectrum policy is still being finalised in Singapore, we are piloting the island's first 5G network. In Australia, Optus with its extensive 5G spectrum portfolio became the first carrier to provide high-speed home broadband services on 5G.

DRIVING NEW GROWTH IN DIGITAL

As governments race to build smart cities and enterprises future-proof their operations, we will leverage this rising tide of digitalisation to drive growth in our ICT and digital businesses. Both our cyber security business Trustwave and digital marketing arm Amobee, while not yet profitable, have executed their strategies. We are confident they will continue their revenue growth momentum to become leading players.

We are also pursuing new growth by developing a regional digital ecosystem that unlocks the value of the Group's 690 million strong customer base. Given that Singtel, Optus and all our associates remain leaders in their respective markets, we're jointly tapping into these markets in the mobile payments, financial services, esports and gaming spaces. The size of our combined markets, our irrefutable network leadership and product innovation, and our valuable customer relationships – position us to drive synergies and reap benefits from such an ecosystem.

SUSTAINABILITY AND FUTURE-READINESS

We remain committed to creating sustainable business growth

while driving positive change in our communities. As our digital transformation accelerates, we are investing in building a future-ready team. Our reskilling efforts include working with researchers and partners within the ecosystem in the areas of cyber security and 5G to develop capabilities for the new economy. Our diversity and inclusiveness are vital to our transformation process. As women comprise half of the Group's customers, women now constitute a third of our workforce, management and Board which helps us better understand and answer to the needs of our stakeholders. We stay dedicated to the vulnerable segments in our society with our flagship philanthropy programme, the Singtel Touching Lives' Fund, supporting the education of children and youth with special needs in Singapore. We are giving back to the larger society, having contributed to Perth's landmark Optus Stadium last year and most recently, Esplanade's new waterfront theatre in Singapore.

I would like to thank the Board for their guidance, and our partners and shareholders for their continued support for our transformation efforts. My appreciation also goes to the Singtel team and our union leadership whose unstinting commitment to change has helped sustain our successful record thus far.

Yours sincerely,



CHUA SOCK KOONG
Group Chief Executive Officer



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