SINGAPORE TELECOMMUNICATIONS LIMITED
Incorporated in the Republic of Singapore
(Company Registration No. 199201624D)

29TH ANNUAL GENERAL MEETING TO BE HELD ON 30 JULY 2021 RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Singapore Telecommunications Limited ("Singtel") would like to thank all shareholders who submitted their questions in advance of our Annual General Meeting ("AGM") which will be convened and held by way of electronic means on Friday, 30 July 2021 at 10.00 a.m. (Singapore time).

Due to a number of overlaps in the questions received, we are not providing responses to every question received. Instead, where the questions overlap, we have grouped related and similar questions together and provided answers.

Please refer to our responses in Appendix 1, grouped according to key topics:

- Dividends
- Strategy and business outlook
- 5G
- Associates
- Others

Mr Yuen Kuan Moon, Group CEO, will also be covering these topics in greater depth in his presentation during the AGM. The presentation slides will be made available on Singtel's website at the URL https://www.singtel.com/about-us/investor-relations/stock-exchange-announcements and the SGX website at the URL https://www.sgx.com/securities/company-announcements on 30 July 2021.

Issued by Singapore Telecommunications Limited on 29 July 2021.

Dividends

1. Is there any guidance on the dividend distribution for FY22 and FY23?

Barring unforeseen circumstances, we plan to pay dividends at between 60% and 80% of underlying net profit. We are committed to a sustainable dividend policy in line with earnings and cash flow generation. This policy will be reviewed regularly to reflect the progress of our transformation.

2. When will the cut in dividends be restored?

Our business performance has been impacted by the prolonged pandemic, as well as structural changes and elevated capex investment cycles in the telecom sector.

We had to reset dividends to a level that is sustainable and supports our strategic transformation to unlock future growth and value. At 60-80% of underlying net profit, the dividend policy fulfils these objectives and creates a base from which we can look to grow over time.

Our strategic reset aims to reinvigorate the core business and drive new growth engines that leverage our right to play with secular growth trends. By executing to our strategic reset, we will drive growth in our business and, for shareholders, a proposition beyond just regular dividends to include capital appreciation.

Strategy & business outlook

3. What is the company's outlook and how does the company plan to increase revenue and profit? Can you also share what is the next three year's expected revenue, profit and dividends?

The pandemic has irreversibly accelerated digitalisation. Digital adoption among customers is at an all-time high, while enterprises are embracing digitalisation, automation and a faster shift to the cloud. These trends will accelerate and spell significant opportunities for us and we should capitalise on them.

We have embarked on a strategic reset focused on four key pillars:

- A reinvigoration of our core business
- New growth engines that leverage on secular growth trends
- Portfolio transformation to unlock value and invest for growth
- Championing people and sustainability

Each of these pillars will be explained in detail at the AGM.

4. Telcos globally are consolidating. Do you foresee it coming, considering there are four main players, which are too many for such a small market like Singapore?

Singapore's small and saturated mobile market is intensely competitive with four nationwide mobile network operators and ten MVNOs. In recent years, new market entrants and their focus on lower prices have hurt the overall financial health of the mobile industry.

Like all businesses, mobile operators need to earn a reasonable return on their investments to support ongoing investments (in network upgrades, spectrum and new technologies), create new and innovative services and support industry development. We are also entering an intensive capex investment cycle with 5G. The market structure is a key factor that determines industry economics and long-term sustainability.

We will continue to keep a close watch on developments and build on our competitive advantages in the core business to deliver value for shareholders.

5. Could the management share the breakdown of NCS' revenue by public and enterprise sectors? With the new strategy for NCS, what is the profile of NCS' revenue like, in five years' time?

The public sector contributes a majority of NCS' revenue. The Singapore Government has announced plans to accelerate digitalisation in the public service. As the technology partner for most Singapore government agencies, NCS is well-positioned to ride this growth. It has formed a new strategic business group, Gov+, to build digital government capabilities and aid the government in its transformation.

NCS is also expediting its growth in the enterprise sector. It has identified key industries to drive growth in the enterprise sector, including Healthcare & Transport, Financial, Commercial & Industrial and Communications, Media & Technology. To hasten this development, it has formed strategic partnerships with a number of industry players. Together with Singtel, NCS has also established another strategic business group, Telco+, to aid telcos in driving better customer experiences and operational efficiencies, particularly as they roll out 5G.

NCS is also looking to expand outside Singapore through bold organic and inorganic initiatives. It is focused on three main markets, namely Singapore, Australia and greater China, where the foundation is being laid through its innovation centres.

We believe these initiatives will help to diversify our revenue streams and change our revenue mix in five years' time.

6. Can the Board elaborate what it means by unlocking the value of infrastructure assets in its strategic reset announcement on 27 May 2021? What is the timeline for this?

We are reviewing our extensive portfolio of quality infrastructure assets which include data centres, towers, subsea cables and satellites. These assets are increasing in value as rising connectivity and digitalisation drive up demand.

It is not purely a divestment. We are keen to bring in the right partners to co-invest and build this business with us.

We foresee a significant platform for growth, with rising demand for next-generation infrastructure, utilising green technologies. As an operator-user, we will bring to bear our experience, customer relationships and demand to manage and grow the business.

Further, with these asset classes trading at multiples higher than telcos', we can crystallise greater value, allowing us to generate capital and re-invest more efficiently.

7. Any update on the divestment plan to unlock capital for new opportunities?

The process of monetisation and value crystallisation is already in train in different parts of the business. The divestment of Optus' tower assets is expected to close before the end of this year. Telkomsel, Airtel and Globe have also completed transactions and unlocked significant value from their tower assets, data centres and digital payment platforms.

We will constantly review our portfolio and look to monetise assets that do not align or may be less important to our vision.

8. Should the sale of Optus Towers go through, how will the proceeds be distributed or allocated?

We will review holistically the Group's capital structure, investment opportunities, 5G capex requirements and consider external stakeholders' expectations when we decide on the usage of the divestment proceeds.

9. Are there updates of the AIS/Intouch sale?

We view our stakes in Intouch and AIS as strategic investments and believe in their long-term outlook. The rapid pace of digitalisation in Thailand presents significant opportunities in both the consumer and enterprise segments. We aim to leverage the scale and customer reach of these investments to create compelling digital services, deepen customer engagement and grow the B2B businesses.

We are reviewing our strategic options to ensure that shareholders get the full benefit of the intrinsic value of the business and will make the relevant disclosures (if any) at the appropriate time, in compliance with the Corporate Disclosure Policy of the SGX-ST Listing Manual.

10. Can the Board give an update on the strategy and plans for Group Digital Life?

Since 1 Jan 2021, the Group Digital Life division has been combined with Group Strategy and Business Development to become the Strategic Portfolio unit. The unit oversees our digital marketing arm Amobee, cyber security arm Trustwave and corporate venture fund Innov8.

Since May 2021, we have commenced a strategic review of Amobee and Trustwave. In view of the ongoing business challenges and longer cycles needed to achieve their business plans, we are considering different options to reposition these businesses, while optimising capital allocation and driving value for the Group.

The Strategic Portfolio unit will continue to help Innov8 portfolio companies accelerate growth, assess opportunities across the entire portfolio and work towards our agenda of optimising asset value.

11. Please explain the write-downs of your investments in the US. What steps will you take to ensure this will not recur? What are the prospects, and will there be recoveries in the future?

Amobee and Trustwave have come under increasing pressure due to rapid shifts in their industries as well as economic shocks from COVID-19. Amobee saw an almost year-long contraction in advertising spend in North America, particularly in sectors such as fast-moving consumer goods, automotive and travel, where recovery is expected to take longer. Similarly, Trustwave faced industry challenges in North America, where its legacy payment card compliance business has rapidly commoditised. Both companies have taken steps to repivot their businesses for growth – Amobee is pursuing opportunities in programmatic and connected TV marketing, while Trustwave is transitioning its business model to cloud platforms.

However, to reflect the longer cycle to achieve their business plans and ongoing business challenges, we have taken the appropriate impairment on these investments. We have also started a strategic review to sharpen their focus and ensure they are positioned for growth. The review could include:

- Restructuring of product or business segments
- Full or partial divestment of the business
- Business combinations with other industry players

We are also open to strategic partnerships with investors who have complementary strengths and can bring synergies to drive growth for the businesses. We will keep investors informed of material progress and developments.

The experience from our digital investments has been instructive and will guide us on our future investments. We shall look to co-invest with strategic partners who can bring competitive advantages and capital. We are also open to taking significant minority positions. History has shown, in our regional mobile investments, minority stakes with strong and committed partners have worked well for us and delivered superior returns. To succeed in the fast-moving digital spaces, being able to pivot and scale rapidly in response to industry shifts are key. We will also focus our businesses in the Asia region where we have the requisite experience, customer breadth and depth to capture digital opportunities in these markets.

12. What is the projected revenue for Singtel's digital banking in the following years? Is it possible to provide updates of any concrete developments on the Singtel-Grab digital banking licence?

Our digital bank joint venture with Grab in Singapore is set to launch in 2022. We expect to be granted the official licence soon. The digital bank has attracted a high-quality board of directors and bolstered its ranks with the hiring of a number of industry veterans from the banking and technology sectors.

We aim to create a simple, affordable and innovative digital-first banking experience for consumers and enterprises in Singapore and the regional markets. Grab and Singtel have complementary and deep ecosystems. By combining our digital/fintech know-how and customer insights, we can meet the needs of underserved customers and drive financial inclusion across our regional footprint. The bank will have very differentiated value propositions and we look forward to serving all Singaporeans with something very exciting and unique.

We will unveil more of these and other exciting developments closer to launch.

13. With the continual decline in revenue, is Pay TV still an important segment for Singtel? How does management intend to reverse this drop?

Revenue from Pay TV has declined with the growing adoption of streaming services and an increased number of customers cutting the cord from TV subscriptions. The decline is exacerbated by more cautious buying sentiments and a loss of live sports, due to the pandemic.

Against this context, we have continued to evolve and enhance our content suite, particularly live sports and ethnic content, to address customer needs. We have also successfully re-negotiated with content providers for lower costs and will continually explore scope for further content cost savings, to ensure an appropriate cost structure for the Pay TV business.

5G

14. How is the progress of 5G?

We are doubling down on 5G to create innovative products and services that will excite consumers and set us apart in a competitive market.

We clocked a number of firsts in Singapore, including the first 5G indoor coverage, 5G standalone network and recently, 5G roaming. These are complemented by a host of new use cases like zero rated gaming bundles and virtual reality concerts.

In Australia, Optus leads the market with the fastest 5G speeds, and was awarded Australia's Fastest 5G Mobile Network by Ookla.

We are particularly excited by the 5G opportunity in the enterprise segment, where 5G will enable new applications, business models and drive enterprises' digital transformation. Beyond ultra-fast speeds and low latency, 5G introduces stronger authentication and encryption, which is especially crucial as more businesses go digital. Much of these capabilities will be delivered by our 5G multi-access Edge Compute platform.

We are partnering enterprises to co-create new applications and business models. There is heightened interest in such collaboration from customers. For instance, we have conducted trials with industry stalwarts like Surbana Jurong for smart integrated facilities management.

15. What is the capex required for rolling out 5G infrastructure?

We have not provided capex guidance for 5G. With any network cycle, there will be an increase in capex at the outset. The timing and phasing of our capex is important. For competitive reasons and to be able to respond quickly to step-changes in customer demand, we have to ensure a timely rollout.

We are cognisant that effective monetisation of 5G will take some time, as it relies on the collective advancement of different parts of the 5G ecosystems – such as manufacturers of equipment and sensors, software developers for applications, and hyperscalers that offer massive cloud computing resources.

We are confident our multi-year 5G investment programme will allow us to redefine our customer proposition and unlock new revenue streams in the medium to long term.

To ensure an optimal capital structure, we are also considering longer term debt to match with 5G's long gestation period, particularly given the current low interest rate environment.

Associates

16. Can you update us on your overseas operations?

Our associates were not spared the effects of the pandemic, as sluggish economies and weak consumer spending impacted mobile revenues for the associates. Despite this, Airtel delivered strong revenue growth and narrowed its losses, on the back of market share gains in India and strong performances in Africa, offsetting profit declines from Telkomsel, AIS and Globe.

Competition remains intense in the regional markets. Our associates have taken proactive measures to digitalise their operations, create digital services to engage customers and grow new businesses. They have also kept up with strong investments in their people, systems and network to ensure they continue to meet customers' critical communication needs and position themselves for a rebound in the economy.

Others

17. What are the steps taken to stem the continued share price slide in 2021 besides restructuring the firm?

We are focused on executing to our strategic reset, which will help us capture growth and unlock inherent value from our businesses, and believe that the market will acknowledge our efforts in time to come.

We will share more details about our strategic reset at the AGM.

18. Would you consider doing share buybacks given the current low share price level?

A share buyback is an option that we may consider if we have surplus cash. If we do pursue such a programme, it has to be a continued series of buybacks supported by efforts to grow the value of our business.

We will focus on executing our strategic reset, supported by an optimal capital structure which enables investments for growth to ensure we deliver a sustainable value for our shareholders.

19. Will the board consider clawing back payouts to previous CEO and management for mediocre performance under their leadership? If not, why not?

We do not have clawbacks for management remuneration. Our remuneration framework is designed to contain a high level of variability in management compensation, with schemes such as annual performance bonus and long-term incentives, to drive execution against the Group strategy and sustainable performance over different time horizons.

In the last five years, there has been zero vesting for the Performance Share Award, a form of Long-Term Incentive (LTI), which makes up a large proportion of management remuneration and contains targets on NPAT, Total Shareholder Return (TSR) and Environmental, Social and Governance (ESG) measures. This is a reflection of the extraordinarily challenging operating environment and underperformance against targets.

With an emphasis on variable compensation and through the setting of rigorous targets, our management remuneration framework ensures strong alignment with business performance and shareholders' interests.

20. Can the board be more transparent with salaries of top management of the company?

We are committed to providing timely and transparent information to aid shareholders in their investment decisions. The information on remuneration of our senior management can be found on pages 58-68 of the 2021 Annual Report.

There is full disclosure of the compensation for the Group CEO (Ms Chua Sock Koong and Mr Yuen Kuan Moon).

For the remaining 12 members of the Management Committee, we have also disclosed their remuneration in aggregate and in bands for the individual executives. Previously, we only disclosed the compensation for the top 5 members.

21. Why it is necessary to have one-off Long-Term Incentive (LTI) award, on top of Restricted Share Award (RSA) and Performance Share Award (PSA)?

The one-off LTI has been introduced in place of the annual PSA grants to enhance management focus on improving shareholder value and driving the sustainability agenda, which are key objectives of our strategic reset.

It has been designed to deliver value for key management executives only when targets on TSR and ESG KPIs are met over the five-year performance period.

The key management executives who were granted the one-off LTI are not expected to receive any PSA grant in June 2021, June 2022 and June 2023.