

FY21 Financial Results Presentation

For the year ended 31 March 2021

Yuen Kuan Moon, Group CEO

27 May 2021



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 known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made.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.

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



Agenda

1. FY21 financial overview
2. Strategy
3. Capital management & dividend
4. Outlook
5. Appendix

FY21 financial overview

Revenue

S\$15,644m

▼ 5% YoY

EBITDA

S\$3,832m

▼ 16% YoY

Underlying NPAT

S\$1,733m

▼ 30% YoY

Free cash flow

S\$3,395m

▼ 10% YoY

Final dividend

2.4 ¢/share

Total dividend

7.5 ¢/share

Performance impacted by

- COVID-19
- Structural challenges
- Intense competition

But gaining momentum

- Robust ICT growth
- Optus mobile service revenue now on growth trajectory
- Strong performances by Airtel in India & Africa

FY21 Revenue

S\$15,644m

5% YoY¹

Growth in :

- ICT revenue (H2FY21 vs H1FY21 growth of 14%) led by NCS & data centre services
- Optus mobile service revenue (H2FY21 vs H1FY21 growth of 11%²), with take-up of higher-ARPU Optus Choice plans

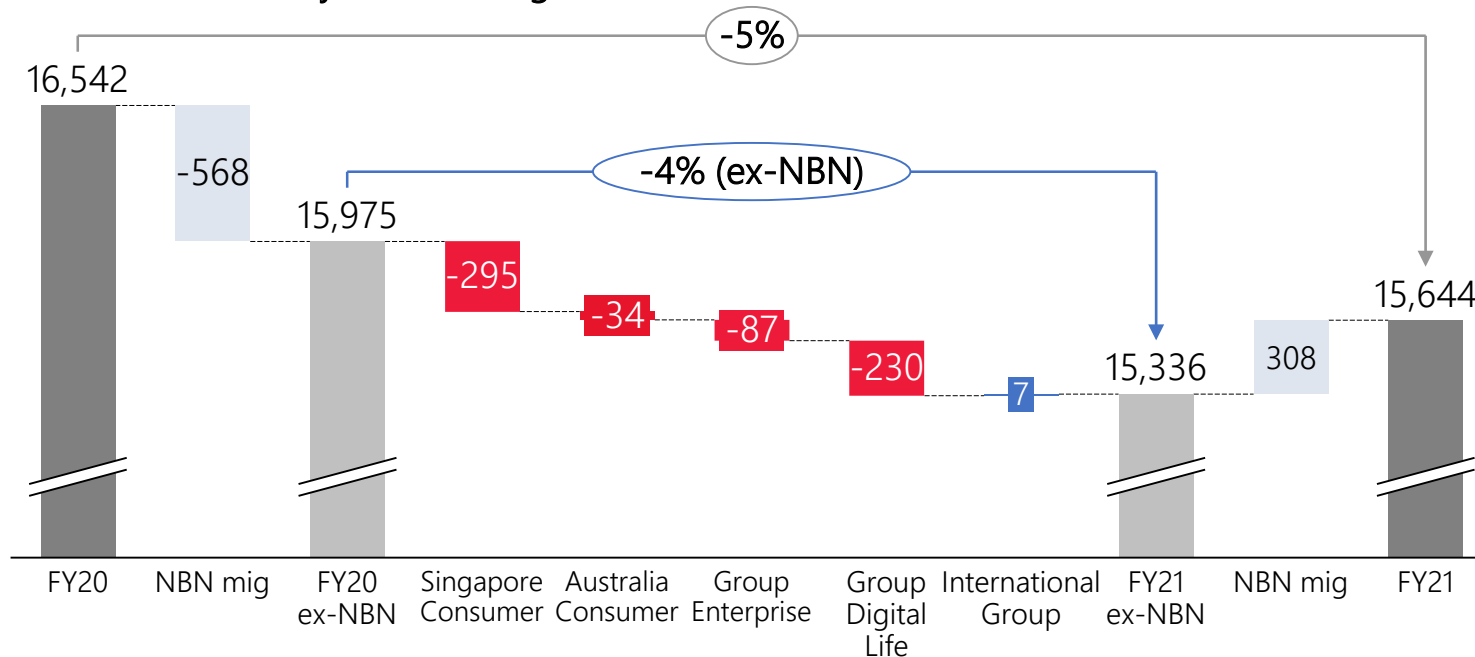
Offset by :

- Prolonged COVID-19 impact on roaming, prepaid, equipment sales & digital advertising
- NBN migration revenue tapering in Australia
- Continued voice erosion

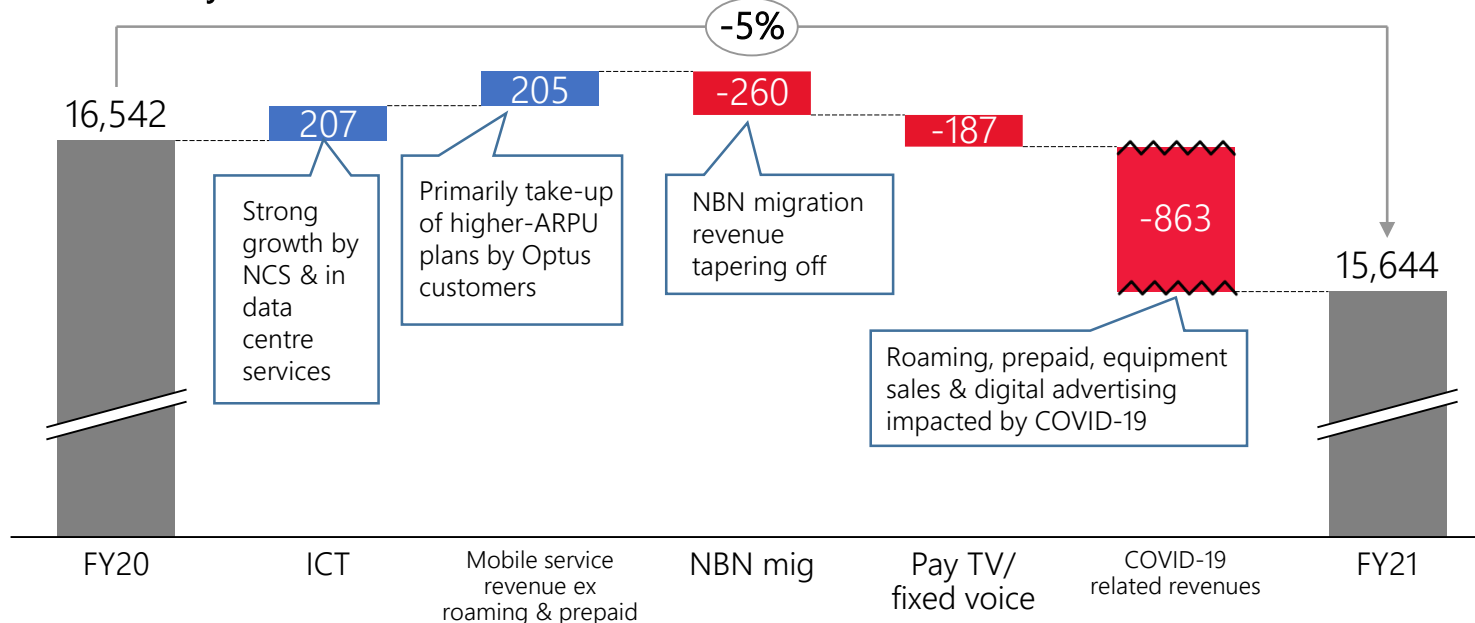
¹ Down 8% in constant currency

² Up 5% in constant currency

FY21 revenue by business segments



FY21 key revenue drivers



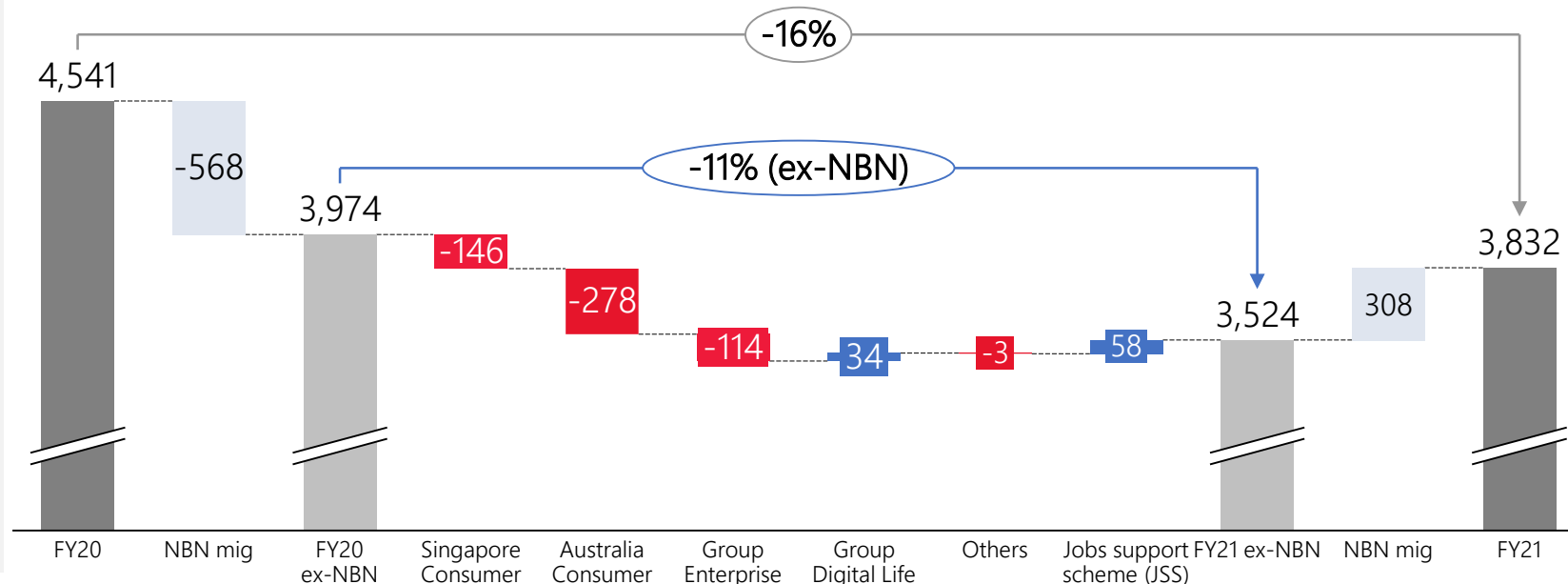
EBITDA

S\$3,832m

▼ 16% YoY ¹

- Lower roaming
- Lower NBN migration revenue & fixed margin erosion in Australia

¹ Down 18% in constant currency

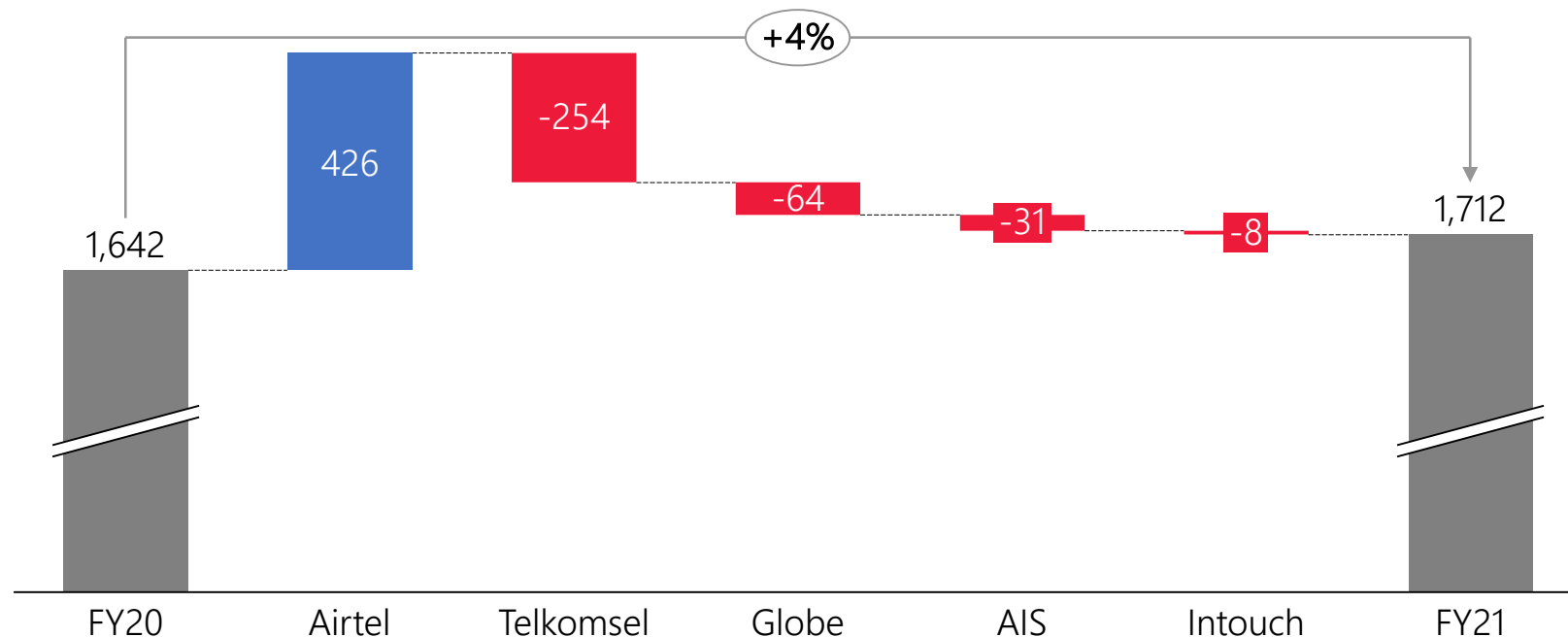


Share of Regional Associates' PBT

S\$1,712m

▲ 4% YoY

- Recovery in India offset by price competition in Indonesia
- Associates' performance impacted by COVID-19



Underlying NPAT

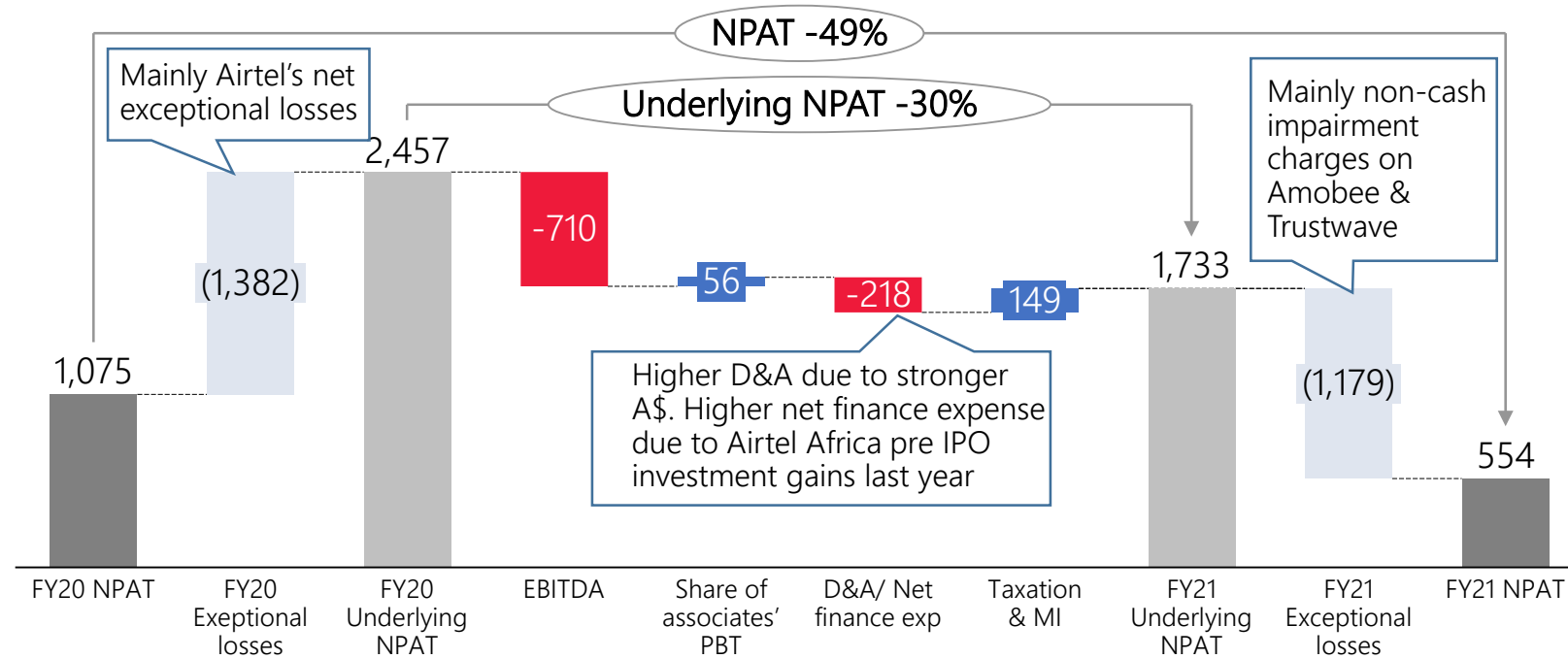
S\$1,733m

30% YoY

NPAT

S\$554m

49% YoY

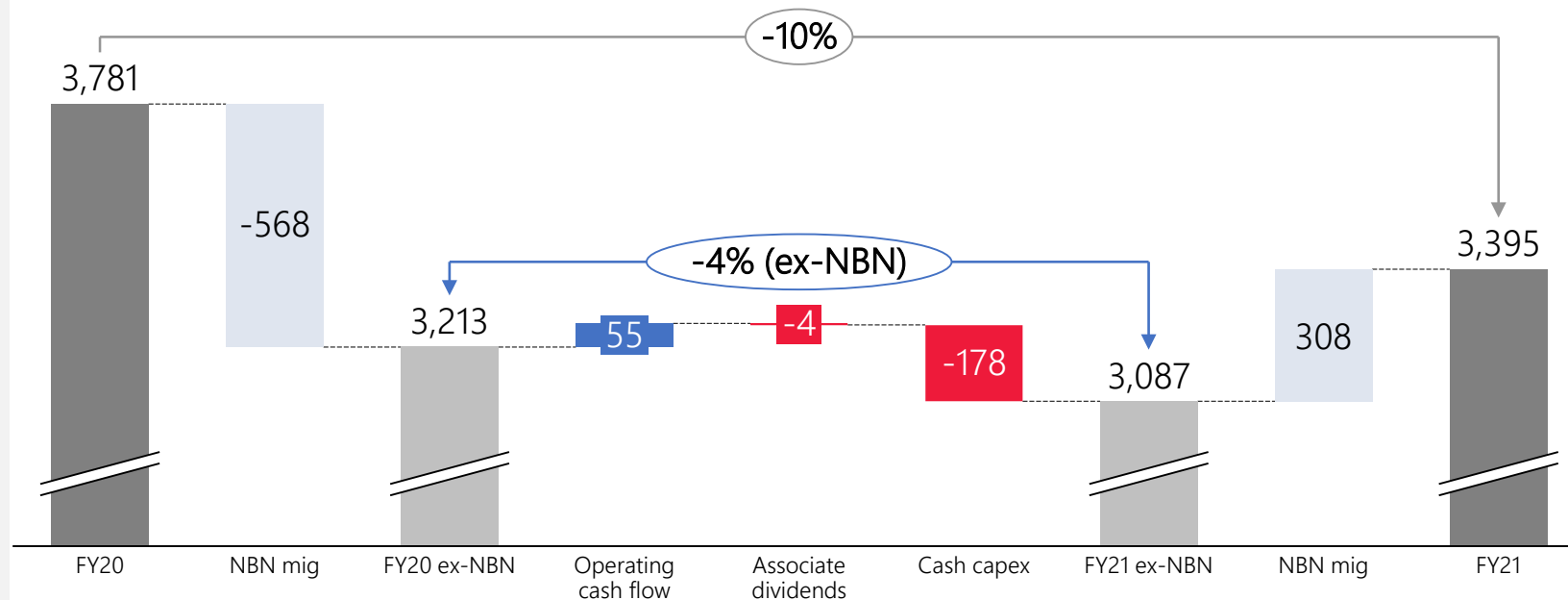


Free Cash Flow

S\$3,395m

10% YoY

- Lower earnings & NBN migration revenue in Australia
- Increase in capex mainly from 5G





Agenda

1. FY21 financial overview
2. Strategy
3. Capital management & dividend
4. Outlook
5. Appendix

Meeting our challenges head on

Resurgence of COVID-19

Structural changes in telecoms sector

Elevated capital investment cycles

To be a leading communications & digital services provider



Reinvigorate the core

Differentiate & win in 5G

Advance digital transformation

Lead in customer experience



Capitalise on growth trends

B2B digital services growth

- Transform NCS into Asian B2B digital services champion

Digital ASEAN opportunity

- Grow multi-local digital ecosystems leveraging customers across our footprint

Rapid digitalisation fuelling infrastructure demand

- Leverage infrastructure assets to unlock value & drive growth



Reallocate capital, unlock value

Drive monetisation & value crystallisation across the portfolio

Strategic review of Amobee & Trustwave

Cultivate select group of capital partners

Explore “asset-right” capital management



Champion People & Sustainability

Build a future-ready workforce

Foster diversity, equity, inclusion & wellbeing

Advance digital enablement

Step up ESG stewardship



Reinvigorate the core



Consumer Singapore

Extend market leadership

- Drive 5G adoption & unlock monetisation models
- Drive productivity & cost improvement through digitalisation
- Grow digital businesses in adjacent sectors

Consumer Australia

Drive profitable growth

- Invest in 5G & deliver speed leadership
- Deliver customer-led differentiation through digitalisation e.g. Optus Living Network
- Focus on profitability

Group Enterprise

Sharpen the core & lead in 5G

- Co-create 5G services & business models with enterprise customers
- Protect market leadership in Singapore & Asia, grow share in Australia
- Digitalise operations & improve cost to serve



Reinvigorate the core

- Drive 5G adoption & unlock monetisation models

Network Superiority



Singtel first telco in Singapore to :

- launch 5G standalone network
- reach speeds of up to 1.2 Gbps (3.5GHz band) & to 3.2Gbps (28GHz band)

Optus 5G speed leadership in Sydney & Melbourne



Service Innovation

Singtel next-gen entertainment with Bookful, MelodyVR & RiotGo powered by 5G



Optus WCA winner for Best Access Innovation & Acomm Award for best mobile solution

New Use Cases

Co-creating new use cases in partnership with strategic Enterprise customers



Smart factory



Smart cities



Smart port



Cloud gaming

Exciting Showcases



5G Unboxed expanding our touchpoints & demonstrating the power of 5G

Optus Stadium bringing 5G to life for our customers





Capitalise on growth trends

- Transform NCS into Asian B2B digital services champion



Specialise

2 Strategic Business Groups to be created:

Gov+ to invest in digital government capabilities

Telco+ to increase sell-to, sell-with & innovation across Singtel group and beyond

Expedite growth in **enterprise sector**



Healthcare & Transport



Comms, Media & Tech



Financial Services,
Industrial & Commercial

Digitalise

NCS NEXT - focus on digital, cloud & platform services, and build IP-led specialisation



Artificial
intelligence



Cloud
computing



5G

Set up **NEXT Innovation Triangle**, comprising innovation centres in Singapore, Melbourne & Shenzhen

Expand **cyber security** capabilities with injection of Trustwave's technology services in Asia

Regionalise

Focus on **3 key markets**



Singapore



Australia



Greater China

Expand footprint through **inorganic acquisitions** & **strategic partnerships**



Capitalise on growth trends

- Grow multi-local digital ecosystems leveraging customers across our footprint



Compelling opportunities in digital services



We have the right levers

Customer relationships & insights

Trusted brand

5G leadership

1. Includes Airtel Africa.
2. Google, Temasek and Bain, e-Conomy SEA 2020.

A step change in approach



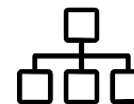
Go Multi local

Develop localised digital ecosystems in each market



Partnerships

Partner with digital natives & local service providers to scale, mainly through significant minority stakes



Structure

Enable agile & focused execution



Value creation

Strategic investors & partners with complementary capabilities



Capitalise on growth trends

- Grow multi-local digital ecosystems : The journey has begun



Digital partnerships



JV with Grab for digital bank licence in Singapore & regional opportunities



Invested US\$450m in GoJek; LinkAja raised >US\$100m of funding

Structure



New corporate structure to sharpen digital focus

Value creation



Airtel Africa money raised US\$300m from strategic investors; valued at US\$2.6b



Mynt valued at ~US\$1b in latest funding round

Wide range of digital enablers to tap into



Payments



Digital media



Gaming



Others

Health

Education



Capitalise on growth trends

- Leverage infrastructure assets to unlock value & drive growth



Our value proposition – powering the digital economy

Large & unique portfolio of infrastructure assets

High EV/EBITDA¹ multiples for infrastructure assets

24x

Data centres

18x

Towers

11x

Fibre

9x

Satellite

Strong pipeline of high quality assets with investments in next-gen infrastructure & green technologies

Co-develop sustainable infrastructure with partners

Open approach to partnerships & ownership to optimise for value & growth



1. Based on last 12 months EV/EBITDA multiples for the peer group. Average of last 5 years.



Reallocate capital, unlock value

- Drive monetisation & value crystallisation across the portfolio

Progress with Optus tower divestment



Divesting up to 70%

2,312

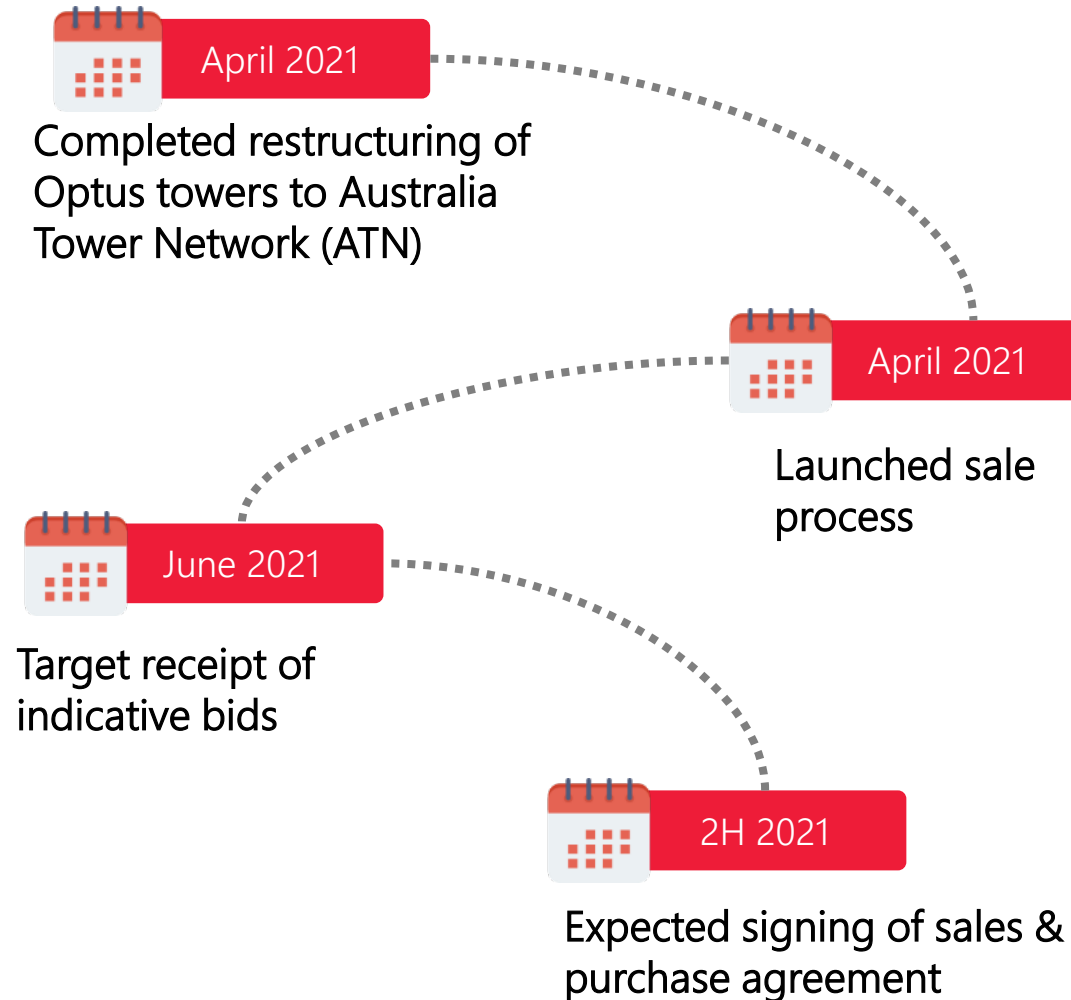
mobile tower & rooftop sites across Australia

565

committed new builds

1.6x

current tenancy ratio





Reallocate capital, unlock value

- Strategic review of Amobee & Trustwave



Reposition Amobee & Trustwave to:

Sharpen focus to capture growth opportunities

Attract strategic partners with complementary capabilities

Reset the business & execute successfully

In turn allow Singtel to:

Reshape portfolio to ensure optimal allocation of resources

Maintain strong proposition in high-growth ICT sector, with cyber security as a key product offering to enterprise customers

Focus on value creation

FY21 Financial Results Presentation

For the year ended 31 March 2021

Arthur Lang, Group CFO

27 May 2021



Singtel



Agenda

1. FY21 financial overview
2. Strategy
3. Capital management & dividend
4. Outlook
5. Appendix

Strong balance sheet positioned for growth

Net debt

S\$12,365m

Stable YoY

31.8%

Net debt gearing¹

2.2x

Net debt: EBITDA & share of associates' pre-tax profits

14.3x

Interest coverage ratio²

5.3 years

Average debt maturity³

Diversified funding sources



S\$1.0b subordinated perpetual securities

- Largest SGD corporate perpetual in almost a decade with the longest non-call period
- Attractive funding cost 3.3% p.a.⁴



S\$750m sustainability-linked revolving credit facility

- Inaugural launch under "OLIVES", Singtel's sustainable financing program
- Largest SGD denominated sustainability-linked loan in Singapore
- Interest rates discount pegged to ESG targets (climate risk, carbon management, workplace health & safety)

Strong credit ratings

A

S&P

A1

Moody's

1. Ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.

2. EBITDA & share of associates' pre-tax profits/Net Interest Expense.

3. Excludes lease liabilities S\$2.2b.

4. Based on initial distribution rate only. The rate resets occur on 14 Oct 2031 and every 10 years thereafter.

Capital management approach



**Improve
ROIC**

Disciplined capital
allocation



**Introduce
new capital
partners**

Leverage third party
capital



**Recycle
assets
efficiently**

Opportunity to unlock
latent value



**Diversify
funding
sources**

Alternative funding
options (e.g. perps) &
term out debt

Support

- investments for core (e.g. 5G)
- sustainable dividends
- optimal capital structure & investment grade credit ratings

Dividend policy

Dividend policy

Between 60% and 80% of underlying net profit

Sustainable dividends

In line with earnings and cash flow generation

Reviewed regularly to reflect progress of the Group's transformation



Agenda

1. FY21 financial overview
2. Strategy
3. Capital management & dividend
4. Outlook
5. Appendix

FY22 Outlook

The Group will continue to invest for medium to long-term growth by leveraging its core competencies, while maintaining a strong balance sheet through a more active capital management programme.

Dividends from the regional associates

~S\$1.3b

Capital expenditure (including 5G networks)

~S\$2.4b

Optus A\$1.5b

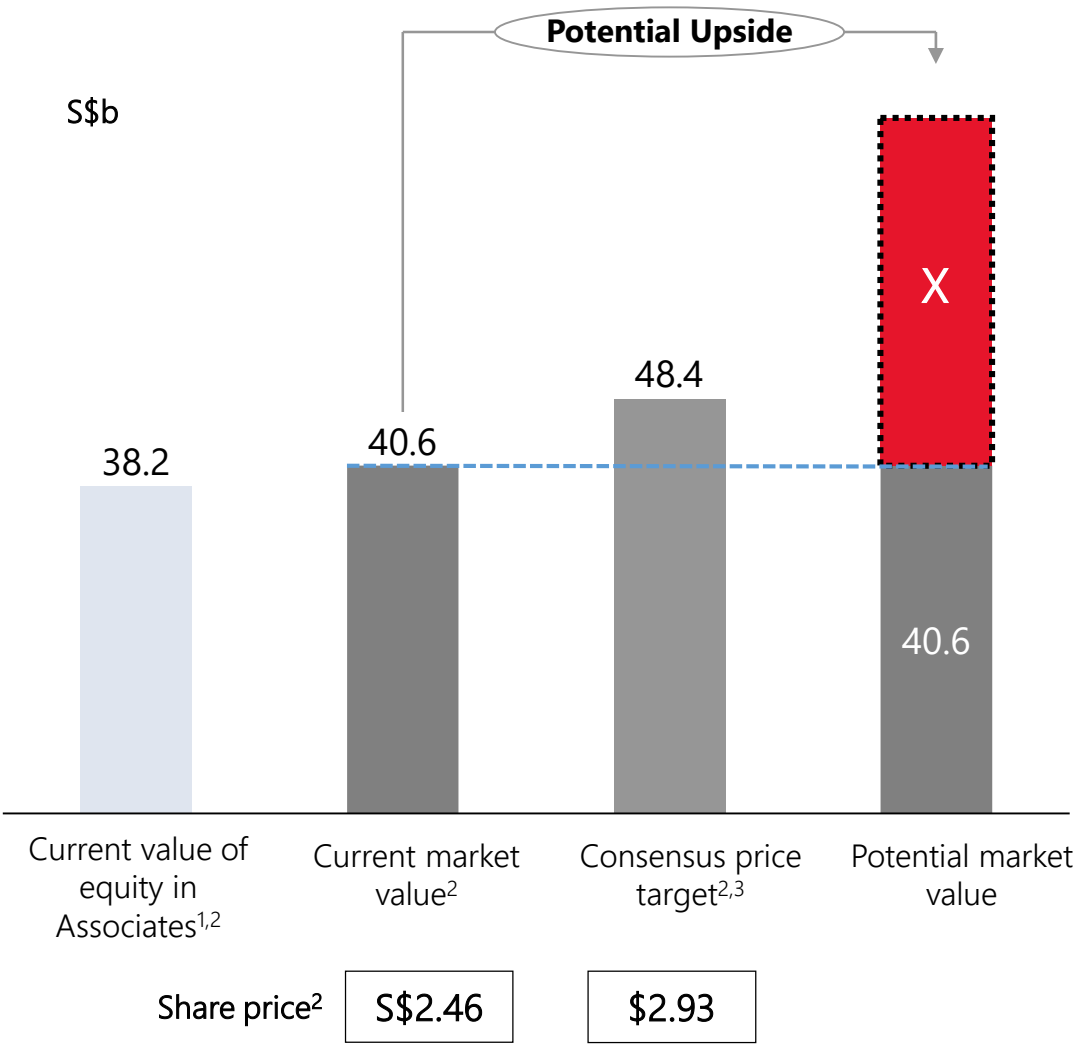
Rest of Group S\$800m





Agenda

1. FY21 financial overview
2. Strategy
3. Capital management & dividend
4. Outlook
5. Appendix

Bridging the valuation gap



 Shares trading at significant discount to SOTP⁴

 Multiple levers to unlock value

1. Based on Singtel's stakes in its listed Regional Associates (Telkomsel's equity value estimated from its listed parent company, PT Telkom).
2. As of 25 May 2021.
3. Based on Bloomberg consensus of analyst target prices.
4. Sum-of-the-parts valuation.

