CORPORATE PARTICIPANTS

Mr Yuen Kuan Moon – *Group CEO*
Mr Arthur Lang - *Group CFO*
Ms Kelly Bayer Rosmarin, *CEO, Optus*
Ms Anna Yip – *CEO, Consumer Singapore*
Mr Bill Chang – *CEO, Group Enterprise*
Mr Ng Kuo Pin – *CEO, NCS*
Mr Samba Natarajan – *CEO, Strategic Portfolio*
Ms Sin Yang Fong – *Vice President, IR*

CONFERENCE CALL PARTICIPANTS

Mr Prem Jearajasingam– *Macquarie Research*
Mr Arthur Pineda - *Citigroup*
Mr Sachin Mittal – *DBS Bank*
Mr Piyush Choudhary – *HSBC Securities*
Mr Ian Martin – *New Street Research*
Mr Ranjan Sharma - *JP Morgan*
Mr Choong Chen Foong – *CGS-CIMB*
Mr Paul Chew – *Phillip Securities*
Mr Varun Ahuja – *Credit Suisse*

Start of Transcript

Ms Sin Yang Fong – *Vice President, IR*

Good morning and welcome to all investors and analysts. We are very privileged to have you join us during these unprecedented times for the announcement of Singtel's results for the year ended 31 March 2021. My name is Sin Yang Fong.

Let me introduce management in the meeting. Here in Comcentre boardroom, we have Mr Yuen Kuan Moon, Group CEO; Mr Arthur Lang, Group CFO and joining us remotely we have Ms Kelly Bayer Rosmarin, CEO, Optus; Ms Anna Yip, CEO, Consumer Singapore; Mr Bill Chang, CEO, Group Enterprise; Mr Ng Kuo Pin, CEO, NCS; and Mr Samba Natarajan, CEO, Strategic Portfolio.

Moon and Arthur will take us through a presentation and later we will have time for Q&A. Without further ado, let me now hand over to Moon.

Mr Yuen Kuan Moon – *Group CEO*

Thanks, Yang Fong. Good morning and thank you for joining us this morning. We'll start with a presentation, where first I'll give you a brief overview of our financial year '21 results that we just released this morning. I will then spend some time to discuss our new strategic direction, which is aimed at sharpening the Group's focus to capture growth and unlock value. Arthur will then add some details on the Group's refreshed capital management framework, dividend policy and outlook. With that, let me start with an overview of our FY21 results.

The Group's performance was heavily weighed down by COVID-19, adding to the ongoing structural and competition-driven challenges in our carriage business. However, it was heartening to see Optus ARPU and mobile service revenue return to growth in the second half, as our efforts to drive price discipline in the market paid off.

ICT continues to be a bright spot for us. Revenue from NCS and data centre services rose strongly, helped by customers stepping up on their digitalisation efforts and rising demand for hyperscaler data centre operators.

Airtel has also reported stronger performances in India and Africa. The Board has recommended a final ordinary dividend of $0.024 per share, bringing total dividends to $0.075 per share for the full year.

I'll now expand on our key revenue drivers. The increase in ICT services reflected the broad-based growth by NCS and strong demand for data centres storage services. Optus mobile service revenue picked up in the second half, buoyed by an increased penetration of Optus Choice plans, which drove a 4% increase in ARPU.

However, COVID-19 had a prolonged and adverse impact on the Group's roaming, prepaid, equipment sales and digital marketing services. In Australia, NBN migration revenue fell, tapering off from the previous year's high, as the network rollout nears completion. We also saw declines in the fixed voice and Pay TV, as structural and competitive forces continue to weigh on both segments. Overall, our revenue declined by 5% for the year.

EBITDA fell 16% for the year, mainly due to the loss of high margin roaming revenues and lower NBN migration revenues. Fixed line margins in Australia continued to be very challenged. Our Regional Associates' pre-tax profits rose 4%, this came despite a downturn in customer spending from COVID-19.

A strong contribution from Airtel offset weakness in Indonesia. Where Telkomsel narrowed its' pricing gap against its peers to improve its competitive positioning. Airtel's staged a strong recovery and capped the year with double-digit increases in operating revenue and EBITDA, on the back of tariff improvements and robust 4G additions in India and sustained momentum in Africa.

The Group recorded exceptional losses of S$1.2 billion, primarily due to the impairment charges on investments in Amobee and Trustwave, which we have announced on 14 May. Excluding these exceptional charges, underlying net profit fell 30% for the year. However, the impact on our free cashflow was less pronounced. Free cashflow declined 10%, due to lower earnings and increased capital expenditure on 5G.

I will now introduce our new strategic direction but let me start with some observations on our stock price. Suffice to say, we're not happy with where it is today. It seems that our investors are not according the appropriate value to our Company as they have applied various discounts to our sum-of-parts. We're working hard to change their minds and this narrative.

Let me now explain how we plan to achieve this. We aspire to the leading communications and digital service provider for our customers and it is built on four key pillars. A reinvigoration of our core business; New growth engines that leverage our right to play with secular growth trends; Portfolio transformation to invest for grow and unlock value and last, but not least, championing people and sustainability, which will be covered in our sustainability report to be released in July.

Let me start with the core. We are doubling down on innovation at the core. 5G is a massive endeavour with significant capital commitment, but essential to unlock new revenue streams in the future. Digitalisation is another anchor that will transform customer experience and bring a step change to our cost structure and profitability.

Consumer Singapore is focused on initiatives to expand its market leadership. Consumer Australia is executing to a customer-led strategy to drive sustainable profitability and value uplift. Group Enterprise will double down on 5G and next generation products and has started to develop the significant 5G Edge Cloud opportunity for the Group.

As we execute these capabilities that will enable us to add significant value across the Group to our associates and to support many of our other growth initiatives.

I'll now spend a minute talking about our 5G progress. We are fast accelerating our 5G push and just launched our 5G standalone network in Singapore. You can soon offer network slicing capabilities of a dynamic distribution and optimization of network resources, enabling revolutionary applications, like self-driving cars, real-time immersive entertainments and massive IoT connection.

Optus continues to advance its speed leadership in Australia. It now has the fastest 5G speeds in Sydney and Melbourne and a switched on 5G connectivity at Optus Stadium in Perth. We are also rapidly progressing on capabilities and strategic partnerships to expand our 5G ecosystem and are working with Enterprise clients to develop low latency 5G solutions on our multi-access Edge Compute infrastructures in Singapore and Australia. We're also progressing on developing a host of next generation consumer use cases – zero rated gaming bundles in Singapore and Optus Living network are examples.

Let me now move on to our future growth engines, starting with an Enterprise centric opportunity. COVID has accelerated a shift to digital, which will only gain pace as the global economy starts to recover. NCS has a strong history of success in this space and has delivered seven straight years of positive revenue growth.

Building on this momentum, we seek to transform NCS into Asia's B2B digital services leader through both organic and inorganic initiatives. The set-up of multiple innovation centres and integration of Trustwave technology services are the first steps to rapidly build specialisation, which we will leverage to expand beyond Singapore. This is the first step of Trustwave's strategic review that we announced a fortnight ago.

NCS has also identified key industries to drive growth in the Enterprise segment, including in financial services sector, where it recently clinched a significant service contract. The digital IT services opportunity comes with compelling growth prospects and the financial markets are rewarding this with attractive valuations. NCS leadership will be unveiling more detailed plans on this transformation in the coming weeks.

I will now turn to what we see as a significant consumer-focused initiative. This is about capturing the digital ASEAN growth opportunity. We see ASEAN as an exciting place to invest over the next decade, with an explosive expansion of their digital economies. Our scale and leading positions in each of our markets provide us a right to participate in this attractive digital opportunity.

Our vision here is to create multi-local digital ecosystems in each market, a bottom-up effort where we support the creation of national DigiCos in each market, by expanding the requisite skills, talents and capital. Each country will be different, but we can adapt the blueprint across markets, and increase the probability of success.

We will look to scale aggressively and rapidly and are open to taking significant minority stakes with complementary digital natives to achieve this. We believe this approach will allow us to scale faster and crystallise value sooner.

For us, this journey has already begun. What we are outlining on this page are a few examples of how we are executing this strategy across our footprint. We are truly excited by this timely opportunity, as consumers are embracing the digital lifestyle. It is imperative that we find a way to move quickly and deepen customer engagement within our digital ecosystem.

Moving on, we are cognizant of the value of our extensive infrastructure in serving the ever-growing needs of digital economies. We have large and unique portfolio of quality infrastructure assets that are embarking on a series of initiatives that will unlock the value of this portfolio of assets. This includes telecom towers, data centres, satellites, fibre and sub-sea cables.

We're open to partnerships and different ownership structures that will find the best partners for each type of asset. We are also looking to develop sustainable infrastructure, leveraging on next generation green technologies. If we do this well, some of our assets can create powerful new growth engines for us. Further, some of our assets are valued at telco multiples to date, which we have the potential to be valued at far higher multiples.

We are reviewing our entire asset portfolio with the following primary motives in mind. Bridge the valuation gap between individual assets and the integrated telco assets. Monetize assets that do not align or may be less important to our vision. What this will help us do is to actively recycle assets and reallocate capital to meet our funding requirements and invest for growth.

Our ongoing exercise to monetize Optus tower portfolio is a case in point. We have received significant interest from strategic and financial investors and expect to close the transaction before the end of this year.

Finally, we have announced and discussed our strategic review to reposition Amobee and Trustwave on 14 May so I will not spend more time on this. Suffice to say that the work has started, and we will keep you informed on the material progress and developments. With that, let me now hand over to Arthur to talk about our refreshed capital management framework, dividend policy, and outlook.

Mr Arthur Lang - *Group CFO*

Thank you, Moon. Hi, good morning everyone. Thank you for joining this session.

Let me start with a snapshot of our financial position, which remains healthy. Net debt levels are stable year-on-year with net debt at about S$12.4 billion while gearing ratios were also very comfortable with our net debt to EBITDA at 2.2x and interest coverage ratio at about 14.3x.

In April '21, the Group issued a S$1.0 billion worth of subordinated perpetual securities, which was the largest S$ corporate perpetual in almost a decade. This was quickly followed by a S$750 million sustainability-linked loan launched under our OLIVES program. It was the largest S$-denominated sustainability-linked loan in Singapore and aligns our financing strategy to our broader ESG goals.

I will now talk about capital management approach, which will be guided by four key pillars.

First, we need to improve our return on invested capital or ROIC. To us, it is not just about delivering better profitability anymore. We have to be equally focused on our capital base and be disciplined in our capital allocation.

Next, we need to look beyond operating cash flows and debt sourcing for our funding needs, especially as we enter into a very intensive 5G Capex cycle. We will look to introduce third party capital partners, particularly those whose investment horizons and risk appetites match our upcoming investments.

Thirdly, we need to recycle our assets efficiently and will look at opportunities to unlock latent value. Moon has already talked about our large and unique portfolio of infrastructure assets.

Lastly, we will look to diversify our debt sources and maturities. Our recent issuance of perps and sustainable financing programs are good examples. The low interest rate environment and investors' confidence also provide us an opportunity to align our maturities with long gestation projects like 5G.

Let me now move to our dividend policy. Barring unforeseen circumstances, Singtel plans to pay dividends at between 60% and 80% of underlying net profit. The Group is committed to a sustainable dividend policy in line with earnings and cash flow generation. This dividend policy will be reviewed regularly to reflect the progress of our transformation.
Let me conclude with our outlook for fiscal year FY22. 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 program. The Group expects dividends from the regional associates to be approximately S$1.3 billion and capital expenditures, including 5G networks, to be around S$2.4 billion, comprising A$1.5 billion for Optus and the remaining S$800 million for the rest of the Group.

With this, thank you, and I'll hand the meeting back to Yang Fong.

Ms Sin Yang Fong – *Vice President, IR*

Thank you, Arthur. We will now invite questions from participants. Please note that this Q&A session is recorded for transcription purpose. To ask a question, please send a message to me, Sin Yang Fong the host indicating your name and company via the chat box. You don't need to type out the question. I will call your name shortly for you to ask your question, at which point in time we would greatly appreciate if you could turn on your video.

We have the first question from Prem Jearajasingam from Macquarie.

Mr Prem Jearajasingam – *Macquarie Research*

Thank you for the opportunity. Moon, thank you for that strategic update. I suppose I have one question for you, and that's really around the associates in the portfolio, because as you rightfully pointed out, the market is obviously placing fairly substantial discounts on the Group for its various holdings.

Do you think that going forward, we would be more willing to look at monetizing some of our associate stakes, especially where we have too much for an associate and too little to fully consolidate? Things like Intouch, Globe are the ones which come to mind. Would we be open to actually monetizing these and reallocating that capital to our new initiatives? Thank you.

Mr Yuen Kuan Moon – *Group CEO*

Good morning, Prem. Thanks for the question. This is probably one of the most common questions that have been asked throughout the years on Singtel's holding of associates' stakes. I think there are a few things for consideration. First of all, when we look at an investment into the associate market, it is definitely a strategic investment and not just a pure equity investment, and that position has not changed.

We participate in associates not just as an equity partner, but we are also supporting the associates or working with the associates to look at how it positioned itself in the marketplace and also look at how it transform itself as the whole industry is facing structural challenges, especially in 5G investments cycle today.

While we remain committed to all our associates in terms of as a strategic investor and stay for the long term, we are also open and looking at other options and see how we can better reflect Singtel's value in carrying some of these associates. We will be working very closely with our associates to see how we can better reflect the underlying value of Singtel's share price that can truly reflect the value of the associates. This is something that we'll be actively pursuing and speaking with our associates to explore how we can unlock that value.

Mr Prem Jearajasingam – *Macquarie Research*

Thank you Moon and just as a follow-up to that, are we open - I think you have already addressed some of this, but if there was a sizeable digital investment going forward, how open are we to partnering with some of the global champions in the digital space to actually to carry this forward rather than doing it on our own.

Mr Yuen Kuan Moon – *Group CEO*

A very good question, Prem. I think one of the learnings that we took away from some of our digital investment is really about going in with partners and not doing it all by ourselves. This is important because going with partners, for example in the digital investments or digital growth area, you are - we are definitely looking at partnering skilled digital native companies. When we go in together with this, combining the strength of the Singtel Group or the individual associates market position in each of the respective markets, we believe this approach is the more pragmatic approach and allows us to scale faster and to capture the market faster and in turn, crystallize value sooner than going in on our own.

Firstly, the digital investment in each of our associate markets we are approaching a hyperlocal or multi-local approach. That means focusing on what is needed in each of the markets so that we can move fast, going in with partners, as I've explained in the earlier slide, not just by ourselves or not doing it organically, but partnering with digital-natives scaled players as well.

Then finally, capturing the market position a lot faster and therefore in turn we can crystallize those values. We have started the work in looking at some of these investments, whether it is in the wallet space or the financial services space or even in the lifestyle space in building up digital ecosystems for all of our associates' markets.

Mr Prem Jearajasingam – *Macquarie Research*

Thank you very much, Moon, and good luck.

Ms Sin Yang Fong – *Vice President, IR*

Thank you, Prem. Next on the line, we have Arthur Pineda, Citi.

Mr Arthur Pineda - *Citigroup*

Hi. Thanks for the opportunity. Three questions, please. Firstly, on the financial side, why the conservative outlook on the dividend per share? You're generating more than double this on free cash flow and you're potentially monetizing a fair bit on your asset base with asset sales coming up into the next year. Just wondering what the thought process is behind this.

Second question is with regards to the plans on the use of capital. You've mentioned monetizing the assets. What will you do with the capital that you raise from these assets? Will this be redeployed for your reinvestments or will you look to return some to shareholders?

Third question is do we have any timelines and benchmarks for the monetization of these various assets? Beyond just the Optus Towers. Are there any benchmarks we could judge to see whether the strategy is actually working, any dollar or capital return target that the Company can share? Thank you.

Mr Yuen Kuan Moon – *Group CEO*

Okay. Thank you, Arthur for the questions. I will cover a bit of an overview on this, and I'll hand over to Arthur to comment a bit more on our capital management and timeline on some of the monetization of the assets.

Firstly, I think if you look at our outlook and the way we look at our dividend policy, it is really looking at balancing between investing for the growth and also ensuring that we provide a dividend policy that is sustainable. In the short term, we are going through a major 5G investment cycle - both in Singapore and in Australia.

Secondly, we are also still trying to work ourselves out of this pandemic, which has impacted on some of our core carriage business like roaming, like equipment sales, as well as in Singapore in particular the restriction of movement of people coming in, especially in the foreign worker segment. This has actually impacted on some of our core carriage business.

In Australia, the structural challenges of the NBN migration which actually changed the margin. So, these are some of the short-term impacts that we have to cater for. At the same time, we are also looking at some of the cash requirements for investment into the future beyond just 5G. It's also about the growth engines in our IT business and NCS. As I mentioned earlier on, we are also looking at organically growing and building capability but also not ruling out inorganic initiative as we look towards greater China and Australia expansion into the enterprise space. By having a balanced approach, we want to make sure that we are positioning ourselves for the future.

Some of the asset monetization is not just purely about divesting. It is also about growing it. If you look at some of the assets, the suite of quality assets that we have built up over the years in terms of the data centers, satellites, fiber, sub-sea cables, these are all very important assets that are in high demand especially in the time of digitalization and enterprises moving to cloud and consumer going into online.

So, this will be actually very important assets that we continue to want to invest in and to partner to grow and we are looking at all the various options. So, it’s not just pure monetization and selling of the assets.

So maybe, Arthur you can come in with…

Mr Arthur Lang – *Group CFO*

Thank you Moon, Arthur thanks for your questions. To build on what Moon has said, I think with regards to the financials, I think you did rightly point out that if you look at a percentage or a payout based on free cash flow, it is about half of it, if you look at our cash flows available for distribution after committed spectrum payments and license fees and interest payments, the reason we’ve done that is - maybe I’ll take a step back.

If you look at our dividend policy as well as the decision on our final dividend for fiscal year ’21, it’s really set on a few principles. The first one is really setting the dividend at the right level given the current Capex cycle that we are in and given the cash needs that we have in the coming few years, particularly relating to 5G investments, but also some of our plans to grow in the various growth businesses that Moon has talked about.

The second point is we want to make sure we grow this dividend sustainably, meaning that if earnings and cash flow continue to generate and grow, then we will want to also ensure that we do the right thing for our stakeholders by growing it the sustainable way.

So sustainable meaning we will grow it in line with cash flow and earnings. It is not growing for the sake of growing and using debt to fund the dividend for example. So, I think that’s the second principle.

The third principle is we want to actually shift the focus and the narrative a bit away from just pure dividend story but a total return story where we ensure that there is some growth in the business as well.

Where at this stage and time where we are clearly investing for growth. Whether it's 5G investments, whether it's putting it into NCS, our digital strategy across the region as well as our infrastructure play.

If you look at our infrastructure assets as a whole, as Moon rightly said, it's not just about monetization. If you look at the whole portfolio, there are of course one that is a big - I would say a latent value gap that we see and we believe we can unlock some value to realize the value in the market so that the latent value is realized.

I think the second category of assets is if they do not align with our vision and strategy, we will sell them fully. I think that's something we will also do - to an earlier point I made about a disciplined capital allocation.

Then the third category is really investing on growth. For growth, to really grow the business going forward. Then to answer your question on timeline and targets, I mean you've been covering this sector for a long time. You know, well actually in most sectors nothing comes overnight in terms of returns.

So, we have internally set ourselves some targets to ensure certain of these projects and value, unlocking projects will happen over the next few months and quarters. As we meet certain milestones we will share with the market.

In terms of targets, we have not come up with specific targets but one guide that we can give is if you look at our returns on invested capital, before this recent secular headwinds that we are facing, COVID, NBN migration, carriage erosion, Capex intensity, before all this, our Group actually had ROIC of between low to mid-teens.

Today we are at about mid-single digits and I would say with all these growth initiatives and ensuring that our capital structure continue to be set at a stage where we can optimize it for all our stakeholders, we believe that in the medium to long term we can take this ROIC back to the low to mid-teens again.

Mr Arthur Pineda - *Citigroup*

Thank you very much.

Ms Sin Yang Fong – *Vice President, IR*

Thanks Arthur. Next on the line, we have Sachin Mittal from DBS.

Mr Sachin Mittal – *DBS Bank*

Yes, thank you. A couple of questions. Firstly, if I look at your full year result, there is a mismatch between your revenue and costs to a big extent. There is 6% decline in the Group revenue excluding NBN lead to 14% decline in EBITDA and 40% decline in EBIT operating profit. The question is are we on track - because you're talking about doubling down on digitization - are we on track to remove this misalignment whereby the costs and revenue can either grow or remain in tandem with each other. That's question number one. That question is based on your digitization efforts.

What are the key factors in terms of how confident you feel, or what factors do you think will dictate whether you enter a positive revenue territory for the core business or not in this financial year?

Last question, you have for the first-time mentioned satellite, subsea cable and data centre business for value unlocking. Could you give us some idea of whatever metrics you have or the size of these assets, just to figure out how sizable are these here. Yes, thank you.

Mr Yuen Kuan Moon - *Group CEO*

Thank you Sachin. I think if you look at your three questions, maybe I'll ask Arthur to come back and talk about the third category, the assets and the size and the value of it. The first area on the full year results, yes, you're right, when you look at the revenue decline, it's 5% and correspondingly you look at EBITDA decline of 16% and then the underlying net profit is 30%. First of all, telcos is a scale business. So, you do need to have maintained certain scale in terms of the size of the business and a lot of the costs are actually fixed costs.

So, you have to make sure that you cover that. For example, in the COVID impacted areas of roaming; roaming is a service that we are very strong at in the past because Singapore is a hub where we have got a lot of inbound and outbound travelling. But that business on the whole disappeared for the last 12, 15 months and do you have to maintain a mobile network to ensure that this is ready when travelling starts to open up, obviously you do. So, there's a lot of - there's not a lot of other costs you can take out when you look at a loss of revenue for roaming.

Similarly, with the restriction on people movement, we are also not able to grow our pre-paid business in this area, where we have got a shortage of foreign workers coming into the sector on the construction area because of COVID.

So again, that the network is there. We have been - I would say - capturing the lion's share of the market in this area. So, these are all what we call COVID related impacts to the business. Similarly, I also highlighted that the digital advertising business in the US last year we were also impacted because of COVID when it was at its peak last year in the US but in the second half we are seeing a bit of a turnaround in Amobee. So, some of these are COVID related others are more structural. Structural in the form of voice to data migration. In Australia, the NBN migration revenue is trailing off as well.

As well as not just migration revenues but also the underlying fixed line business margins are also very challenged in Australia because of NBN. So, from ourselves providing full end to end service, now we are going into a resale model with NBN, which is a lot lower margin than compared to before.

So, these are some structural changes and of course, we are investing networks ahead of time. Last year we started 5G and some of these advance Capex investments that are put in place last year are coming through as depreciation that will directly impact on our profitability. So, I must say it is a combination of both structural changes in the industry, that effects the whole industry as well as COVID related impacts.

Having said all this, there are still bright spots. We are seeing some positive strong growth in NCS and data centre business which on a year-on-year basis have grown 14%. So, we are riding on some of this tailwind due to COVID, as companies and businesses push to work digitalization and riding on that.

So, we have to manage the downtrend and structural challenges and then at the same time ride on some of the positive momentum. I think in Australia, Kelly is extremely focused - I'm going to invite her to explain a little bit, her focus is really to grow profitability and come back strongly into the marketplace and this is part of our re-invigoration of the core.

So maybe Kelly can come in to explain a bit more about our plan to look at the Australia business and then Arthur can come in to talk about the assets that we hold. Kelly over to you.

Ms Kelly Bayer Rosmarin - *CEO, Optus*

Thanks Moon. We're very focused in Australia in driving sustainable, profitable growth through our franchise. That starts with really building momentum in our mobile business. We've done that by releasing plans that appeal to our customers, provide really strong value, relative to the competition and those are our Choice plans.

As we get more penetration in the market, we're seeing our ARPUs lift as a result. Pleasingly, even in the last quarter, our year-on-year quarterly performance is an absolute lift, even not taking into account the impact of loss of roaming on that.

Also, because of the introduction of our family plans, we're seeing more services per household as we continue to focus on mobile. Then rolling out very unique propositions with our living network to drive differentiation.

Pleasingly, all the leading indicators are heading in the right direction; strong mobile APRU growth, more multi-services and some net growth in customers. We're also seeing improvements in our customer satisfaction, reduction in the number of complaints that we get and lift in employee satisfaction.

Every leading indicator is heading in the right direction and we feel we're building strong momentum in the business. Part of that also is having strong cost discipline in the business and making sure that we're trending our challenging fixed business towards greater profitability.

The reason it's challenged is because we're moving from our propriety network to resell of NBN. That is economically challenging for the whole industry and as we have more of our customer base on those lower margin products, the implications are felt more and more.

Once we're completed with our migration, which we're hoping to do sometime this year, we can start decommissioning some of our propriety networks and taking costs out of the business. So, it will be an ongoing story for a few years, but as I say, it's all leading indicators heading in the right direction.

Mr Arthur Lang – *Group CFO*

Thank you, Sachin to answer your question, because we are going through this plan now to explore our infrastructure assets, monetization and value realization, we can't give too much details at this point for a whole variety of reasons.

I can point you, if you look at the relevant asset sites, in terms of the relevant infrastructure that we talked about, that Moon shared. Whether it's towers or data centers, or sub-sea cables or fiber and all that. If you lump all that in, I would say it's in the range of mid-single digit billion. Mid-single-digit so you know, kind of you know, if you look at billion single digits it can be anywhere from one to nine. Somewhere in the middle of that.

So I would say that's the relevant number and the point to highlight as well, as many of these assets are booked at historical carrying value, so it has not reflected the mark-to-market, if you will, of the current infrastructure assets.

Having said that, these are legacy assets as well and I would say they are for certain segments of the business, they are generating EBITDAs that are quite comparable to the – to some of the peers that we are seeing in this part of the world.

So that's kind of pointing you in the right direction and to be clear again, this whole infrastructure exercise that we are working on is not just about divestment, okay? It's leveraging on our knowhow. It is not just simple passive assets and just kind of selling the whole thing lock, stock and barrel, right?

It is the ability to also create value out of these assets. Creating value through the data analytics that we have, through the operating expertise, through building next generation green technologies and building towards sustainable infrastructure that Moon talks about.

So actually, there is quite a lot of upside that we can focus on but again, we're not doing this alone. We are open to working with capital partners.

Mr Sachin Mittal – *DBS Bank*

So, when you say mid-single digit billion dollar, does it include digital businesses as well? Or no? This is excluding digital business?

Mr Arthur Lang – *Group CFO*

This is the infrastructure asset base.

Mr Sachin Mittal – *DBS Bank*

Okay, great. Thank you. Got it.

Ms Sin Yang Fong – *Vice President, IR*

Thanks, Sachin. Our next question comes from Piyush Choudhary from HSBC.

Mr Piyush Choudhary – *HSBC Securities*

Yes, hi. Thanks. Thanks for the presentation. A couple of questions, firstly on balance sheet– what would be the comfortable leverage levels if there are suitable inorganic growth opportunities which you may find in ICT, digital side et cetera? So that's the first question.

Secondly, one of your key pillars is developing this new growth engine in ICT and digital services, so can you talk about what kind of opportunities, you are looking at in ICT and how much capital you would be willing to allocate over there?

Thirdly, if I may, on Singtel-Grab digital bank, would you be open to expand this initiative regionally in partnership with Grab and could there be more collaboration between Grab and your regional associates?

Mr Yuen Kuan Moon – *Group CEO*

Okay, Piyush, thank you for your question. I think Arthur, will talk a bit about balance sheet and how we look at this in terms of investment and debt capacity.

In the new growth engine on NCS, I'll give a bit of an overview and then I'll ask KP to come in to see how he sees the growth opportunity in that sector.

The digital bank, maybe a quick answer on that. Yes, we are focused on expanding the digital bank collaboration with Grab. Firstly of course, we have to make sure that we do well in Singapore first. You know, that is the license that's just been offered, and we need to make sure that we execute and bring all our strengths and capabilities together.

This is one of the new pragmatic approach that I talked about in terms of investing digitally and looking at scaled digital native partners to go in with, bringing capabilities of 2 strong companies together to scale faster and crystalize value sooner.

So, it is definitely our intent to work with Grab to look at the region and to see where the opportunities lie.

In the second question on NCS, I think NCS has actually secured seven years of continuous revenue growth within the Group and this is on the back of supporting the public sector in Singapore. Primary focus previously were always in the government sector in Singapore and if you take a look at this new potential, the region of globally, IT services or digital IT services is actually growing at double digit growth in the next three, four, five years.

we want to capture and ride on this growth and grow firstly beyond the public sector into the private sector and secondly, beyond Singapore into the region which primarily focused on Australia as well as Greater China.

So KP can maybe add a bit more color to the growth and how we intend to capture the growth momentum. Over to you KP.

Mr Ng Kuo Pin - *CEO, NCS*

Yes, Moon thanks. On the NCS front, maybe I'll take a couple of steps back to explain what we're trying to do here so that we understand why and the approach that we're taking to investments.

So firstly, I think the thing about our strategy, there are three major steps to it. One is, we are very focused on the key target sectors like government, which is really our strong core base as well as getting into the enterprise sector, especially around the telco-related industries as well as other sectors like financial services and healthcare and transport which, over the last one year, has shown very good promise to us. Moon mentioned earlier, we just signed a very significant deal with a major financial services institution so I think that has also given us quite a bit of confidence that as we rotate out of the government sector, we can be successful in the medium and big enterprise. So, this is number one.

The second is around the focus in terms of the kind of work we do for our clients. Many people will see NCS as a very stable, very strong in the core traditional ICT area. We are and over the last 12 to 18 months, have been moving and getting very big into the digitalization space.

We set up a separate entity called NCS Next which is really focusing on digital, Cloud and platform services. In this coming financial year, we will narrow down into three major expertise that we'll build up around our Cloud, around AI and around 5G applications.

So that will be the major focus and we'll also seen very good overall in that area if you look at our record and we measured this thing called the digital index. NCS has – the prior financial year, we had 37% of revenue categorized as digital services. In the last FY, that comes to - that has – that number has gone up to 41%.

So, net-net year-over-year, we've actually grown 17% in the digital services space. So, we're very optimistic about them.

Now, the third part of our strategy is around the pan-APAC expansion and here, we are very focused on two markets. Australia and Greater China. Greater China meaning mainland China and Hong Kong. And again, this is where we will be looking at major investments in terms of – maybe inorganic acquisitions and also at the same time, going through with our organic approach.

We think this is very important to get market access and we also want this space to be where NCS can then take our very strong end-to-end capabilities, whether it is a core ICT or the digital capabilities into these different areas.

So, I hope I give you a sense of what we're trying to do as well as that investment areas we are trying to build upon.

Mr Arthur Lang – *Group CFO*

On the first question, let me maybe talk a bit about this capital allocation we are talking about and it's not just capital allocation fueled by leverage. Okay, if you look at capital allocation, you have heard a lot of times – a lot of focus on the growth engines. This is the NCS, B2B, IT services, our infrastructure platform, our digital services.

These are potential growth areas where we will be committing capital to, particularly on the NCS business and the Infrastructure business to grow them and generate the returns and hopefully take us up to the low to mid-teens ROIC.

Capital allocation is not just about spending, right? Not just spending our own capital, right? Which brings us to the second category of capital allocation and capital management. This is how do we – how can we improve returns on the ROIC?

Returns can be focusing on the – in the past year, the ones that have been generating lower returns on capital. You know, you've seen and heard the challenges that we have in the connectivity business. Whether it's in Singapore, in Australia, that's something we need to improve upon and generate the required rates of return.

It also means focusing on the capital base, the denominator of ROIC. Can we use - can we bring in other capital partners who have the expertise and the capital to help us take the business to another level?

We've announced a strategic review of Amobee and Trustwave two weeks back. We are open to working with partners to see what we can do in the digital advertising space and the cyber security space, which we admit in the North America, it's an area where we are not familiar with, so we are open to partnering them.

The third category is a complete exit if it makes sense. This is not – this is across our business portfolio. So, exiting the business allows us to unlock capital and re-channel it to the growth engines that we talked about earlier.

So, of course it's not just about leverage and levering up to reach and invest. I think the second area in terms of our approach to leverage. Of course, we will optimize our capital structure and one of the ways of optimization is allowing – using leverage to fund particularly long dated debt with our long gestation projects like 5G, for example, which will take years.

It makes a lot more sense to lengthen the debt maturities to match the asset return and the asset profile of the long gestation period of the asset profile. But, at all times, we always need to focus on ensuring that we continue to be a strong investment-grade Company.

Today, we are rated A1/A. If you look at our debt spread in the market and the receptivity that we have had in all the various debt financings and perp financings we've had, we've always gotten very strong reception from the market and we will want to continue to do that.

Finally, it's not just about the debt amounts and the quantum. It is about cashflow. It's about ensuring that we've got a healthy cashflow incoming so that we can channel them to our growth engines.

Incoming includes of course our operating cashflows which we are focused on delivering - an active asset recycling program and this is how we will hopefully reach our optimal capital structure. So that's the approach that we are taking in terms of capital allocation.

Mr Piyush Choudhary – *HSBC Securities*

Thanks Moon, thanks Arthur.

Ms Sin Yang Fong – *Vice President, IR*

Thanks, Piyush. The next question comes from Ian Martin, New Street Research.

Mr Ian Martin – *New Street Research*

Thanks for that. Just a couple of questions for Kelly, if you don't mind, on the Optus numbers, which look quite good and very promising. Kelly, I take your point around the plans you've put in the market. They look quite positive, particularly for ARPU trends but I wonder what you're seeing in terms of the open channel market? The kind of discounts being offered by retailers. Do they have the potential to be disruptive? Particularly going into the second half of the year?

Secondly, just in terms of the underlying numbers, mobile subscriber in the post-paid and mobile broadband ARPU trends. Is there any impact in there from fixed wireless? I know the numbers are small the average revenue is quite high, I think.

Data usage, you reported 17 Gb per month in the December quarter but that seems to be corrected down to 11 in the half year, which I assume is taking out that fixed wireless impact. That kind of raises a question about how you're managing the impact of fixed wireless traffic in a very high data usage compared to the mobile network. If you could give some indication about how you're managing that capacity utilization?

Ms Kelly Bayer Rosmarin – *CEO, Optus*

Thanks, Ian. You want me to go, Moon?

Mr Yuen Kuan Moon – *Group CEO*

Yes, go ahead, Kelly.

Ms Kelly Bayer Rosmarin – *CEO, Optus*

Great. So, I think you will see a very strong commitment from the Optus team towards price discipline and creating value and differentiation in our customer service, our digital solution and our Living network. We think that through adding that value, we have underpinned a very sustainable price point in the market, and we continue to be disciplined there. As you've pointed out, not all of the other operators are acting with similar levels of discipline and we do see particularly through certain retailers, there's very large subsidies being logged in to the market. We think it's ironic that some of those players talk about price discipline but are leading those sorts of offers that are out there. We also see some other competitors give huge discounts for example, one of them had an 80% off sale for a couple of weeks in the last quarter.

What we had noticed is that because we've underpinned our new plans with all this value, we still seem to be resonating strongly with customers. So, we believe in the sustainability of our pricing approach and our holistic approach to providing better value, better service, superior digital experience and unique differentiation through our content offering and through our Living network. So, we will keep working through that and try and sustain our pricing uplift. On our mobile numbers, is there an impact of FWA? Yes, there is. We sell solutions on both 4G and 5G, we've been the only ones in the market with significant 5G FWA presence. Those plans are very popular with customers, they have a high NPS, they're achieved really good speeds and generally a product that our customers enjoy using.

We do have a big debate about whether we should be recording our FWA numbers in our home or in our mobile portfolio. I'd be open to anybody's views and I think as you say, the reason we changed the usage was that we felt it should reflect mobile subscribers and that, that uplift in usage was more home like usage and so that debate is ongoing, so feel free to weigh in as to where you'd like to see FWA numbers recorded. We are managing our FWA in line with our capacity across the network. Having invested significantly in our 4G capacity to achieve 98.5% coverage across Australia, we do have capacity in the large part of our network to offer FWA traffic. We have introduced a qualifying mechanism into all of our teams that actually, let customers put in their address and then we tell them what services are available for that address and we can manage the capacity and performance of the network, tailor it down to an individual customer level whether they call into our call centers, walk into a store or try and catch us online.

So, we're using that qualification tool to make sure that all our customers get a great experience on FWA and we only sell in areas where we are confident that we can deliver that great experience.

Mr Ian Martin – *New Street Research*

Great thanks for that.

Ms Sin Yang Fong – *Vice President, IR*

Thanks, Ian. Our next question comes from Ranjan Sharma, JP Morgan.

Mr Ranjan Sharma - *JP Morgan*

Hi, good morning and thank you for the presentation. Two questions from my side. Firstly, on this bid for Intouch by Gulf Energy, in terms of new strategic direction, where does Intouch and ADVANC - is there anything that you can share in that regard? Secondly, with your growth or the emphasis on growing digital revenues and digital businesses, can you share your thoughts - how you feel about the organizational structure and the management teams if you think that you need to change something to enable that growth? Thank you.

Mr Yuen Kuan Moon – *Group CEO*

Thank you, Ranjan. I think with the Intouch development now, we are still evaluating and assessing all our options - to be very specific the formal offer is still not up yet, so we will not want to comment too early. But we are working through all our strategic options on this. But more importantly, as I said before- AIS & Intouch is really a strategic asset that Singtel has been invested in for many years and it will continue to be the case and we'll want to make sure that whatever we do, it is always supporting the local operations and ensuring that they are in a strong position to compete in the marketplace.

On the digital investment on initiatives in the region, I think it is really something that we see a lot of potential in because of the whole adoption of digitalization and consumer moving towards a more digitalized lifestyle. I shared earlier on, the growth in this area, in ASEAN in particular is touted to be very high, up to 300 billion in the next few years. When you look at this, what's the role we play? Firstly, as a telco in each of these markets, you do have a lot of assets or capabilities that you can bring to the table to develop a digital ecosystem. Firstly, is the access to the customer base, the analytics of it to know your customer. Secondly, is also the trust of the local brand that we have built up over the years.

So I think these are all very strong qualities and I would say capabilities that we are bringing on board and the approach is really to look at how we can partner digital natives in each of these respective markets. So, it is to go fast, it is to go deep, go local and it is to make sure that we are able to scale very quickly and to crystallize value from this digital ecosystem by improving on customer engagement. So, if you look at the organization structure which I have already made changes to since early this year, we now have consolidated and removed the CEO international position, which in the past we used to have to engage all our associates. Now, this function is actually merged into the CFO functions for the financial management of the associate. But for all the new capabilities and new businesses, it's all brought back to the local operations.

For example, in the Singapore business, you'll see now some of the digital businesses are now together with Anna - Dash is now folded into Consumer Singapore business. We see that happening all over our associates as well. As you see Telkomsel, Globe, AIS are all building digital capability, digital investment. They are all handled at the local level.

So that's why our approach is a lot more pragmatic now and we are looking at a multi-local approach in investing locally and only where it is - what we call portable on the digital asset and we will then quickly bring this into different markets. The biggest example, I would say the most current example I would say is our digital brand, GOMO, which we launched two years ago in Singapore. The idea is conceived in Singapore, but the brand is now extended into all our different associate market including Australia.

What's the difference? The difference is while the brand is common, you know, if you look at the pricing, the market positioning, the go-to-market, they are all very localized. So, we want to have that sort of arrangement in our digital investment as well. So, we may have an idea that is portable, but the execution and the delivery of that is all local. So, we see ourselves moving towards this direction going forward and we want to continue to ride on that local momentum and to partner with local digital native players and to scale the business better.

Mr Ranjan Sharma - *JP Morgan*

Thank you.

Ms Sin Yang Fong – *Vice President, IR*

Thank you. We have the next question from Choong Chen Foong, from CGS-CIMB. Foong?

Mr Choong Chen Foong – *CGS-CIMB*

Hi, good afternoon Moon and team. Thank you very much for the call. I have just one question with regards to the plans to expand NCS which I think makes really good sense because you can leverage on the existing MNC relationships. My question is, how do you see the speed of scaling up this plan, especially going across Pan-Asia and what are some of the potential challenges here, perhaps with regards to competition, outside of the Singapore public sectors? What sort of investments do you think you will have to make in resources to achieve this?

It was also mentioned earlier on that you could potentially take an inorganic approach as you expand Pan-Asia. Should we expect smallish or large acquisitions, and will these have mid or even longer term gestation periods before they break even? That's my questions, thank you.

Mr Yuen Kuan Moon – *Group CEO*

Good afternoon Foong. Thank you for your question. Maybe I can cover this question a bit and then I'll hand over to KP to elaborate a bit more about some of NCS unique capabilities. First of all, I think if you look at this, it is not just about the IT services on application services infrastructure which KP will talk about, but it is also about our capabilities of building up 5G and building up 5G in the enterprise space.

I will invite Bill to explain a bit more later about how we intend to build up a mobile edge cloud on 5G and this capability is leveraged not just on the telco side which is what Bill is pursuing, but also can be combined with NCS to create a unique position for itself where we go to the market to position ourselves differently as compared to the market.

So, in the inorganic space, I think it is a bit premature now, but suffice to say we will take a very pragmatic approach. We have discussed internally and one of the what we call the immediate priorities is to expand our NCS business outside of the public sector. This is where we will then rely on the Singapore market and say how do we build this new capability to serve enterprise customers in the financial service sector, in the telco and media sector as well as transport logistics area that we will be focusing on.

Beyond that, then the geographical expansion, the focus is actually in two areas. Greater China as well as Australia where these are the markets that you have a bit more familiarity with and is also closer to home. So, before I hand over to KP to talk about some of his capabilities, I just round off by saying, you know, it is premature to look at any inorganic targets now. We will definitely come to share more once we have anything material to share with the market, but maybe perhaps Bill, you can add a bit more color on the 5G mobile edge cloud capabilities that we are building that is very relevant for enterprise, and then KP you can take over from there.

Mr Bill Chang - *CEO, Group Enterprise*

Yes, yes. Thank you. Good afternoon everyone. So, let me just talk about the 5G. As you know 5G, there are the sort of connectivity services that the consumers' enterprises would buy just like 4G today, bundled with handsets, price plans and all but the segment that Moon is talking about, it's really about the enterprise 5G solutions kind of offerings which is different from just the pure connectivity business.

This is a completely new sort of opportunity for us and it's an important segment because (1) you think about Singapore being a smart nation, Singapore being a hub for a lot of - sort of in areas around the building of technology, building up innovation, the ecosystem. It's also an e-hub that you know the industry development arm of IMDA is seeking to do with industry to bring a lot more ecosystem players here.

So this is an important sort of confluence of several big factors and we think about where enterprises are in terms of this whole smart city vision, whether it's building smart estates, whether it's smart ports, whether it's public services, public safety or whether it's - and you think about this, you know, a number of them will be looking at transforming in the area around using low latency, high throughput services solutions, and where only 5G can deliver, not the 4G and any other technologies because of its characteristics.

Beyond the connectivity and low latency and high throughput, there is obviously the important thing that we are executing on and we're already, you know, tying this off with a number of enterprises here. It's what's called a Multi-access Edge Compute platform or MEC, the 5G MEC and both of that goes together. That's one of our key differentiations versus just offering high speed connectivity to enterprises.

What does this 5G MEC do? It basically does the 5G low latency connectivity and all the high throughput characteristics, it does the computational capabilities, the data storage, the data analytics and AI, you know, and all at the edge. To be able to deliver this under a five millisecond SLA for enterprises with network slicing.

Now this unlocks a lot of interesting use cases that's not possible today. High throughput low latency like things that are robotics in factories, things that are like autonomous guided vehicles in ports, smart AI driven cameras, analytics, public infrastructure, public safety, and XR, AR, VR - augmented reality, virtual reality and mixed reality glasses that you can use in many, many use cases. Drones, autonomous drones, and so a lot of these new use cases can be opened up, that requires not just the connectivity but computational.

If you think about this, the platform, it's not just really one that we deploy in Singapore. We are looking at once you get these use cases and ecosystems built up here, definitely exporting this into Optus for enterprise use cases and at the same time, exporting it with our regional associates to help them as they execute their 5G strategy with this MEC platform as well so that they can really benefit from what the learnings and the use cases and the successes that we have over here.

Earlier in the slide that Moon talked about, we are co-creating a number of this with enterprises, leading the charge in 5G enterprise in this space. So the other thing about not just expanding across the region, obviously there is a lot of this platform that goes to help customers with their use cases and that's where NCS can leverage all this with their applications to be deployed on this cloud infrastructure at the edge so that they can then offer to customers to help with their digitalization on the customer end, as Singtel and our associates and Optus deal with it from the infrastructure side.

So both from a customer end and helping them onboard these new use cases, onboard these applications and drive these success stories around the customer end, there is the co-platform that is evolving very rapidly to meet them so that imagine how services will be built on this compute and connectivity platform, with a very low latency, five millisecond possibility and all the functionality.

So, this is what we are doing over here in Singapore, quite a fair bit of development and we are now looking at how do we scale this across the region with the group of companies in, you know, in Singtel Group. Thank you. Over to KP.

Mr Ng Kuo Pin - *CEO, NCS*

Thanks Bill. Hi Foong. I think you asked - I guess a very good but also a very broad question. So, let me try to explain in 2 parts. First, I'll talk about the speed - I think you asked about the speed of us expanding outside Singapore. So, number one, I think we are very focused on the regions we want to expand. We're not - we aspire to be a pan-APAC leader and player, but we are very focused on two regions. The first is Australia, the second is Greater China and here Greater China, I'm referring to Mainland China and Hong Kong.

There are reasons for doing this but if you look at the span of IT, digital services in Asia Pac, these two regions are the top spender based on many research companies like Gartner and all that. Certainly, these two regions are also regions that NCS and the Singtel Group is familiar with - Optus in Australia and the player that we have in China. We are quite confident that this is the right set of regions to get into.

In particular, in these two markets, we are also looking at different types of capabilities to build and different clients to serve. Now obviously a lot of this, they are informed by what is the client needs in those markets. So, for example in China, we are very focused on working with the high-tech companies, the manufacturing companies, the globalizing Chinese company that is really getting out into Southeast Asia and needs a lot of help in this space.

In the case of Australia, we see a high demand in cloud services. In fact over the last 12 months during the COVID period, we started to build an organic - a cloud delivery team in Melbourne and that team has grown quite significantly from zero headcount to now about 80 people, all within this very short time of about 9 to 12 months and all through organic means.

Now if we can achieve that using organic means, we are very optimistic that if we apply inorganic methods, right, which we are now exploring in a very serious way, we can then scale this business and move at speed to capture this space that we really feel is important for NCS. So, I hope that answers your question around speed.

Then you asked me about challenges. I think the challenge is obviously not to be trivialized. We have really - despite the fact that NCS has been in China for now 20 years we've not really been very successful until the last 12 months. I think the last FY we've grown really well. It's actually our fastest growing region, but other than that, I wouldn't say that we are really, really good at that international market.

Having said that, we think that we are clearly differentiated in the marketplace for two reasons. Number one, NCS provide a very unique end-to-end set of capabilities that you do not see often in the marketplace. We actually do provide services ranging from the applications to infrastructure to engineering and cyber and now we're getting into the next spaces like digital, cloud and platform. So if you think about the end-to-end offering, I cannot think of any other company in the market that offers the same breadth that we can now take to the market in this - to these overseas markets. That's number one.

The second is the size of NCS today, I call it the right size, right. We are not too big, right, but we are big enough. Not too big so that we can focus on this client that we're trying to make successful, but we are big enough to be able to do the things I just talked about. If we're too small, we are all very local practices, it is very difficult to do what we talked about earlier on, including investing, including building assets and including obviously giving our employees, people who want to join NCS, the purpose that we want to build a pan-APAC services company. I hope I answered your question.

Mr Choong Chen Foong – *CGS-CIMB*

Yes. Thank you so much KP. If I can just throw in a quick follow-up question? Looking at the guidance for Capex in Singapore including 5G, there hasn't been much of an increase, compared to FY20. Bill mentioned earlier on about the investment in MEC infrastructure. So, I'm just wondering whether this investment in MEC is not very substantial or is that because it's only going to come in in future years?

Mr Yuen Kuan Moon – *Group CEO*

So, I think the Capex guidance that we've given is actually incorporating some of the initial MEC investment. But obviously it really depends on how fast we can turn on and work with enterprises. So, if there are a lot of industries riding on this 5G development, we will expect the investment to come in. At the same time, we will also expect to also partner with the enterprises to make sure that investment generates the type of returns that we seek.

Mr Bill Chang – *CEO, Group Enterprise*

Moon, maybe I add on. We have also partnerships which we have announced with the Edge cloud development and some of these partnerships actually allow us to do revenue share, instead of us putting some of this MEC buying as Capex. So, I think there are different models that we are actually exploring with this hyper-scalers.

Mr Choong Chen Foong – *CGS-CIMB*

Okay. Thank you so much, Moon, Bill & KP.

Ms Sin Yang Fong – *Vice President, IR*

Thanks, Foong. Our next question comes from Paul Chew with Phillip Securities.

Mr Paul Chew – *Phillip Securities*

Yes, thanks so much for the presentation. Just two follow up questions, I might have missed the reply, on the review of your infrastructure assets, what value can be unlocked? We cannot assume that this is just another kind of sale and leaseback and the value depends on the so-called leaseback rate from Singtel. That's my first question.

The second question is unlocking value from the associates. At the same time, you mentioned that they are strategic, so does it mean the value will not be unlocked on the discount remains? So, just wanted to follow up on that.

My third question is just housekeeping. For NCS, how much contribution comes from the public sector? Has that changed much in the past couple of years? Thank you so much. That's my three questions.

Mr Yuen Kuan Moon – *Group CEO*

Okay. Thank you Chew for the questions. I will try to quickly answer the NCS questions and the associates one, given the interest of time. NCS has been growing rapidly in the last few years. These are all on the back of the public sector. So, we have not fully disclosed the percentage of contribution coming from public and private sector.

We are already seeing some initial growth in the non-public sector as well in the last 12 months and as well as the revenue coming in from overseas, as in China. KP did mention that we're seeing some momentum there in the last 12 months. But I would say, by and large, primarily we have been growing for the last seven years at the back of the public sectors growth in Singapore.

For the assets, I think I've shown a slide earlier on- it's not just about monetisation, it's also about relooking at these assets which are very high-quality assets that will be very important for the economy in many of the markets that we work in, that is going into digitalisation, that requires a lot of capacity in bandwidth, a lot of capacity in the cloud, a lot of capacity in purely infrastructure that will enable digital economy.

So, if you look at the slide that I earlier on presented, some of these businesses that we have now today, it's not been, I would say, valued at a market comparison multiple of a pure infrastructure play. So, that page that I showed, right, some of the data centres are 24x and the fiber and submarine are valued at high-teens multiples, whereas our telco integrated play is valued at a only 8-9% sort of multiples.

So, if we are able to unlock these assets in not just selling them, but in partnering and growing the business, if you know that there's a high demand, obviously you will see a better reflection of the value that Singtel carries. Back to my first slide, which is - the market has not been able to accord the type of value that we have got in Singtel.

Similarly, to your second question on associates, right, where we say that these assets are strategic, and we will continue to stay invested to grow it. But at the same time, we are also looking at how we can work with the local partners there to unlock some of this value within each of the markets, to better reflect on Singtel's underlying value. So, unfortunately, I do not have the straight questions, but you can take a look at what the market is saying and then you see what the latent value that we have here within the Singtel group.

Mr Paul Chew – *Phillip Securities*

Okay, Thanks so much.

Ms Sin Yang Fong – *Vice President, IR*

Thanks, Paul. Our last question, in the interests of time, Varun Ahuja from Credit Suisse.

Mr Varun Ahuja – *Credit Suisse*

Yes, thanks, Yang Fong. Good, you answered my questions, most of the questions have been answered. So, just this is on NCS business. I mentioned you've been saying about the opportunity in the Greater China area. But if you look at one of your telecom peers in that part is PCCW. So, has PCCW solutions been there?

They've also been talking about Greater China and they also invested other into South East Asia for their opportunity. So, just wanted to check how different are they? Because they have been struggling to grow that part of the business in Greater China and how do you want to do that? Thank you.

Mr Yuen Kuan Moon – *Group CEO*

Thanks, Varun. I think it's not for us to comment on PCCW's strategies. I think earlier on KP has mentioned the unique capabilities that we believe NCS has, which are really integrated end-to-end solutions provider, that covers applications. infrastructure and in the new capabilities that we are looking at and digitalisation, analytics, AI, as well as 5G. So, we do believe we have unique capabilities. We know the markets and therefore we will continue to pursue our strategy.

Mr Varun Ahuja – *Credit Suisse*

Thank you.

Ms Sin Yang Fong – *Vice President, IR*

Thanks, Arun. So, we are about almost an hour and a half into the call. Thank you for your interest and your questions. Should you still have questions, please don't hesitate to direct it to the Singtel IR team. So, on behalf of Management, here in Comcentre and remotely, we wish you all the best. Take care. Then we'll talk again in another six months' time.

Multiple Speakers

Thank you.

End of Transcript