Singtel

Singtel posts net profit of S$1.95 billion for FY22

- Net profit grew two and a half times to S$1.95 billion on net exceptional gain compared to net exceptional loss last year
- Underlying net profit grew 11% to S$1.92 billion
- Regional associates' pre-tax contributions rose 21% to S$2.07 billion, boosted by Airtel's turnaround
- Operating revenue was down 2% to S$15.34 billion
- Proposed final dividend per share of 4.8 cents; total dividend per share at 9.3 cents, a 24% increase from last year

Singapore, 27 May 2022 – Singtel's net profit for the full year grew two and a half times to S$1.95 billion primarily due to a net exceptional gain from the Group's divestment of its 70% equity stake in Australia Tower Network compared to a net exceptional loss last year. Underlying net profit improved 11% to S$1.92 billion, mainly lifted by Airtel's resilient turnaround. Operating revenue fell 2% to S$15.34 billion while EBITDA was also down 2% to S$3.77 billion, reflecting lower NBN migration revenue, the continued impact of COVID-19 and challenges in the carriage business. Excluding NBN migration revenue and Jobs Support Scheme (JSS) credits, operating revenue was stable, with EBITDA and EBIT[1] growing 8% and 33% respectively, driven by strong growth in mobile service in Australia.

Mr Yuen Kuan Moon, Group CEO, said, "This improved set of results underscores the Group's resilience in spite of the pandemic's challenges and the uncertain macro environment. Our mobile business in Australia and our regional associate Airtel capped the year with solid performances to deliver good results. Roaming revenues are showing early signs of recovery with the return of business and leisure travel, and NCS experienced strong demand from the accelerated push by government and enterprises to digitalise. We expect this momentum to continue into the new financial year."

The regional associates' pre-tax profit contribution grew 21% to S$2.07 billion. This was driven by Airtel's double-digit increases in operating revenue and EBITDA as it staged a sturdy recovery in India and saw sustained growth in its African operations. While the regional associates were impacted by COVID-related movement restrictions, Globe's performance was further affected by Typhoon Odette in the Philippines as well as an increase in depreciation and finance charges. AIS also faced higher depreciation and amortisation charges from network and spectrum investments.

Mr Yuen said, "As we put the worst of the pandemic behind us, we've continued to execute on our strategy, growing our 5G market share and developing our growth engines in NCS and digital services to capitalise on large-scale digitalisation and position ourselves for the full resumption of market activity. NCS' investments in four IT and digital services companies in Australia allow us to offer a compelling end-to-end digital transformation value proposition for customers in a market key to its expansion plans, and we will focus on scaling its business there. Our regional data centre platform will also support further growth, as we move beyond the pandemic."

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[1] Excluding associates' contributions.

He added, “The partial divestment of Australia Tower Network is an integral part of our active capital management approach to unlock value from quality assets, and we expect to identify opportunities to recycle up to S$3 billion in assets in the mid-term. This keen focus on returns-driven growth will enable us to invest in our growth businesses while maintaining a strong balance sheet and delivering sustainable returns for shareholders. We have also put in place measures to mitigate inflationary pressures.”

In May 2021, digital marketing arm Amobee was placed under strategic review. An exceptional non-cash impairment charge of S$310 million was made in March 2022 and Amobee is now classified as a subsidiary held for sale.

Singtel’s financial position remains solid. Net debt fell to S$10.1 billion, from S$12.4 billion a year ago, as cash and bank balances were boosted by cash inflows from divestments. Free cash flow for the year fell 9% to S$3.08 billion on lower operating cash flow attributable to working capital movements and higher tax payments, partially offset by higher dividends from associates.

OPTUS CONSUMER

Optus Consumer continued to make significant progress in delivering its strategy in spite of COVID-19 disruptions, equipment shortages and slow recovery of international travel. Excluding NBN migration revenue, operating revenue declined 3% but EBITDA rose 19% due to growth in mobile service. Mobile service revenue grew 7%, driven by higher postpaid revenue from the increased penetration of Optus Choice plans and a full year’s contribution from amaysim. NBN migration revenue fell 78% from last year, as migrations near completion.

SINGAPORE CONSUMER

Fixed broadband revenue grew strongly by 5%, driven by flexi-work arrangements, and the mobile segment saw signs of a nascent recovery as travel restrictions abated and 5G adoption increased. This was offset by a drop in equipment sales primarily due to a shortage of premium handsets and lower prepaid from the fall in the foreign worker population during the year. Through disciplined cost management, EBITDA excluding JSS credits was 1% higher.

GROUP ENTERPRISE

ICT revenue saw a strong 5% growth, led by robust demand for data centre and cyber security services during the year despite the global chip shortage and COVID-19 restrictions. Mobile unified comms and SD-WAN revenue also grew, albeit offset by a decline in carriage revenue due to continued voice to data substitution. As a result, operating revenue declined 1% year-on-year. With lower operating revenue and higher mix of lower margin products and services, EBITDA fell 3%.

NCS

NCS saw greater demand for digital services as both public and enterprise sectors accelerated their digital transformation. NCS-originated revenue was up a record 9% and EBITDA increased 4%, excluding JSS credits. Overall operating revenue was up 3% and EBITDA rose 1%, excluding JSS credits. NCS also successfully diversified its revenue streams, with Digital, Cloud, Platforms and Cyber revenue now contributing 49% of total operating revenue, up from 41% last year. With its global business exceeding S$100 million and bookings for the year of S$2.5 billion, NCS will continue to execute on strengthening its digital government and NEXT capabilities, expediting enterprise sector growth, and expanding beyond Singapore.

DIVIDEND

The Board has proposed a final ordinary dividend of 4.8 cents per share. Together with the interim dividend of 4.5 cents per share, the ordinary dividends for the current financial year ended 31 March 2022 would be 9.3 cents per share, totalling approximately S$1.5 billion. This represents a payout ratio of 80% of underlying net profit and a growth of 24% over the previous financial year.

OUTLOOK FOR THE NEXT FINANCIAL YEAR ENDING 31 MARCH 2023

The macro economic and geopolitical outlook remains uncertain given tensions such as the Ukraine-Russia conflict, supply chain disruptions, a rising inflation and interest rate environment and the prospect of protracted economic stagnation. Against this backdrop, the Group is expected to benefit from the recovery in international travel as borders reopen post-COVID.

The Group will continue to execute on its strategic reset, growing 5G market share with multi-access edge compute as well as developing new growth engines in ICT and digital services that build on its core competencies and opportunities created by the large-scale digitalisation underway. NCS, the Group's ICT arm, will focus on integrating its recent new investments as part of its transformation into a digital and technology services firm in Asia Pacific. In addition, the expansion of Singtel's regional data centre platform will provide further impetus for medium to long-term growth.

The Group expects dividends from the regional associates to be approximately S$1.1 billion and the Group's capital expenditure to be around S$2.6 billion, comprising A$1.7 billion for Optus and S$0.9 billion for the rest of the Group[2]. This reflects the Group's multi-year growth investments in 5G networks, data centres and satellites, as well as digital transformation initiatives to enhance customer experience and efficiency.

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[2] Excluding acquisitions and disposals.

About Singtel

Singtel is Asia's leading communications technology group, providing a portfolio of services from next-generation communication, 5G and technology services to infotainment to both consumers and businesses. The Group has presence in Asia, Australia and Africa and reaches over 750 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.

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.

Singtel is dedicated to continuous innovation, harnessing next-generation technologies to create new and exciting customer experiences as we shape a more sustainable, digital future.

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Appendix 1

Financial Highlights for the Full Year Ended 31 March 2022

	FY2022 (S$m)	FY2021 (S$m)	YOY Change	YOY Change Constant Currency[3]
Group revenue	15,339	15,644	(2%)	(3%)
EBITDA	3,767	3,832	(2%)	(3%)
EBIT excluding associates	1,045	1,147	(9%)	(10%)
Regional associates pre-tax earnings[4]	2,067	1,712	21%	23%
Underlying net profit[5]	1,923	1,733	11%	13%
Exceptional items (post-tax)	25	(1,179)	NM	NM
Net profit	1,949	554	252%	258%
Free cash flow	3,081	3,395	(9%)	NM

Excluding Optus' NBN migration revenue and Jobs Support Scheme credits

Group revenue	15,269	15,336	(0.4%)	(1%)
EBITDA	3,693	3,417	8%	7%
EBIT excluding associates	971	732	33%	32%

NM denotes not meaningful

[3] Assuming constant exchange rates from FY2021.
[4] Excludes exceptional items.
[5] Defined as net profit before exceptional items.