

## **BRIEFING TO MEDIA AND ANALYSTS BY KEPPEL'S SENIOR MANAGEMENT ON 11 AUGUST 2025 ON THE SALE OF M1'S TELCO BUSINESS TO SIMBA<sup>1</sup>**

### **Address by Mr Loh Chin Hua, CEO of Keppel Ltd.**

Good morning, editors, journalists and analysts.

Thank you for attending this briefing at short notice. The divestment of M1 is a topic that many of you have asked, and also written about.

Today, we are pleased to share that Keppel has entered into an agreement to divest M1's telco business to Simba Telecom. You would have seen our announcement this morning.

The proposed transaction strengthens Singapore's telco sector and can benefit both the industry and consumers by bringing together two agile and innovative companies.

It brings together M1's digitally transformed, cloud-native network with its ability to deliver hyper-personalised services through an advanced tech stack, as well as Simba's innovative digital consumer model.

Together, they can pool resources for more synergies on network and infrastructure, creating a nimble and competitive digital-first telco that can scale more efficiently and contribute to Singapore's digital economy.

We believe the enlarged entity would be better placed to accelerate investments into 5G and digital infrastructure, boosting service quality while contributing to more resilient networks and a future-ready digital ecosystem. It would also better enable investments in future technologies to make the business more resilient and responsive in cybersecurity, AI and sustainability.

Simba had put forward the strongest bid from among interested parties and we expect its combination with M1 to create further revenue pools and career opportunities as they have the least overlap in resources.

Simba's bid is a compelling all-cash offer at an attractive valuation, which reflects Keppel's successful transformation of M1 from a traditional telco into a digital first network operator since its privatisation in 2019.

Let me now invite our CFO Kevin to brief you on the details of the proposed transaction, as well as Keppel's strategic rationale for the divestment.

### **Address by Mr Kevin Chng, CFO of Keppel Ltd.**

Thank you, Chin Hua. Good morning everyone.

Let me now briefly outline the agreement that Keppel has entered into, to divest M1's telco business to Simba Telecom.

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<sup>1</sup> Please also refer to the presentation slides which have been released on SGXNET.

As shown on the screen, Simba will acquire M1's telco business which is represented by entities within the red box on the left hand side of the slide.

Prior to completion of the Proposed Transaction, M1's ICT business under AsiaPac Technology Holding Pte. Ltd., investments held by M1 Telinet, and M1's leasehold interest in MiWorld will be carved out from the Proposed Transaction.

These are referred to as Excluded Assets and are shown in the grey box on the right hand side of the slide.

The Proposed Transaction values M1's telco business at an enterprise value of S\$1.43 billion.

This represents an attractive valuation of 7.3x EV/EBITDA, compared to the valuation of comparable peers in the market. It reflects the significant transformation that M1 has undertaken over the past few years since its privatisation in 2019. The privatisation has also yielded a positive IRR.

Importantly, Keppel will receive close to S\$1.0 billion<sup>2</sup> in cash for our 83.9% effective stake in M1.

We expect to post an estimated accounting loss of S\$222 million<sup>3</sup> from this transaction, taking into consideration effects of goodwill and intangibles associated with the telco business.

The key point to note is that this transaction crystallises value from Keppel's investment in M1 over the years, which I will elaborate further later.

During our engagement with interested bidders, Simba had put forward the strongest bid, with an all-cash offer at an attractive valuation.

There are several conditions precedent to the completion of the Proposed Transaction, including obtaining the relevant approvals from IMDA and restructuring the M1 Group to carve out the Excluded Assets.

Keppel has invested a total of \$1.4 billion in M1 over the years, including our initial investment in 1994 and our subsequent privatisation of M1 in 2019.

With the Proposed Transaction, we expect to receive total cash proceeds of about \$2.1 billion from our investment in M1, inclusive of dividends and divestment proceeds received from 1994 to 2025.

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<sup>2</sup> Subject to post-completion adjustments in accordance with the terms of the SPA.

<sup>3</sup> The estimated loss on divestment to Keppel excludes transaction cost related to the Proposed Transaction and is an approximated figure computed on a pro forma basis, assuming the Proposed Transaction had been effected on 30 June 2025. The actual loss on divestment on Completion will depend on the estimated Consideration which is subject to post-Completion adjustments and the carrying value of Keppel's effective interest in the Restructured M1 Group, including the goodwill (which arose from the acquisition of M1 by the Group in 2019) to be attributed to the carrying value of Keppel's effective interest in the Restructured M1 Group, at the date of Completion.

Overall, our investment in M1 is expected to result in net cumulative cash proceeds of more than \$700 million. This is on top of another over \$300 million<sup>4</sup> in carrying value of the Excluded Assets that Keppel will retain.

Chin Hua has explained why the transaction strengthens the Singapore telco sector.

This is also an attractive transaction for Keppel. Let me briefly highlight our strategic rationale and key considerations.

First, the proposed divestment is in line with Keppel's strategy as an asset-light global asset manager and operator. This will sharpen the Company's focus in general, and also within our Connectivity segment, in particular on digital infrastructure.

Second, as mentioned earlier, this unlocks close to S\$1.0 billion in cash proceeds, which can be channeled to invest in growth opportunities, based on New Keppel's business model, lower the Company's debt or reward shareholders.

At the same time, Keppel will retain M1's high-growth ICT business, alongside certain excluded assets. We have grown M1's ICT business over the past few years. It is aligned with and will complement Keppel's connectivity business, including data centres and subsea cables.

To illustrate the financial impact of the transaction: Keppel's 1H 2025 Pro Forma EPS will improve from 20.8 cents to 21.3 cents per share, excluding the one-off divestment loss effects from the Proposed Transaction.

Including the divestment loss, the Pro Forma EPS will reduce to 9.1 cents per share.

Pro Forma NTA of Keppel as of 30 June 2025 will increase from S\$4.72 per share to S\$5.29 per share.

Pro Forma net debt to EBITDA of New Keppel as of 30 June 2025 will improve from 2.4x to 1.7x.

We are working towards completing the proposed transaction over the next few months, subject to regulatory approval by IMDA.

It is important to note that the Proposed Transaction does not require any shareholder approvals from Keppel nor the Purchaser.

This brings me to the end of my presentation. Let me now hand the floor back to Chin Hua.

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<sup>4</sup> Carrying value is based on Keppel's 83.9% effective stake as at 30 June 2025, including goodwill attributed to ICT business which will be re-assessed at completion of the Proposed Transaction.