

SINGAPORE TELECOMMUNICATIONS LIMITED
(Company Registration No. 199201624D)

31st Annual General Meeting to be held on 28 July 2023
Responses to substantial and relevant questions

Singapore Telecommunications Limited (“Singtel”) would like to thank all shareholders 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 Orchid Main Ballroom, Level 4, Sands Expo & Convention Center, 10 Bayfront Avenue, Singapore 018956 on Friday, 28 July 2023 at 10.00 a.m. (Singapore time).

Due to some overlaps in the questions received, we have grouped related and similar questions together and provided answers. 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 28 July 2023.

Dated: 23 July 2023

Question 1:**Is the usage of 5G expected to gain traction significantly in the next few years? Would it be an important growth driver for the company?**

With its blazing fast speeds, low latency and hyperconnectivity, 5G has the potential to transform business models and deliver enhanced services on a scale like never before. To tap into this opportunity, we have invested ahead of the curve to establish leadership in the 5G space, including nationwide 5G coverage in Singapore more than 3 years ahead of schedule and speed leadership in Australia.

This has helped us secure more than 760,000 5G customers in Singapore and connect over 3.5 million 5G devices in Australia. Applications for the consumer space are still in its infancy, with only fixed wireless access seeing traction in Australia. In the near term, we are focused on developing offerings that will enable more immersive and transformative digital experiences for consumers.

- We deployed network slicing technology to support seamless high-definition streaming at this year's F1 race, as well as other digital experiences from making video calls to augmented reality gaming.
- We signed an MOU with SK Telecom to jointly grow the metaverse business. The first metaverse event, "Destination: ifland", was held at Singtel Comcentre, enabling users to have their own digital avatars and participate in a host of activities such as virtual concerts, celebrity fan meets and other events offered by SKT and its partners.

That said, we believe the value of 5G lies in the enterprise space. With COVID accelerating digital adoption, 5G will be a key backbone of the digital economy. To that end, we have developed additional business opportunities through industry-first platforms, such as Paragon which offers an all-in-one solution for 5G edge computing and cloud services. We are actively testing out these use cases through collaborations with the government and enterprises.

Commercialisation of these platforms has begun. We won contracts with Micron and Hyundai Motor Group to enhance their manufacturing processes, as well as NUHS to help surgeons leverage mixed reality technology to better plan operating procedures. The possibilities are endless, and we are actively looking at use cases across industries from smart logistics and transportation to public safety and tourism. We are also exporting our patented Paragon platform to other carriers for their Enterprise-related 5G use cases.

Question 2:**Singtel collects subscription fees from subscribers for your connectivity business. In today's content/app-driven world, how does Singtel collect "tolls" from these content/app providers?**

We have repositioned our business for a digitally centric world and one of our key investments is in 5G. 5G is a game-changing technology driving new immersive consumer experiences and accelerating business transformation, enabling us to move up the value chain from a pure connectivity play to a play across connectivity, cloud and edge computing. Paragon is the industry's first all-in-one orchestration platform for 5G edge computing and cloud service, spurring the use of our 5G solutions across manufacturing, healthcare, smart ports & logistics and other mission-critical sectors.

Question 3:**Does NCS have a roadmap to profitable growth? What is the growth level you're expecting going forward and the potential synergies with the rest of Singtel Group?**

2023 was a year of investment, as NCS continued its transformation into a pan-APAC tech powerhouse. To achieve this vision, we have made deliberate investments in the following areas:

- Acquisitions to strengthen our capabilities for global reach
- Attract and retain good talents

- Restructure and invest in digital capabilities

These efforts have helped drive broad-based revenue growth across all of NCS' lines of business, as governments and enterprises continued their push towards digitalisation. NCS will continue to execute its 3-axis strategy to capture growth and opportunities, which focuses on the public and enterprise space as well as digital services, while expanding its pan-APAC footprint. Revenue outside Singapore was 15% in FY23 (vs 5% in FY22) largely due to acquisition. In FY23, Digital Business is 51% (vs 49% in FY22) and Enterprise is 33% of (vs 26% in FY22) revenue.

While margins have come under pressure from the above-mentioned investments, proactive cost management has led to two consecutive quarterly EBIT improvements in Q3FY23 and Q4FY23. Wage pressures are also easing, and we have begun to pass on higher costs to customers for new contract wins. This will continue to support higher profitability and we expect EBIT to stabilise in the next 9-15 months.

NCS established a new strategic business unit called Telco+ to help telcos transform digitally. Telco+ works closely with Singtel group and its associates to drive synergies. By doing this, we are able to gain insights and reusable assets which will prove invaluable in helping other telcos digitalise their operations.

Question 4:

- a. **Please elaborate on how the creation of Digital InfraCo could better unlock the latent value of Singtel's portfolio of quality assets.**

Singtel has a large and unique portfolio of digital infrastructure assets across Asia, which is a key differentiator for the Group. Since COVID-19, accelerated digitalisation has turned these assets, the passive backbone of our business, into an area of growth. Having built up these assets through the years, establishing them as a standalone business will allow us to capture new growth as the importance and appeal of these assets continue to increase.

In addition, carving out the assets and putting them into Digital InfraCo will allow it to be valued at its proper market value, instead of the telco multiples it is trading under today. Should an opportunity arise, the Group has the option to illuminate the value of the assets in Digital InfraCo.

- b. **What is your strategy for data centre business?**

The strong growth in data centre demand has been largely driven by the rise of Internet of Things (IoT), data analytics and cloud computing, as businesses ride on digital trends. With the acceleration of generative AI technologies such as ChatGPT, demand for data storage and compute is expected to surge further.

In Singapore, we are a leader in the data centre sector and will be breaking ground on a state-of-the-art 58MW data centre in Tuas in the coming months – one of the greenest Asia with an expected power usage effectiveness of under 1.3. Building on this expertise in developing and operating multi-tenanted data centres, we are building 17MW and 20MW data centres in Indonesia and Thailand respectively.

The three projects, which doubles our data centre capacity when operational in 2025, will help us capture greater growth and further entrench our position as the region's leading sustainable data centre player. We are also exploring more data centre opportunities in other regional markets including Malaysia and Vietnam.

Our unique and differentiated proposition includes:

- A one-stop shop for our customers across ASEAN markets with consistent customer experience.
- A diversified customer base, including hyperscalers and blue-chip companies. They have deep relationships with us with an average tenure of above 10 years.
- We aim to build the greenest data centres in the region.

Question 5:**Is there any disposal or one-off gain to be recognised from the redevelopment of Comcentre?**

In June 2022, Singtel and Lendlease entered a joint venture (JV) for the redevelopment of Comcentre, where Lendlease will subscribe to 49% of the shares of the JV and Singtel will hold 51%. The JV company will pay S\$1.63 billion to Singtel for the land cost of the development around 2024. Singtel will be responsible for the differential premium payable on the redevelopment. We are unable to disclose further financial details till the transaction is completed.

Question 6:**How has the decline in your associate, SingPost's, market value affected Singtel's financials? Are you planning to monetise the stake?**

SingPost's contribution is not significant to the Group and is equity accounted as an associate. Active capital management is a key part of our strategic reset. We constantly review our portfolio of assets and are open to monetising assets that do not fit in with our strategy or if we feel will lead to greater shareholder value.

Question 7:**Why is Mrs Christina Ong being retained as a Director, she would have exceeded the 9 year best practice for Director independence this year?**

In January 2023, Singapore Exchange Securities Trading Limited (the "SGX-ST") introduced a new rule that prescribes a nine-year tenure limit for independent directors. However, SGX-ST has allowed for a transitional period for the application of the new rule. Thereafter, the director must resign from the board or be designated as a non-independent director no later than at the issuer's annual general meeting for the financial year ending on or after 31 December 2023.

Mrs Christina Ong joined the Board as a Non-Executive and Independent Director on 7 April 2014 and has served for an aggregate period of more than nine years on the Board as of 7 April 2023. She continues to meet the requirements of the SGX-ST Listing Manual on independence. Therefore, on the recommendation of the Corporate Governance and Nominations Committee of the Company, the Board continues to consider Mrs Ong to be an Independent Director.