News Release

Singtel posts lower profit of S$554 million for FY21

- Operating revenue down 5% year-on-year to S$15.64 billion
- Underlying net profit down 30% year-on-year to S$1.73 billion due to continued industry and COVID-19 headwinds
- Net profit down 49% including exceptional charges for the full year
- Proposed final dividend per share of 2.4 cents; total dividend per share at 7.5 cents

Singapore, 27 May 2021 – Singtel's operating revenue for the full year was down 5% to S$15.64 billion, reflecting NBN migration revenue tapering off for Optus' fixed business as migrations neared completion, ongoing impact from COVID-19 and continued carriage erosion. However, Optus' mobile business recovered in the second half of the year and NCS delivered robust growth in ICT services as enterprises accelerated their digitalisation efforts. EBITDA for the full year was S$3.83 billion, down 16% with lower NBN migration revenue, lower retail fixed margins due to a higher mix of low margin NBN customers and lower roaming services. Underlying net profit decreased 30%. Factoring in net exceptional charges of S$1.18 billion for the full year, net profit declined 49% to S$554 million. This included non-cash impairment charges for investments in Amobee and Trustwave. Rapid shifts in the fast-moving digital marketing and cyber security industries and economic shocks resulting from COVID-19 curtailed both businesses' ability to scale, and a strategic review of these two businesses is underway.

Mr Yuen Kuan Moon, Singtel Group CEO, said, "This year's results are disappointing given unprecedented headwinds from COVID-19 and ongoing structural challenges. The one-time exceptional charge also weighed on our bottom-line number. That said, NCS and our data centre services proved to be bright spots, showing strong growth as enterprises rushed to digitalise and transform their businesses. We will be capitalising on this mass digitalisation with plans for a strategic reset to drive recovery and growth."

The Group continues to build on its 5G network leadership in Singapore with the launch of the country's first 5G standalone network this month. It is also progressively expanding its 5G in-building coverage to more indoor sites. In Australia, Optus has increased its 5G coverage with more than 1,100 sites across the country. In addition, the Group is also leveraging 5G to co-create new applications and use cases with enterprises with its multi-access edge compute platform.

The regional associates' pre-tax profit contribution was up 4% to S$1.71 billion despite the challenges brought about by the pandemic. While Telkomsel, AIS and Globe showed declines in contributions, Airtel saw an improvement in its operating performance, boosted by strong growth in both India and Africa.

Mr Yuen said, "We're encouraged by Airtel's strong performances in India and Africa although a resurgence of the pandemic continues to cast a shadow. Our associates' investments in network and digital assets have been critical to keeping customers connected. The accelerated adoption of digital services across the region is a shift that is here to stay and our associates are well positioned to capture this growth."

The Group's financial position remains healthy. Net debt was stable at S$12.4 billion from a year ago. Free cash flow was S$3.4 billion, down 10% on lower operating cash flow and higher capital expenditure.

In April 2021, Singtel priced S$1.0 billion of subordinated perpetual securities with initial rate of distribution of 3.30% per annum and launched its first sustainability-linked revolving credit facility of S$750 million for general corporate purposes.

GROUP CONSUMER

In Australia, operating revenue in the second half of the year declined 6% year-on-year mainly driven by NBN migration revenues tapering off from the previous year's high. Excluding NBN migration revenues, operating revenue was stable. Mobile service revenue returned to growth driven by higher postpaid revenue from increased penetration of Optus Choice plans. However, customer growth, roaming and prepaid revenues continued to be impacted by COVID-19 shutdowns and travel restrictions which curtailed the number of inbound travellers and foreign students. Equipment sales revenue was higher due to increased activations from a higher volume of premium handsets sales. EBITDA was down 21%, reflecting the decline in NBN migration revenues and lower retail fixed margins due to a higher mix of low margin NBN customers. Excluding NBN migration revenues, EBITDA declined 5%.

In Singapore, operating revenue declined 8% in the second half, mainly due to reduced roaming, prepaid mobile and voice revenues. Roaming and prepaid services continued to be impacted by the drop in the number of tourists and foreign workers as a result of ongoing travel restrictions. However, equipment sales increased due to customers upgrading to 5G devices and the timing of certain premium handset launches. As a result, EBITDA fell 21% along with lower wage credits received compared to the same period last year.

GROUP ENTERPRISE

Group Enterprise's operating revenue was stable in the second half. The growth momentum in ICT revenue continued, driven by an increase in systems integration and applications development projects from NCS and higher data centre revenue boosted by demand for data storage services. This increase partly mitigated the decline in legacy voice and roaming revenues. EBITDA fell 3% after wage credits declined.

GROUP DIGITAL LIFE

Group Digital Life's operating revenue was down 10% due to a reduction in digital marketing arm Amobee's revenue and the deconsolidation of mobile streaming service HOOQ from 1 March 2020. Amobee's revenue was lower with the decline in its legacy services and TV revenues. This was partly offset by growth in its programmatic platform business. EBITDA turned positive, with the cessation of HOOQ's operations as well as Amobee's cost optimisation initiatives.

DIVIDENDS

For this financial year, the Board is recommending a final ordinary dividend per share of 2.4 cents. This brings the total ordinary dividend per share for the year to 7.5 cents, amounting to approximately S$1.23 billion. This represents a payout ratio of 71% of underlying net profit.

OUTLOOK FOR THE NEXT FINANCIAL YEAR ENDING 31 MARCH 2022

The resurgence of COVID-19 and tightened movement restrictions continue to weigh on regional economies. Against this backdrop, the operating environment remains challenging for the telecoms sector, as companies confront structural changes and elevated capital investment cycles.

Notwithstanding these challenges, the Group will embark on a strategic reset and continue to invest for medium to long-term growth by leveraging its core competencies. It will also maintain a strong balance sheet through a more active capital management programme.

The Group expects dividends from the regional associates to be approximately S$1.3 billion and the Group's capital expenditure including 5G networks, to be around S$2.4 billion, comprising A$1.5 billion for Optus and S$800 million for the rest of the Group[1].

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[1] Excluding acquisitions and disposals.

About Singtel

Singtel is Asia's leading communications technology group, providing a portfolio of services from next-generation communication, technology services to infotainment to both consumers and businesses. For consumers, Singtel delivers a complete and integrated suite of services, including mobile, broadband and TV. For businesses, Singtel offers a complementary array of workforce mobility solutions, data hosting, cloud, network infrastructure, analytics and cyber-security capabilities. The Group has presence in Asia, Australia and Africa and reaches over 740 million mobile customers in 21 countries. Its infrastructure and technology services for businesses span 21 countries, with more than 428 direct points of presence in 362 cities.

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Appendix 1

Financial Highlights for the Second Half Year Ended 31 March 2021

	FY2021 (S$m)	FY2020 (S$m)	YOY Change	YOY Change Constant Currency[2]
Group revenue	8,219	8,278	(1%)	(5%)
EBITDA	1,928	2,196	(12%)	(16%)
EBIT excluding associates	551	901	(39%)	(40%)
Regional associates pre-tax earnings[3]	880	893	(2%)	1%
Underlying net profit[4]	896	1,145	(22%)	(21%)
Exceptional items (post-tax)	(809)	57	N.M.	N.M.
Net profit	88	1,202	(93%)	(90%)
Free cash flow	1,689	1,788	(6%)	N.M.

Financial Highlights for the Full Year Ended 31 March 2021

	FY2021 (S$m)	FY2020 (S$m)	YOY Change	YOY Change Constant Currency[2]
Group revenue	15,644	16,542	(5%)	(8%)
EBITDA	3,832	4,541	(16%)	(18%)
EBIT excluding associates	1,147	1,961	(42%)	(42%)
Regional associates pre-tax earnings[3]	1,712	1,642	4%	5%
Underlying net profit[4]	1,733	2,457	(30%)	(29%)
Exceptional items (post-tax)	(1,179)	(1,382)	(15%)	(12%)
Net profit	554	1,075	(49%)	(52%)
Free cash flow	3,395	3,781	(10%)	N.M.

N.M. denotes not meaningful

[2] Assuming constant exchange rates from the corresponding half and financial year ended 31 March 2020.
[3] Excludes exceptional items.
[4] Defined as net profit before exceptional items.