Singtel

Financial Results

For the full year ended 31 March 2024

Yuen Kuan Moon, Group CEO

23 May 2024

Forward looking statement – Important note

The following presentation contains forward-looking statements by the management of Singapore Telecommunications Limited ("Singtel"), relating to financial trends for future periods, compared to the results for previous periods. Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward-looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve and are subject to known and unknown risks and uncertainties, some of which are outside Singtel’s control, that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of Singtel. No reliance should therefore be placed on these forward-looking statements, which are based on the current view of the management of Singtel on future events. The presentation is also not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

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

FY24 at a glance

Navigating macro-economic challenges

- Mobile business trending positively; Optus recovering well from network outage
- NCS growth mitigated declines in legacy enterprise services in SG & AU
- Strength of SGD impacted profits, compounded by Naira devaluation

Underlying NPAT rose 10%[1]

- Regional associates PBT up 3% on strong growth in India & Thailand
- Lower net finance expense despite higher interest rates; well-proven capital recycling model

Optimising capex & asset portfolio

- Optus-TPG regional network sharing deal
- Raised ~S$1B from sale of 0.8% Airtel stake

FY24 total ordinary dividend of 15¢ (▲ 52%[2]), representing 6.3%[3] dividend yield

1. Grew 13% on constant currency basis.
2. Excludes 5¢/share special dividend declared in FY23.
3. As of 21 May 2024.

FY24 key financials

Operating revenue	EBITDA	EBIT (ex associates' contribution)
S$14.1B	S$3.6B	S$1.2B
▼ 3% (Stable[1])	▼ 2% (Stable[1])	▲ 4% (▲ 5%[1])

Regional associates' PBT	Underlying net profit	Net profit
S$2.3B	S$2.3B	S$0.8B
▲ 3% (▲ 7%[2])	▲ 10% (▲ 13%[2])	▼ 64% (▼ 63%[2])

ROIC 7.3% (FY22) → 8.3% (FY23) → 9.3% (FY24)

1. On constant currency basis, mainly excluding impact of A$ depreciation against S$ of 6%.
2. On constant currency basis and includes impact of Naira translation losses of S$122M (pre-tax) & S$73M (post-tax).

FY24 business highlights

Reinvigorate the core

Pioneering 5G network slicing technology

Optus-TPG regional network sharing deal

Telkomsel Globe AIS

FMC[1] expansion

Capitalise on growth trends

ncs

Strong EBIT growth

Digital InfraCo

Collaboration with NVIDIA

PARAGON
Unlock the power of 5G

Ramped up adoption

GXS

Launched in MY & ID

Reallocate capital, unlock value

nxera

KKR investment

airtel africa

Sold down remaining 3.9% stake

airtel

Divested 0.8% stake

Trustwave®

Completion of divestment

Champion people & sustainability

SUSTAINABILITY IMPACT AWARDS

"Impact Enterprise of the Year" award

CDP
DISCLOSURE INSIGHT ACTION

Southeast Asia's first telco on CDP 'A list'

STEWARDSHIP ASIA

2023 Steward Leadership 25 list

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

First in SG to renew SBTi-validated targets

1. Fixed mobile convergence.

Core business

OPTUS

Revenue	EBIT
A$8,062M	A$288M
YoY stable	YoY ▲ 0.5%

- Growth in mobile service revenue offset weakness in enterprise fixed services
- Mobile regained momentum despite outage, with strong customer growth & higher postpaid ARPU
- EBIT stable as cost optimisation mitigated higher content & energy costs

Singtel SG

Revenue	EBIT
S$3,891M	S$838M
YoY ▼ 2%	YoY ▼ 5%

- Mobile service revenue up 3% on roaming growth, mitigating legacy & ICT decline
- Integration of consumer & enterprise on track; cost savings to step up in FY25
- EBIT lower on higher investments in network resiliency & cybersecurity

Growth engines

NCS

Revenue	EBIT
S$2,835M	S$183M
YoY ▲ 4%	YoY ▲ 31%

- Revenue increased with balanced growth across all SBGs[1], above industry averages
- EBIT growth driven by strong revenue & cost control
  - Q4 impacted by loss from a project. Q4 EBIT up YoY excluding this impact
- Bookings of S$3.0B from new wins/contract renewals

Digital InfraCo

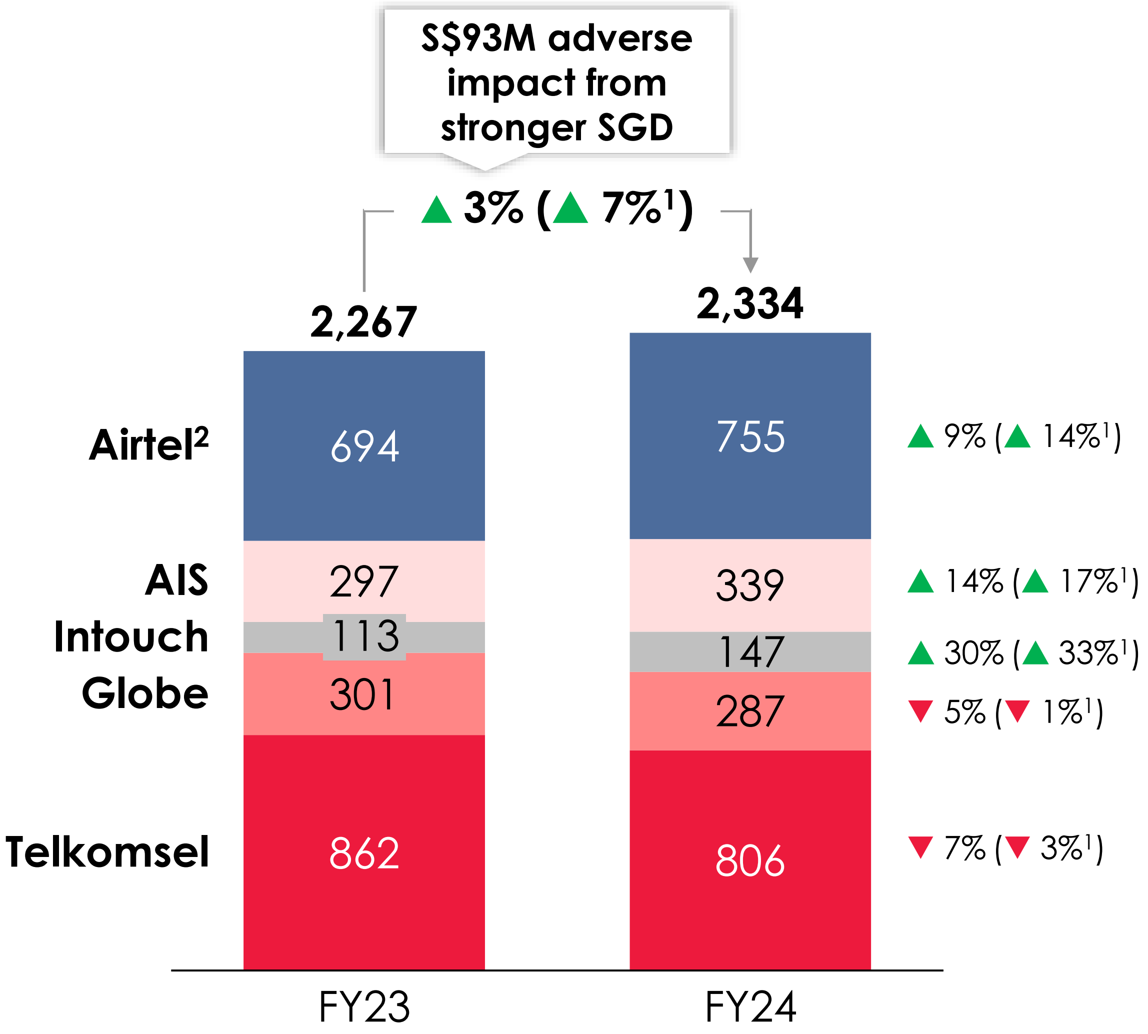
Revenue	EBIT
S$413M	S$72M
YoY ▲ 8% (Nxera ▲ 10%)	YoY ▼ 1%

- Solid revenue growth driven by
  - Nxera[2]: mainly price uplifts & higher utilities revenue on existing capacity which is near full utilisation
  - Satellite: project-based deployment services
- Nxera in investment phase to build up capabilities

1. Strategic Business Groups: Gov+, Telco+ & Enterprise.
2. New brand name for Singtel's data centre business.

Regional associates' pre-tax profits

S$M



Highlights

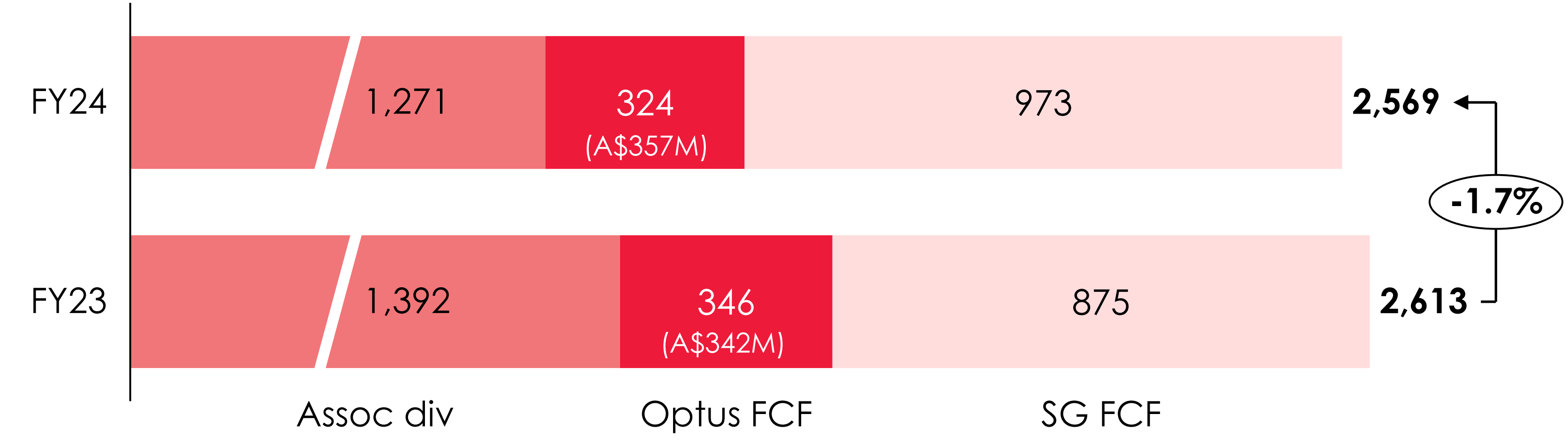
- Regional associates' PBT rose 3%
    - S$93M negative impact from stronger SGD
- Continued market repair & disciplined cost control
- Airtel: Strong growth in India & Africa in constant currency terms
- Telkomsel: Dilution in shareholdings mitigated by IndiHome contribution
- AIS: Robust growth from mobile & fixed
- Globe: Healthy mobile revenue growth, partly offset by higher network costs

1. On constant currency basis and includes impact of Naira translation losses of S$122M (pre-tax).
2. Includes BTL. Excluding BTL, Airtel PBT increased 17%.

Strong balance sheet

Net debt	Net debt to EBITDA & assoc PBT	Interest rate cover	Fixed rate debt
S$7.8B	**1.3x**	**17.8x**	**88%**
▼ ~S$0.5B (vs Mar 23)	(Mar 23: 1.4x)	(Mar 23: 16.8x)	(Mar 23: 90%)

Free cash flow[1] (S$M)



Highlights

- Recycled S$8B of assets, including S$2B in FY24
- Solid financial position
  - Significant cash balance of S$4.6B[2]
  - Debt is largely hedged for rising interest rate environment

1. Cash flow from operating activities, including dividends from associates, less cash capital expenditure.
2. Comprised cash and bank balances & fixed deposits as at 31 March 2024.

NEXT PHASE OF GROWTH

We have delivered on our strategic reset

Reinvigorate the core

5G leadership in SG & AU

Drove cost-out & synergies

- Consolidated Consumer & Enterprise businesses in SG & AU
- Announced S$0.6B cost-out programme
- Optus-TPG regional network sharing

Captured growth opportunities

- FMC strategy with IndiHome (Telkomsel) & 3BB (AIS) integration
- Airtel significant turnaround in past 3 years

Capitalise on growth trends

Formed Nxera

- Secured additional capacity in SG, ID & TH

NCS executing to 3-axis strategy[1]

- Increased footprint in AU

GxS launched in SG, ID, MY

Reallocate capital, unlock value

Recycled S$8B of assets

- Net interest expense decreased by 15%[2] despite a higher rate environment

Established pivotal capital partnerships

- KKR investment in Nxera
- Redevelopment of Comcentre with Lendlease
- AustralianSuper investment in Indara

Sold unprofitable digital businesses (Trustwave / Amobee)

Champion people & sustainability

Lead in sustainability

- First in SG to renew SBTi-validated targets
- Brought forward net zero target from 2050 to 2045

Uplifting our people

- New Group purpose defined
- B.I.G[3] culture launched
- >S$60M training investments in SG & AU
- >30% women in management

	FY22	FY23	FY24
Underlying NPAT (YoY)	+11%	+7%	+10%
ROIC (%)	7.3%	8.3%	9.3%
Dividend yield (%)	3.5%	4.0%	6.3%

1. Expanding in APAC, doubling down on government sector & enterprise business, growing its digital business.
2. Comparing net interest expense for FY24 vs. FY21.
3. Belonging, Impact & Growth.

From transformation to growth

Strategic Reset

Transformation

- Laid a strong foundation:
  - Sharpened business focus
  - Significant operational improvements
  - Successful capital recycling programme
  - Investing in people & sustainability

Key investor feedback

- Business performance needs to improve
- Growth engines need to scale
- Sustainability of dividend is key
- Tie value realisation to shareholder returns

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Singtel28

Growth

- Focus on sustained value realisation:
  - Lift business performance
  - Smart capital management
  - Champion people & sustainability

Unveiling Singtel28, a strategic growth plan to achieve sustained value realisation

Value creation (FY25-FY27)

FY28 onwards

Lift business performance

+

Smart capital management

=

Sustained value realisation

Dividend + Growth

Champion people & sustainability

Singtel

Laser-focused in optimising the core

Singtel SG

Drive lean cost structure & growth

- Synergies from Consumer & Enterprise integration
- Simplify product portfolio

Well-positioned to compete

- Strengthen market leadership
- Scale up new growth areas including 5G network slicing, telco API & Network-as-a-Service

OPTUS

Improve operational performance

- Focus on stronger pricing discipline & profitable growth
- Deliver refreshed enterprise strategy

Improve financial profile

- Right-size opex & capex through cost-out & network sharing
- Improve FCF & ROIC

Regional Associates

airtel Telkomsel AIS INTOUCH Globe

Execute on growth opportunities

- Deliver on FMC strategy
- Capture new segments (Enterprise/ ICT)

Astute monetisation of assets

- Divestment of non-core assets
- Value illumination of digital portfolio

Scale growth engines meaningfully

NCS

Capitalise on tech leadership
- Deliver to 3-axis strategy
- Improve margins by scaling up global delivery network

Strengthen AU
- Establish market positioning & pivot to SI
- Fully integrated with synergies realised

Investments in innovation
- Focus on AI & tech resiliency for clients

Digital InfraCo Nxera

Scale Nxera
- Deliver DC Tuas by 2026
- Scale to 200MW capacity

Ramp up enterprise platform (Paragon-X)
- Scale globally with telcos, enterprises & satellite operators

Explore GPU-as-a-Service (GPUaaS) growth business
- By leveraging Nxera's capabilities & Paragon's orchestration

Committed to championing people & sustainability

Purpose-led culture

Enabling Fit-for-Purpose organisation

Shaping the B.I.G culture

New ways of working

Environment & Sustainability reporting

Launch of 4D strategy (Defend/ decarbonise/ dematerialise/ deliver)

Double materiality review in preparation for transition to IFRS S1 & S2 standards

Introduction of internal carbon fee

Social impact

Continued commitment to Singtel Touching Lives Fund

Create OpCo level digital enablement strategies

Governance & stewardship

Centre of Excellence model with OpCo level accountability

Strengthen support for our regional associates

Set-up dedicated Sustainability Board Committee

20% of Top Executives' long-term incentive plans are tied to ESG KPIs

Charting a path to long-term sustained shareholder value

Singtel FY28

Singtel SG	▪ **Market leader** with robust margins ▪ Agile competitor with **lean cost structure** ▪ New **growth areas at scale**
OPTUS	▪ Stronger **cashflows/margins with ROIC** closer to competitors ▪ **Efficient capex deployment** (network sharing arrangement)
Digital InfraCo nxera	▪ **Regional platform leader** in digital infra ▪ **Strong capital partnerships** with funding flexibility ▪ Quick to **identify relevant tech trends**
ncs	▪ **Capitalise on Asia tech leadership** with optimised global delivery network ▪ Balanced geographical & customer mix ▪ Trusted innovation & co-creation partner in AI & resiliency
airtel, Telkomsel, Globe, AIS, INTOUCH	▪ **Growth appeal intact**, supported by **FMC & enterprise** ▪ **Meaningful contributor of dividends**

Singtel

Capital Management Policy

Arthur Lang, Group CFO

23 May 2024

Revised capital management policy to recognise successful asset recycling programme

Sustainable growth in ordinary dividends to reflect improved core & continued asset recycling

Core dividend

Between 70% - 90% of underlying NPAT

- Underpinned by business performance
- Tracks growth in underlying NPAT as we lift business performance

+

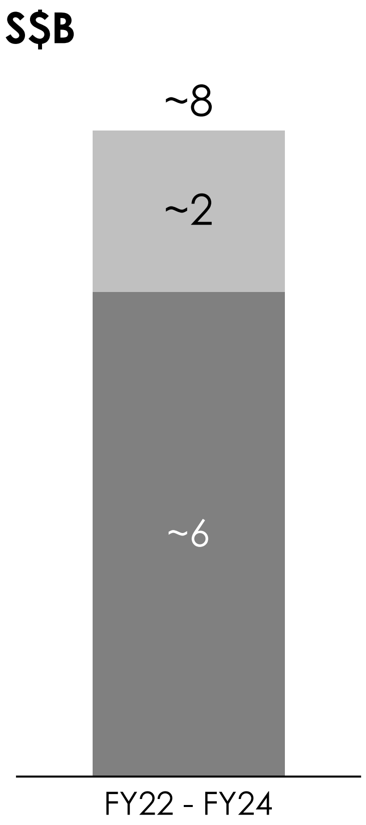
NEW programmatic value realisation dividend (VRD)

3-6¢ per share annually

- Funded from current excess capital, as well as future excess capital from identified asset recycling pipeline of ~S$6B, after investing in growth
- Embedded into dividend policy & not "one-off"

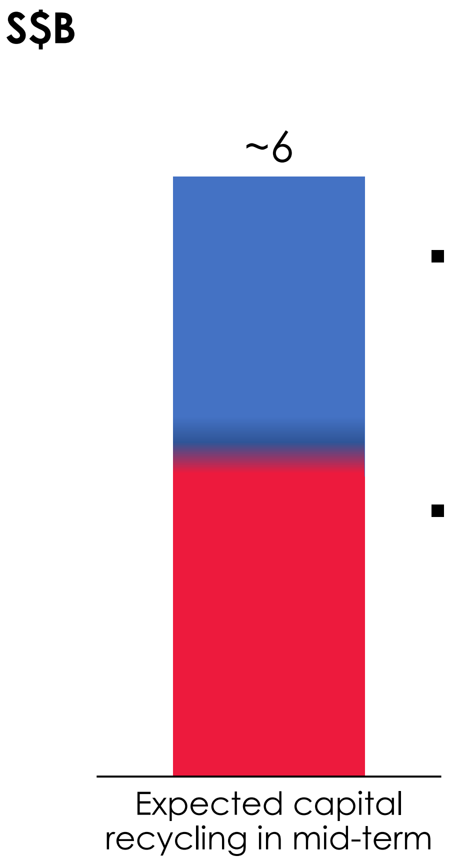
Smart capital management supports growth & returns

S$8B recycled since strategic reset



- Excess capital to be returned to shareholders, after funding for growth
- Reallocated to:
  - Growth opportunities
  - Pay down debt
  - Special dividend

Additional ~S$6B pipeline for growth & returns

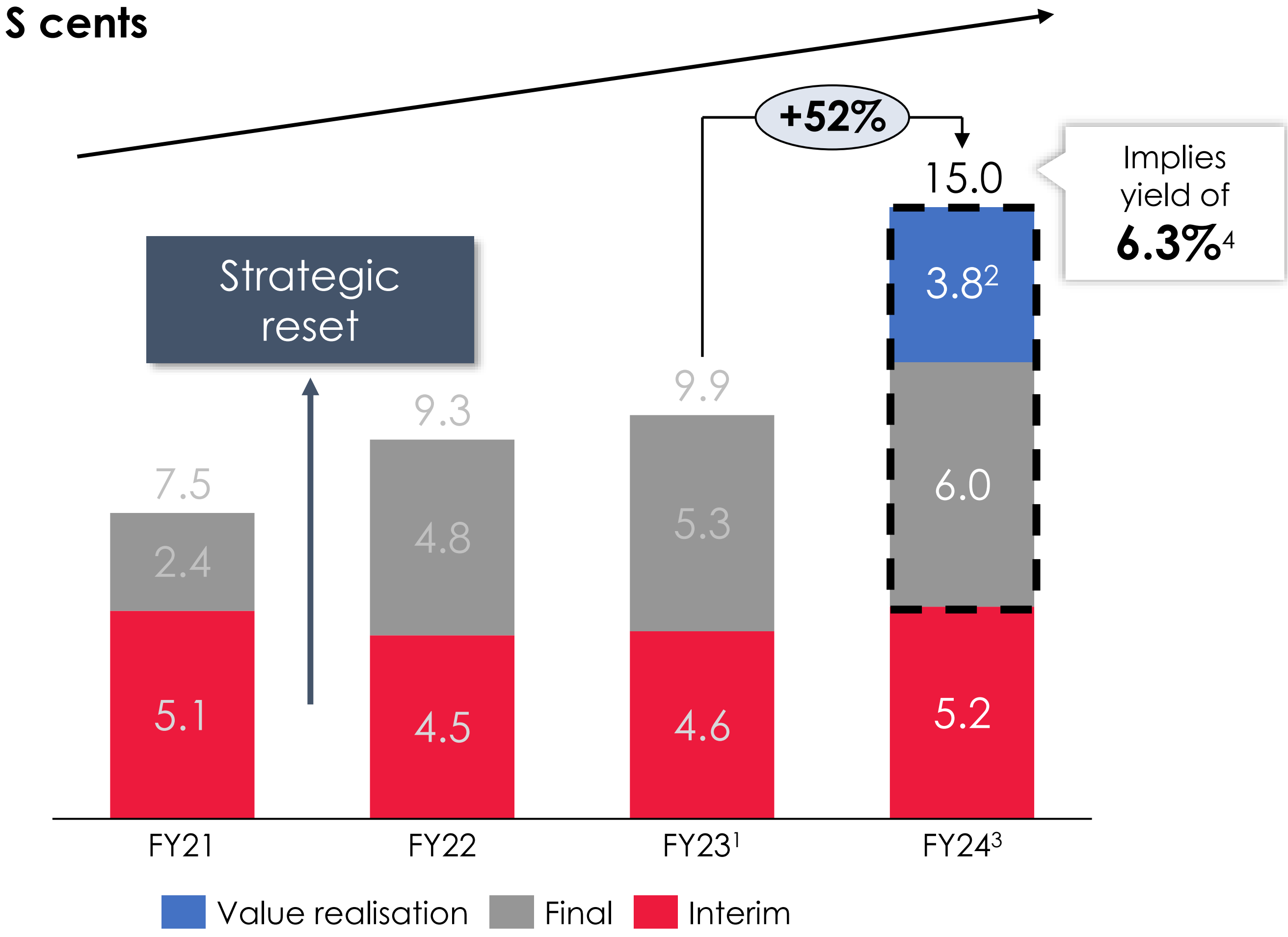


- Excess capital to be returned to shareholders
- Allocated for:
  - Growth opportunities
  - Possible debt pay-down

Excess capital to be returned to shareholders via the VRD (3-6¢ per share annually)

We expect to increase total ordinary dividends

>S$6B in dividends declared since strategic reset



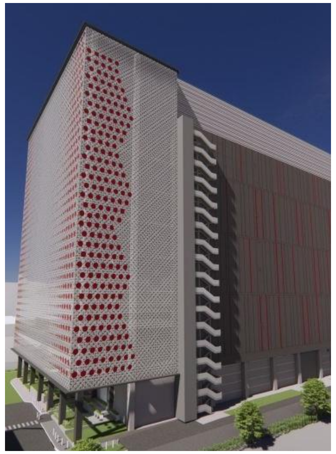
- **VRD funded by excess capital from past & future asset recycling efforts, after investing in growth**
- **Programmatic & not "one-off"**

- **Core dividend growth tracks improvement in business performance**

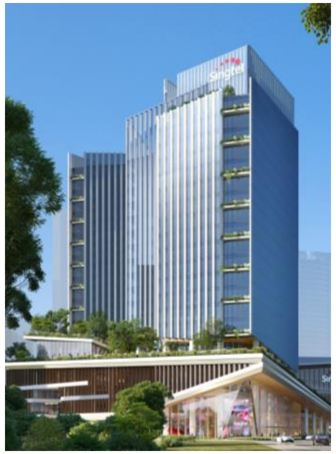
1. Excludes 5¢/share special dividend declared in FY23.
2. This will be paid in 2 tranches of 1.9¢/share each, together with final & interim core dividends in Aug 2024 & Dec 2024.
3. Core dividend payout ratio at 82% of FY24 underlying NPAT.
4. As of 21 May 2024.

Forging network of capital partners for growth investments

Successful capital partnerships..



20% Nxera stake sale to KKR



49% Comcentre stake sale to Lendlease

… brings additional value add

Private capital suits investments with longer-dated capital-intensive assets

Value illumination

Brings strategic expertise & creates value

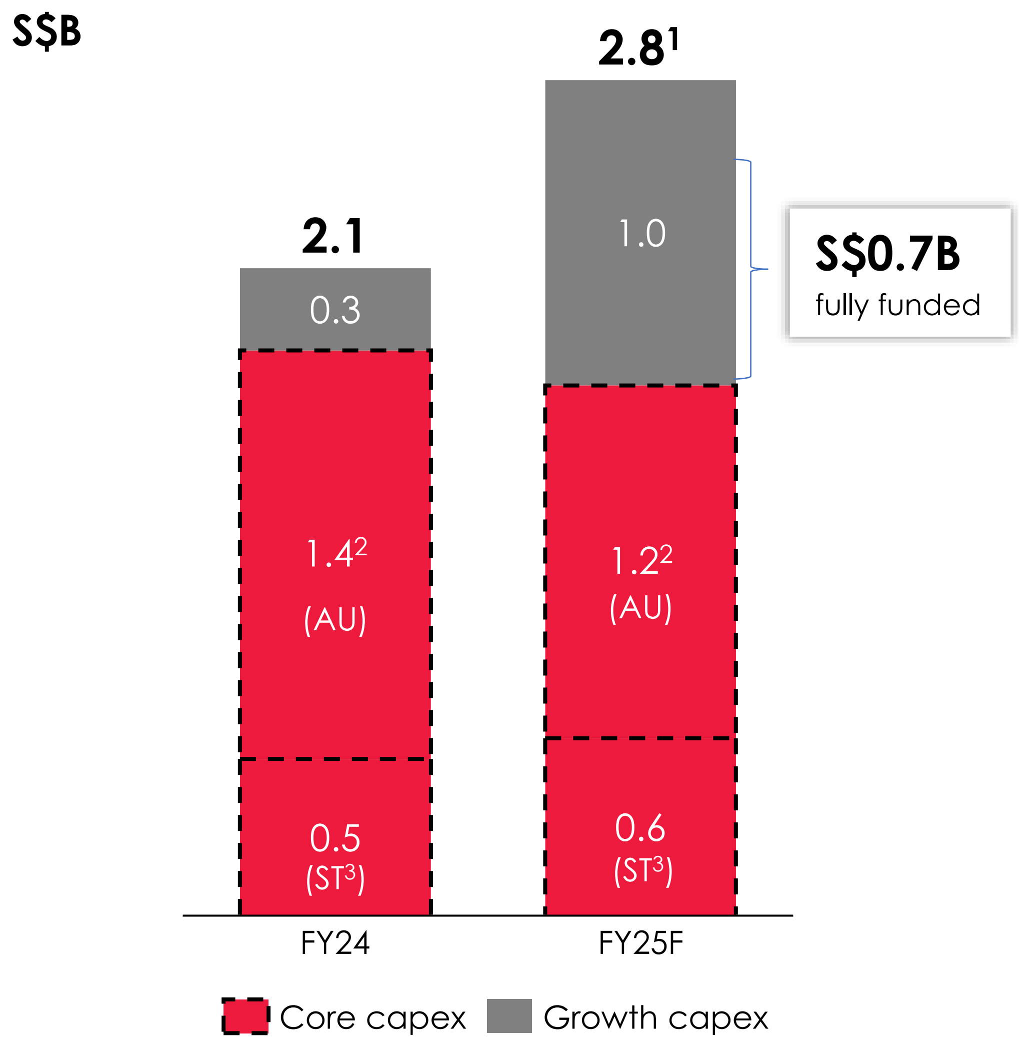
Patient capital for longer-term projects

Outlook

	FY22	FY23	FY24		FY25 outlook
EBIT growth rate (Ex associates' contributions)	-9%	+6%	+4%	❯	High single digit to low double digits[1]
Cost savings[2] (Singtel SG & Optus)			S$0.2B	❯	S$0.2B[1]
Regional Associates' dividend			S$1.3B[3]	❯	S$1.1B
Value realisation dividend			3.8¢/share	❯	3 - 6¢/share

1. Based on average exchange rate of AUD1: S$0.8845.
2. Gross savings before impact of inflation.
3. Includes special dividends of S$0.2B from Telkomsel.

Capex outlook



FY25 core capex[4]

- Decline in core capex

FY25 growth capex[5]

- Scaling up regional DC platform
- Pilot new GPUaaS business

1. Based on average exchange rate of AUD1: S$0.8845
2. Equivalent to A$1.5B in FY24 & A$1.4B in FY25F.
3. Rest of Singtel Group.
4. Excludes spectrum payments of A$1.5B in AU & S$0.4B in SG.
5. Includes investment in data centres, GPUaaS & satellites.

Singtel28: Future-focused aspirations

Value creation (FY25-FY27) | FY28 onwards

Lift business performance

Optimise core

EBIT growth of high single digit to low double digits

ROIC to reach low double digits

Scale growth engines

Nxera: >200MW capacity

NCS: Capitalise on tech leadership

+

Smart capital management

Supporting higher returns

Dividends to reflect business improvements & successful capital management

Deploy capex sustainably

AU core capex: Mid-teens capex/sales
SG core capex: Low-teens capex/sales

Growth capex: Mainly funded by external capital partners

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Sustained value realisation

Dividend + Growth

Drive meaningful growth in business performance delivering higher dividends

Champion people & sustainability

APPENDIX

Optus Enterprise refreshed strategy

Main Pressure Points Impacting B2B Market	How do we respond to the new operating environment?
NBN-driven profitability/margin pressure in Fixed Data	Streamlined product catalogue (250+ to <100 products)
Structural decline in Fixed Voice	Rationalised vendor portfolio (100+ to 16 partners)
Shift to SaaS in ICT	Exiting unprofitable businesses
Macro-economic headwinds	Mobile first strategy

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