



Singapore Telecommunications Limited And Subsidiary Companies

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS FOR THE FIRST QUARTER ENDED 30 JUNE 2017

The financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards, which are the same, in material respects, to International Financial Reporting Standards. The financial statements for the period ended, and as at, 30 June 2017 are unaudited.

Numbers in all tables may not exactly add due to rounding.

For all pages, "@" denotes more than +/- 500%, "" denotes less than +/- S\$0.5 million or A\$0.5 million and "***" denotes less than +/- 0.05%, unless otherwise indicated.*

For all tables, a negative sign for year-on-year change denotes a decrease in operating revenue, expense, gain or loss.

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SECTION 1 : GROUP

FINANCIAL HIGHLIGHTS**FOR THE FIRST QUARTER ENDED 30 JUNE 2017**

- **Operating revenue grew 8.3% (6.3% in constant currency terms¹) boosted by first time contribution from Turn (consolidated from 1 April 2017), higher Equipment sales, Data and Internet and ICT services.**
- **EBITDA rose 2.7% (stable in constant currency terms¹).**
- **Profit contributions from associates declined due to lower earnings at Airtel, AIS and Globe partially offset by strong earnings at Telkomsel and contribution from Intouch (acquired in November 2016).**
- **Underlying net profit was down 3.5% to S\$910 million and would have increased 2.9% excluding Airtel.**
- **Net profit fell 5.6% after including exceptional losses. Excluding Airtel, net profit increased 3.4%.**
- **Free cash flow grew 5.0% to S\$1.29 billion on working capital movements partially offset by higher capital expenditure.**

¹ Assuming constant exchange rates for the Australian Dollar, United States Dollar and/or regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2016.

SECTION 1 : GROUP

| | Quarter | | YOY Chge % |
|--|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Operating revenue | 4,232 | 3,908 | 8.3 |
| EBITDA | 1,269 | 1,236 | 2.7 |
| - EBITDA margin | 30.0% | 31.6% | |
| Share of associates' pre-tax profits ⁽¹⁾ | 730 | 753 | -3.1 |
| EBITDA and share of associates' pre-tax profits ⁽¹⁾ | 1,999 | 1,989 | 0.5 |
| EBIT ⁽¹⁾ | 1,427 | 1,445 | -1.3 |
| (exclude share of associates' pre-tax profits) ⁽¹⁾ | 698 | 692 | 0.8 |
| Underlying net profit ⁽¹⁾ | 910 | 943 | -3.5 |
| (exclude Airtel) ⁽¹⁾⁽²⁾ | 874 | 850 | 2.9 |
| Exceptional items (post-tax) ⁽¹⁾ | (18) | 1 | nm |
| Net profit | 892 | 944 | -5.6 |
| (exclude Airtel) ⁽²⁾ | 856 | 828 | 3.4 |
| Free cash flow | 1,294 | 1,232 | 5.0 |
| Underlying earnings per share (S cents) ⁽¹⁾ | 5.57 | 5.92 | -5.9 |
| Basic earnings per share (S cents) | 5.46 | 5.93 | -7.9 |

| | As at | | |
|--|-------------------------|-------------------------|-------------------------|
| | 30 Jun 2017 S\$ m | 31 Mar 2017 S\$ m | 30 Jun 2016 S\$ m |
| | Total assets | 49,138 | 48,294 |
| Shareholders' funds | 28,872 | 28,214 | 25,413 |
| Net debt ⁽³⁾ | 10,553 | 10,384 | 7,860 |
| Net debt gearing ratio ⁽⁴⁾ | 26.8% | 26.9% | 23.6% |
| Net debt to EBITDA and share of associates' pre-tax profits ⁽¹⁾⁽⁵⁾ | 1.32X | 1.32X | 0.99X |
| Interest cover: - EBITDA and share of associates' pre-tax profits/ net interest expense ⁽¹⁾⁽⁶⁾ | 22.0X | 23.4X | 25.0X |

Notes:

- (1) Comparatives have been restated to reclassify AIS' 3G/4G handset subsidy costs from exceptional items of the Singtel Group to share of associates' results to be consistent with the current quarter.
- (2) The profits were adjusted to exclude results of Airtel.
- (3) Net debt is defined as gross debt less cash and bank balances adjusted for related hedging balances.
- (4) Net debt gearing ratio is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.
- (5) Net debt to EBITDA and share of associates' pre-tax profits is calculated on an annualised basis.
- (6) Net interest expense refers to interest expense less interest income.

SECTION 1 : GROUP**GROUP SUMMARY INCOME STATEMENT**
For The First Quarter Ended 30 June 2017

| | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Operating revenue | 4,232 | 3,908 | 8.3 |
| Operating expenses | (3,036) | (2,732) | 11.1 |
| | 1,197 | 1,176 | 1.8 |
| Other income | 73 | 60 | 20.6 |
| EBITDA | 1,269 | 1,236 | 2.7 |
| - <i>EBITDA margin</i> | 30.0% | 31.6% | |
| Share of associates' pre-tax profits ⁽¹⁾ | 730 | 753 | -3.1 |
| EBITDA and share of associates' pre-tax profits ⁽¹⁾ | 1,999 | 1,989 | 0.5 |
| Depreciation | (499) | (476) | 4.7 |
| Amortisation of intangibles | (73) | (67) | 8.8 |
| | (572) | (543) | 5.2 |
| EBIT ⁽¹⁾ | 1,427 | 1,445 | -1.3 |
| Net finance expense | | | |
| - net interest expense | (91) | (80) | 14.1 |
| - other finance income | 3 | 14 | -79.9 |
| | (88) | (65) | 34.9 |
| Profit before exceptional items and tax ⁽¹⁾ | 1,340 | 1,380 | -3.0 |
| Taxation ⁽¹⁾ | (435) | (441) | -1.3 |
| Profit after tax ⁽¹⁾ | 904 | 939 | -3.7 |
| Minority interests | 6 | 4 | 44.7 |
| Underlying net profit ⁽¹⁾ | 910 | 943 | -3.5 |
| Exceptional items (post-tax) ⁽¹⁾ | (18) | 1 | nm |
| Net profit | 892 | 944 | -5.6 |
| <i>Depreciation as % of operating revenue</i> | 12% | 12% | |

Unless otherwise stated, the presentation of income statements in this document is consistent with prior periods. For income statements presented in accordance with FRS 1, **Presentation of Financial Statements**, please refer to "SGX Appendix 7.2 Announcement".

Note:

(1) Comparatives have been restated to reclassify AIS' 3G/4G handset subsidy costs from exceptional items of the Singtel Group to share of associates' results to be consistent with the current quarter.

SECTION 1 : GROUP

BUSINESS SEGMENTS

The Group is organised by three business segments, Group Consumer, Group Enterprise and Group Digital Life, to better serve the evolving needs of its customers and to capture growth opportunities globally.

Group Consumer comprises the consumer businesses across Singapore and Australia, as well as the Group's investments, mainly, AIS and Intouch in Thailand, Airtel in India, Africa and Sri Lanka, Globe in the Philippines, and Telkomsel in Indonesia. It focuses on driving greater value and performance from the core carriage business including mobile, pay TV, fixed broadband and voice, as well as equipment sales.

Group Enterprise comprises the business groups across Singapore, Australia, United States of America, Europe and the region, and focuses on growing the Group's position in the enterprise markets. Key services include mobile, equipment sales, fixed voice and data, managed services, cloud computing, cyber security, IT and professional consulting.

Group Digital Life ("GDL") focuses on using the latest Internet technologies and assets of the Group operating companies to develop new revenue and growth engines by entering adjacent businesses where it has a competitive advantage. It focuses on three key businesses in digital life – digital marketing (Amobee), regional premium OTT video (HOOQ) and advanced analytics and intelligence capabilities (DataSpark), in addition to strengthening its role as Singtel's digital innovation engine through Innov8.

Corporate comprises the costs of Group functions not allocated to the business segments.

The following table shows the operating performance of the three business segments:

| | Quarter | | YOY Chge % |
|--|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Operating revenue | | | |
| Group Consumer | 2,361 | 2,197 | 7.5 |
| Group Enterprise | 1,598 | 1,580 | 1.1 |
| Core Business | 3,959 | 3,777 | 4.8 |
| Group Digital Life | 273 | 131 | 108.8 |
| Group | 4,232 | 3,908 | 8.3 |
| EBITDA | | | |
| Group Consumer | 831 | 799 | 3.9 |
| Group Enterprise | 484 | 490 | -1.2 |
| Core Business | 1,315 | 1,289 | 2.0 |
| Group Digital Life | (24) | (36) | -34.2 |
| Corporate | (22) | (18) | 21.2 |
| Group | 1,269 | 1,236 | 2.7 |
| EBIT (exclude share of associates' pre-tax profits) | | | |
| Group Consumer | 437 | 434 | 0.7 |
| Group Enterprise | 329 | 330 | -0.3 |
| Core Business | 766 | 764 | 0.3 |
| Group Digital Life | (46) | (53) | -12.9 |
| Corporate | (22) | (18) | 20.9 |
| Group | 698 | 692 | 0.8 |

SECTION 1 : GROUP

LISTING OF NETLINK NBN TRUST AND DISPOSAL OF UNITS IN NETLINK TRUST

On 19 July 2017, Singtel completed its disposal of units in NetLink Trust (“**NLT**”) as well as the initial public offering and listing of NetLink NBN Trust (the “**Trust**”) on the Singapore Exchange. The Trust is established primarily for the purpose of owning all of the units of NLT.

Singtel sold its 100% stake in NLT to the Trust for an aggregate consideration of S\$1.88 billion comprising a cash consideration of S\$1.10 billion and 965,999,998 units or 25% less one unit in the Trust. Following the completion, Singtel ceased to own units in NLT but continues to have an interest of 25% less one unit in the Trust. Singtel will record a net gain on disposal of approximately S\$2 billion in the next quarter ending 30 September 2017.

This divestment fulfils Singtel’s undertaking to the IMDA to divest its 100% stake in NLT to less than 25% before 22 April 2018.

REVIEW OF GROUP OPERATING PERFORMANCE

For The First Quarter Ended 30 June 2017

Sustained aggressive pricing by the new market entrant in India continued to significantly impact the Group’s earnings. Consequently, underlying net profit declined 3.5% in the quarter but was up 2.9% if Airtel was excluded. In constant currency terms, underlying net profit was down 5.4% and was stable excluding Airtel.

Operating revenue grew 8.3% boosted by first time contribution from Turn, Inc. (“**Turn**”) which was acquired in April 2017, as well as growth in Equipment sales, Data and Internet and ICT services. EBITDA rose 2.7% on revenue growth and strong cost management, offsetting investments in content, ICT capabilities and network expansion. In constant currency terms, operating revenue grew 6.3% and EBITDA remained stable.

Group Consumer contributed 56% (Q1 FY2017: 56%) and 65% (Q1 FY2017: 65%) to the Group’s operating revenue and EBITDA respectively. Operating revenue and EBITDA grew by 7.5% and 3.9% respectively. In constant currency terms, EBITDA grew by 1.4% on the back of 4.9% increase in operating revenue.

Singapore Consumer revenue increased by 1.6% driven by higher Equipment sales and Consumer Home Services partly offset by lower roaming and voice revenues. EBITDA, however, declined 2.9% on cost accrual reversals in the last corresponding quarter. In Australia, operating revenue grew 6.0% driven by higher Mobile and NBN revenues partially offset by decline in Wholesale Fixed revenues. EBITDA was up 2.9% on higher revenue offsetting increased content and programming costs.

Group Enterprise contributed 38% (Q1 FY2017: 40%) to both the Group’s operating revenue and EBITDA. Operating revenue grew 1.1% driven by higher ICT revenue across Singapore and Australia partially offset by lower legacy carriage revenues. EBITDA, however, fell 1.2% mainly due to investments in cyber security and ICT capabilities.

GDL contributed 6% (Q1 FY2017: 3%) to the Group’s operating revenue. Operating revenue more than doubled, boosted by first time contribution from Turn acquired in April 2017. Negative EBITDA decreased by 34% as Amobee (including Turn) achieved breakeven in EBITDA for the first time on increased synergies and cost management, partly offset by higher costs at HOOQ as it ramped up its businesses.

SECTION 1 : GROUP

Depreciation and amortisation charges rose 5.2% due to higher investments in mobile networks while amortisation charges increased due mainly to acquired intangibles of Turn and investments in spectrum.

EBIT (before share of results of associates) was stable at S\$698 million.

The Group and its regional associates continued to record strong customer growth. The combined mobile customer base reached 655 million as at 30 June 2017, up 17 million or 2.6% from a quarter ago.

The associates' underlying profit contributions declined 2.5% to S\$515 million due to lower profits at Airtel, AIS and Globe partially offset by strong profits at Telkomsel and contribution from Intouch (acquired in November 2016).

Net finance expense grew 35% due largely to lower dividend income from the Southern Cross Consortium and higher interest expense from higher average borrowings.

The net exceptional loss of S\$18 million (Q1 FY2017: S\$1 million of net gain) in the quarter mainly comprised staff restructuring costs of S\$19 million (see Page 13).

Net profit fell 5.6% after including the exceptional items. In constant currency terms, net profit declined by 7.4%.

Free cash flow in the quarter was S\$1.29 billion, up 5.0% from the last corresponding quarter mainly on working capital movements partly offset by higher capital expenditure.

The Group continued to maintain a healthy capital structure. As at 30 June 2017, net debt gearing ratio was stable at 26.8% from a quarter ago.

The Group has successfully diversified its earnings base through its expansion and investments in overseas markets. Hence, the Group is exposed to currency movements. On a proportionate basis if the associates are consolidated line-by-line, operations outside Singapore accounted for three-quarters of both the Group's proportionate revenue and EBITDA.

SECTION 1 : GROUP**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 31 March 2017 were as follows:

| | Quarter | | QOQ Chge % |
|---|-------------------------|-------------------------|------------------|
| | 30 Jun 2017 S\$ m | 31 Mar 2017 S\$ m | |
| Operating revenue | 4,232 | 4,308 | -1.8 |
| EBITDA - margin | 1,269 30.0% | 1,308 30.4% | -3.0 |
| Share of associates' pre-tax profits ⁽¹⁾ | 730 | 713 | 2.3 |
| EBIT ⁽¹⁾ | 1,427 | 1,437 | -0.7 |
| Underlying net profit ⁽¹⁾ | 910 | 983 | -7.4 |
| Exceptional items (post-tax) ⁽¹⁾ | (18) | (20) | -7.7 |
| Net profit | 892 | 963 | -7.4 |
| Free cash flow | 1,294 | 764 | 69.4 |

Note:

(1) Comparatives have been restated to reclassify AIS' 3G/4G handset subsidy costs from exceptional items of the Singtel Group to share of associates' results to be consistent with the current quarter.

Both operating revenue and EBITDA declined mainly due to the 3% depreciation in the Australian Dollar from the preceding quarter. With higher withholding taxes from associates' dividends this quarter, underlying net profit declined by 7.4%.

Free cash flow rose on higher dividends from associates and lower capital expenditure partly offset by timing of payments including annual staff incentive paid this quarter.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2018

The Group affirms the guidance previously issued in May 2017.

Please refer to **Appendix 6** for further details on the outlook for the current financial year.

SECTION 1 : GROUP

OPERATING REVENUE

| By Products and Services | Quarter | | YOY Chge % |
|--|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Mobile communications ⁽¹⁾ | 1,479 | 1,456 | 1.6 |
| Data and Internet | 836 | 785 | 6.4 |
| <i>Cyber security</i> | 110 | 109 | 0.6 |
| <i>Other services</i> | 469 | 403 | 16.4 |
| Managed services | 579 | 512 | 13.1 |
| Business solutions | 126 | 150 | -16.2 |
| Infocomm Technology ("ICT") | 705 | 662 | 6.4 |
| Sale of equipment | 436 | 350 | 24.3 |
| Digital businesses ⁽²⁾ | 282 | 136 | 107.5 |
| National telephone | 251 | 268 | -6.1 |
| International telephone | 112 | 128 | -12.5 |
| Pay television | 73 | 71 | 3.5 |
| Others ⁽¹⁾ | 59 | 52 | 13.7 |
| Total | 4,232 | 3,908 | 8.3 |
| Operating revenue | 4,232 | 3,908 | 8.3 |
| Associates' proportionate revenue ⁽³⁾ | 3,632 | 3,347 | 8.5 |
| Group's proportionate revenue | 7,865 | 7,255 | 8.4 |

Notes:

- (1) From 1 April 2017, Mobile communications include S\$12 million of inter-operator mobile tariff discounts previously classified under 'Other revenue'. Excluding this reclassification, Mobile communications would have increased by 2.4% from the last corresponding quarter.
- (2) Comprise revenues mainly from Amobee, HOOQ, DataSpark, AMPed, Dash, inSing.com, and Hungry-Go-Where.
- (3) Proportionate share of revenue of associates is based on operating revenue of the associate multiplied by Singtel's effective ownership interest.

| Operating Revenue Mix | Quarter | |
|-------------------------|--------------|--------------|
| | 30 Jun | |
| | 2017 % | 2016 % |
| Mobile communications | 34.9 | 37.3 |
| Data and Internet | 19.7 | 20.1 |
| <i>Cyber security</i> | 2.6 | 2.8 |
| <i>Other services</i> | 11.1 | 10.3 |
| Managed services | 13.7 | 13.1 |
| Business solutions | 3.0 | 3.8 |
| ICT | 16.7 | 16.9 |
| Sale of equipment | 10.3 | 9.0 |
| Digital businesses | 6.7 | 3.5 |
| National telephone | 5.9 | 6.8 |
| International telephone | 2.6 | 3.3 |
| Pay television | 1.7 | 1.8 |
| Others | 1.4 | 1.3 |
| Total | 100.0 | 100.0 |

SECTION 1 : GROUP

With first time contribution from Turn, operating revenue of the Group grew 8.3% and would have increased 6.3% in constant currency terms.

Mobile Communications revenue grew 1.6% but would be stable in constant currency terms. Data revenue continued to register strong growth across Singapore and Australia. However, the growth was offset by the impact of higher mobile service credits from device repayment plans in Australia as more customers subscribed to the higher rate plans, and lower roaming, voice and SMS revenues.

Data and Internet increased 6.4% driven by higher NBN revenue in Australia from higher migration payments and customer growth.

Revenue from ICT grew 6.4% mainly from cyber security and provision of infrastructure services.

Equipment sales grew 24% driven by robust demand for new smartphones.

Digital Businesses revenue more than doubled with contribution from Turn this quarter.

Including the proportionate share of operating revenue from the associates, the Group's enlarged revenue grew 8.4% to S\$7.87 billion with strong growth at Telkomsel.

SECTION 1 : GROUP**OPERATING EXPENSES (Before Depreciation and Amortisation)**

| | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Cost of sales ⁽¹⁾⁽²⁾ | 1,155 | 924 | 25.0 |
| Selling & administrative ⁽¹⁾ | 722 | 717 | 0.6 |
| Staff costs ⁽¹⁾ | 669 | 618 | 8.4 |
| Traffic expenses | 393 | 381 | 3.2 |
| Repair & maintenance | 93 | 90 | 3.7 |
| Others | 3 | 3 | 13.8 |
| Total | 3,036 | 2,732 | 11.1 |

| As a percentage of operating revenue | Quarter | |
|---|--------------|--------------|
| | 30 Jun | |
| | 2017 % | 2016 % |
| Cost of sales ⁽¹⁾⁽²⁾ | 27.3% | 23.6% |
| Selling & administrative ⁽¹⁾ | 17.1% | 18.4% |
| Staff costs ⁽¹⁾ | 15.8% | 15.8% |
| Traffic expenses | 9.3% | 9.7% |
| Repair & maintenance | 2.2% | 2.3% |
| Others | 0.1% | 0.1% |
| Total | 71.8% | 69.9% |

Notes:

- (1) Comparatives have been restated to be consistent with the current quarter.
(2) Cost of sales include costs of content and programming.

Total operating expenses grew 11%, and would have increased 9.0% in constant currency terms.

The increase in Cost of Sales was in line with higher Digital services, Equipment sales and ICT revenue.

Traffic expenses increased mainly due to higher NBN access fees in Australia on customer growth and traffic expense accrual reversed by Singapore Consumer in the same quarter last year.

SECTION 1 : GROUP**STAFF COSTS**

| | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Staff costs | | | |
| Optus ⁽¹⁾ | 273 | 265 | 3.4 |
| Singtel and other subsidiaries ⁽¹⁾ | 347 | 327 | 6.1 |
| | 620 | 591 | 4.9 |
| Amobee (including Turn) | 49 | 26 | 87.0 |
| Group ⁽¹⁾ | 669 | 618 | 8.4 |

| | Quarter | | | YOY Chge % |
|--------------------------------------|---------------|---------------|---------------|------------------|
| | 30 Jun | 31 Mar | 30 Jun | |
| | 2017 | 2017 | 2016 | |
| Average number of staff | | | | |
| Optus ⁽¹⁾ | 8,579 | 8,766 | 9,053 | -5.2 |
| Singtel and other subsidiaries | 16,261 | 16,179 | 15,881 | 2.4 |
| | 24,840 | 24,945 | 24,934 | -0.4 |
| Amobee (including Turn) | 809 | 536 | 555 | 45.8 |
| Group ⁽¹⁾⁽²⁾ | 25,649 | 25,481 | 25,489 | 0.6 |
| Headcount as at end of period | | | | |
| Optus | 8,475 | 8,738 | 9,012 | -6.0 |
| Singtel and other subsidiaries | 16,532 | 16,145 | 16,014 | 3.2 |
| | 25,007 | 24,883 | 25,026 | -0.1 |
| Amobee (including Turn) | 793 | 534 | 561 | 41.4 |
| Group ⁽²⁾ | 25,800 | 25,417 | 25,587 | 0.8 |

Notes:

(1) Comparatives have been restated to be consistent with the current quarter.

(2) Headcount for staff deployed in capital projects are included in the table above, though the related staff costs were capitalised as part of the cost of property, plant and equipment.

Staff costs grew 8.4% and would have increased 6.6% in constant currency terms with the inclusion of Turn, increased investments in cyber security capabilities and certain staff cost accrual reversals in the last corresponding quarter.

As of 30 June 2017, Group headcount was stable at 25,800 from a year ago, despite including Turn's headcount of 284. The additions from Turn and increased hirings at Trustwave were offset by lower headcount in Optus.

SECTION 1 : GROUP**NET FINANCE EXPENSE**

| | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Net interest expense | | | |
| - Interest income | 2 | 4 | -54.1 |
| - Interest expense | (97) | (87) | 10.7 |
| | (95) | (84) | 13.5 |
| - Net interest income from NetLink Trust ⁽¹⁾ | 4 | 4 | 2.4 |
| | (91) | (80) | 14.1 |
| Other finance income | | | |
| - Dividend income from Southern Cross/ PCHL | 6 | 18 | -69.1 |
| - Investment income ⁽²⁾ | 1 | * | nm |
| - Net foreign exchange loss (non-trade) | (2) | * | nm |
| - Net fair value loss ⁽³⁾ | (1) | (3) | -64.7 |
| | 3 | 14 | -79.9 |
| Net finance expense | (88) | (65) | 34.9 |

Notes:

- (1) Comprise interest earned on the unitholder's loan to NetLink Trust, net of the finance lease expenses on the exchange buildings leased from NetLink Trust.
- (2) Comprise mainly dividend income from Available-For-Sale investments.
- (3) Comprise mainly adjustments for hedging instruments measured at fair values under *FRS 39, Financial Instruments: Recognition and Measurement*.

“*” denotes less than S\$0.5 million.

Interest expense increased by 11% from higher average borrowings partly offset by decline in interest rates.

Net foreign exchange losses arose mainly from revaluation losses of fixed deposits on depreciation of the US Dollar.

Net fair value loss of S\$1 million (Q1 FY2017: S\$3 million) in the quarter arose from mark-to-market valuation of interest rate swaps.

SECTION 1 : GROUP**EXCEPTIONAL ITEMS ⁽¹⁾**

| | Quarter | | YOY Chge % |
|--|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Exceptional (losses)/ gains | | | |
| Staff restructuring costs (mainly Optus) | (19) | (22) | -13.0 |
| Share of Airtel's one-off gains (net) | - | 23 | nm |
| Others | 1 | * | nm |
| Group net exceptional (losses)/ gains (post-tax) ⁽²⁾ | (18) | 1 | nm |

Notes:

- (1) Exceptional items are material non-recurring items for which separate disclosure is considered necessary to avoid distortion of reported results of performance.
- (2) Comparatives have been restated to reclassify AIS' 3G/4G handset subsidy costs from exceptional items of the Singtel Group to share of associates' results to be consistent with the current quarter.

“*” denotes less than S\$0.5 million.

The exceptional items in this quarter included staff restructuring costs of S\$19 million mainly from Optus.

SECTION 1 : GROUP

TAX EXPENSE

| | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Income tax expense | | | |
| Optus | 85 | 83 | 2.3 |
| Singtel and other subsidiaries | 57 | 56 | 3.1 |
| Tax expense of Singtel and subsidiaries (a) | 142 | 139 | 2.6 |
| Share of associates' tax expense (b) ⁽¹⁾ | 214 | 224 | -4.5 |
| Withholding and dividend distribution taxes on associates' dividend income ⁽²⁾ | 79 | 78 | 0.8 |
| Total | 435 | 441 | -1.3 |
| Profit before exceptional items and tax ⁽¹⁾ | 1,340 | 1,380 | -3.0 |
| Exclude: | | | |
| Share of associates' pre-tax profits ⁽¹⁾ | (730) | (753) | -3.1 |
| Adjusted pre-tax profit (c) | 610 | 627 | -2.8 |
| Effective tax rate of Singtel and subsidiaries (a)/(c) | 23.3% | 22.1% | |
| Share of associates' pre-tax profits (d) ⁽¹⁾ | 730 | 753 | -3.1 |
| Effective tax rate of associates (b)/(d) ⁽¹⁾ | 29.4% | 29.8% | |

Notes:

- (1) Comparatives have been restated to reclassify AIS' 3G/4G handset subsidy costs from exceptional items of the Singtel Group to share of associates' results and taxes to be consistent with the current quarter.
- (2) Withholding and Indian dividend distribution taxes are deducted at source when dividends are remitted by the overseas associates. For accounting purposes, the dividend income and related withholding or dividend distribution taxes are accrued when declared by the associates. Dividend income has no impact on the income statement of the Group as they are eliminated at Group. The cash inflows upon the receipt of dividend are shown in **Section 5**.

The decline in tax expense was mainly due to lower associates' taxes in line with lower earnings.

SECTION 1 : GROUP**SUMMARY STATEMENTS OF FINANCIAL POSITION**

| | As at | | |
|--|---------------|---------------|---------------|
| | 30 Jun | 31 Mar | 30 Jun |
| | 2017 | 2017 | 2016 |
| | S\$ m | S\$ m | S\$ m |
| Current assets (excluding cash) | 6,585 | 5,384 | 4,526 |
| Cash and bank balances | 632 | 534 | 966 |
| Non-current assets | 41,922 | 42,377 | 37,349 |
| Total assets | 49,138 | 48,294 | 42,840 |
| Current liabilities | 7,747 | 9,272 | 6,530 |
| Non-current liabilities | 12,524 | 10,808 | 10,886 |
| Total liabilities | 20,272 | 20,081 | 17,416 |
| Net assets | 28,867 | 28,214 | 25,424 |
| Share capital | 4,127 | 4,127 | 2,634 |
| Retained earnings | 30,386 | 29,494 | 29,401 |
| Currency translation reserve (loss) | (4,735) | (4,508) | (5,491) |
| Other reserves | (906) | (900) | (1,131) |
| Equity attributable to shareholders | 28,872 | 28,214 | 25,413 |
| Minority interests and other reserve | (5) | * | 10 |
| | 28,867 | 28,214 | 25,424 |

“*” denotes less than S\$0.5 million.

The Group continues to be in strong financial position. It is rated A1 by Moody's and A+ by S&P Global Ratings. Singtel's ratings are strong among its peers in the global telecommunications industry.

The currency translation reserve (loss) in equity increased by S\$227 million from a quarter ago mainly due to recognition of translation losses on the net assets of Optus and the regional associates from depreciation in the Australian Dollar and regional currencies.

SECTION 1 : GROUP**LIQUIDITY AND GEARING**

| | As at | | |
|---|---------------|---------------|--------------|
| | 30 Jun | 31 Mar | 30 Jun |
| | 2017 | 2017 | 2016 |
| | S\$ m | S\$ m | S\$ m |
| Gross debt | | | |
| Current debt | 1,739 | 3,134 | 1,048 |
| Non-current debt | 9,719 | 8,052 | 8,178 |
| Gross debt as reported in statement of financial position | 11,458 | 11,186 | 9,226 |
| Related net hedging asset ⁽¹⁾ | (273) | (268) | (400) |
| Hedged gross debt | 11,185 | 10,918 | 8,826 |
| Less: Cash and bank balances | (632) | (534) | (966) |
| Net debt | 10,553 | 10,384 | 7,860 |
| Gross debt gearing ratio ⁽²⁾ | 27.9% | 27.9% | 25.8% |
| Net debt gearing ratio | 26.8% | 26.9% | 23.6% |

Notes:

- (1) The net hedging asset relates to the fair values of cross currency and interest rate swaps.
- (2) Gross debt gearing ratio refers to the ratio of gross debt to gross capitalisation. Gross capitalisation is the aggregate of gross debt, shareholders' funds and minority interests.

Hedged gross debt increased by S\$268 million to S\$11.19 billion from a quarter ago, mainly due to net increase in borrowings of S\$280 million and mark-to-market movements. Net debt gearing ratio was stable at 26.8%.

As at 30 June 2017, net debt increased by S\$2.69 billion from a year ago mainly due to increased funding needs including financing for acquisitions of equity investments as well as spectrum investments across Singapore and Australia.

SECTION 1 : GROUP

CASH FLOW AND CAPITAL EXPENDITURE

| | Quarter | | | YOY Chge % |
|--|----------------|---------------|----------------|------------------|
| | 30 Jun | 30 Jun | 31 Mar | |
| | 2017 S\$ m | 2016 S\$ m | 2017 S\$ m | |
| Net cash inflow from operating activities | | | | |
| Profit before exceptional items and tax ⁽¹⁾ | 1,340 | 1,380 | 1,355 | -3.0 |
| Non-cash items ⁽¹⁾ | (90) | (168) | (34) | -46.7 |
| Operating cash flow before working capital changes | 1,250 | 1,212 | 1,321 | 3.1 |
| Changes in operating assets and liabilities | (158) | (259) | (94) | -39.0 |
| Cash paid to employees under performance share plans | 1,092 | 953 | 1,227 | 14.6 |
| Tax paid on operating activities | (1) | * | - | nm |
| Operating cash flow before dividends from associates | (71) | (66) | (109) | 7.4 |
| Dividends/ Distributions received from associates | 1,021 | 887 | 1,118 | 15.1 |
| Withholding tax paid on dividends received | 961 | 945 | 331 | 1.7 |
| | (96) | (95) | (32) | 0.7 |
| | 1,886 | 1,737 | 1,416 | 8.6 |
| Net cash outflow for investing activities | | | | |
| Accrued capital expenditure | (341) | (391) | (956) | -12.8 |
| Changes in creditors' balances | (251) | (113) | 303 | 121.4 |
| Cash capital expenditure | (592) | (505) | (653) | 17.4 |
| Investment in associates | - | (2) | * | nm |
| Deferred proceeds/ proceeds on disposal of associates | - | 42 | 18 | nm |
| Payment for purchase of spectrum | (934) | (27) | * | @ |
| Payment for purchase of other intangibles | (43) | (24) | (24) | 80.7 |
| Payment for purchase of subsidiaries, net of cash acquired | (340) | - | - | nm |
| Investment in venture investments | (25) | (12) | (7) | 107.4 |
| Proceeds from disposal of venture investments | 1 | 51 | 16 | -97.4 |
| Proceeds from disposal of property, plant and equipment | 4 | 33 | * | -88.1 |
| Withholding tax paid on interest received on inter-company loans | - | - | (13) | - |
| Others | 2 | 5 | 18 | -59.2 |
| | (1,928) | (439) | (644) | 339.4 |
| Net cash inflow/ (outflow) for financing activities | | | | |
| Net increase/ (decrease) in borrowings | 280 | (681) | 97 | nm |
| Settlement of swap for bonds repaid | - | - | 16 | - |
| Net interest paid on borrowings and swaps | (121) | (102) | (72) | 18.4 |
| Interim dividend paid to shareholders | - | - | (1,110) | - |
| Purchase of performance shares | (10) | (11) | (6) | -2.9 |
| Others | - | - | * | - |
| | 149 | (794) | (1,075) | nm |
| Net increase/ (decrease) in cash and cash equivalents | 107 | 504 | (303) | -78.7 |
| Exchange effects on cash and cash equivalents | (9) | * | (12) | nm |
| Group cash and cash equivalents at beginning | 534 | 462 | 848 | 15.6 |
| Group cash and cash equivalents at end | 632 | 966 | 534 | -34.6 |
| Group free cash flow | | | | |
| Singapore | 305 | 291 | 248 | 5.0 |
| Optus | 123 | 92 | 217 | 34.5 |
| Group free cash flow (before associates' dividends/ distributions) | 428 | 382 | 465 | 12.0 |
| Dividends/ Distributions received from associates (net of withholding tax) | 865 | 850 | 299 | 1.8 |
| Group free cash flow | 1,294 | 1,232 | 764 | 5.0 |
| Optus free cash flow (in A\$) | 120 | 99 | 202 | 21.4 |
| Cash capex to operating revenue | 14% | 13% | 15% | |

“*” denotes less than S\$0.5 million.

“@” denotes more than 500%.

SECTION 1 : GROUP

Note:

(1) Comparatives have been restated to reclassify AIS' 3G/4G handset subsidy costs from exceptional items of the Singtel Group to share of associates' results to be consistent with the current quarter.

Net cash inflow from operating activities (before associates' dividend receipts) for the quarter grew 15% to S\$1.02 billion mainly due to working capital movements. Gross dividends/distributions from the associates increased 1.7% with dividends/distributions received from Intouch (FY 2017: Nil) and NetLink Trust, partly offset by lower dividends from AIS in line with its lower net profit. Consequently, total cash flow from operations increased 8.6% to S\$1.89 billion.

Compared to the preceding quarter, cash flow from operating activities grew 33% on higher dividends received from associates and lower cash taxes partly offset by working capital movements which included the payment of annual staff incentive this quarter.

Net cash outflow for investing activities was S\$1.93 billion. In the quarter, payment of S\$340 million (US\$244 million) was made for the acquisition of Turn. Capital expenditure grew 17% to S\$592 million. Capital expenditure comprised S\$153 million for Singapore and S\$439 million (A\$419 million) for Australia. In Singapore, major capital investments in the quarter included S\$58 million for fixed and data infrastructure, S\$41 million for mobile networks, S\$21 million for information systems and S\$20 million for ICT investments. In Australia, capital investments in mobile networks, and fixed and other core infrastructure amounted to A\$260 million and A\$160 million respectively. Other investing cash flows in the quarter included payments of S\$746 million made in respect of Optus' renewal of 900 MHz, 1800 MHz and 2100 MHz spectrum and S\$188 million for Singtel's 900 MHz and 2500 MHz spectrum.

With higher operating cash partly offset by higher capital expenditure, the Group's free cash flow grew 5.0% to S\$1.29 billion.

Net cash financing inflow of S\$149 million mainly comprised net increase in borrowings of S\$280 million partly offset by interest payments of S\$121 million.

Overall cash balance increased S\$98 million from a quarter ago and the cash balance was S\$632 million as at 30 June 2017.

SECTION 2 : GROUP CONSUMER

GROUP CONSUMER**MANAGEMENT DISCUSSION AND ANALYSIS**

Group Consumer comprises the consumer businesses across Singapore and Australia, as well as the regional associates in the emerging markets. The results shown in this section are for the consumer businesses across Singapore and Australia only. The results of the regional associates are discussed in **Section 5**.

FINANCIAL HIGHLIGHTS**FOR THE FIRST QUARTER ENDED 30 JUNE 2017**

- **Operating revenue at S\$2.36 billion – up 7.5%.**
- **EBITDA at S\$831 million – up 3.9%.**
- **EBIT stable at S\$437 million.**

SECTION 2 : GROUP CONSUMER**GROUP CONSUMER SUMMARY INCOME STATEMENT**

For The First Quarter Ended 30 June 2017

| | Quarter | | YOY Chge % |
|-----------------------------|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Operating revenue | 2,361 | 2,197 | 7.5 |
| Operating expenses | (1,596) | (1,459) | 9.4 |
| | 765 | 738 | 3.7 |
| Other income | 65 | 61 | 6.5 |
| EBITDA | 831 | 799 | 3.9 |
| - margin | 35.2% | 36.4% | |
| Depreciation & amortisation | (394) | (365) | 7.7 |
| EBIT | 437 | 434 | 0.7 |

| | Quarter | | YOY Change % |
|---|---------------|---------------|--------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Cost of sales ⁽²⁾⁽³⁾ | 544 | 437 | 24.5 |
| Selling & administrative ⁽²⁾ | 496 | 501 | -1.0 |
| Traffic expenses | 260 | 232 | 11.9 |
| Staff costs ⁽²⁾ | 234 | 223 | 4.6 |
| Repair & maintenance | 51 | 51 | 0.4 |
| Others | 12 | 15 | -23.0 |
| Operating expenses | 1,596 | 1,459 | 9.4 |

Notes:

- (1) The above figures include the costs of International Group division which have responsibility over the regional associates.
- (2) Comparatives have been restated to be consistent with the current quarter.
- (3) Cost of sales include costs of content and programming.

SECTION 2 : GROUP CONSUMER

GROUP CONSUMER OPERATING HIGHLIGHTS

For The First Quarter Ended 30 June 2017

Australia Consumer contributed 76% (Q1 FY2017: 75%) and 75% (Q1 FY2017: 73%) to the Group Consumer's operating revenue and EBITDA respectively. The Australian Dollar strengthened 3% against the Singapore Dollar from the same quarter last year.

Operating revenue and EBITDA grew 7.5% and 3.9% respectively while EBIT was stable after including higher depreciation and amortisation charges. In constant currency terms, operating revenue and EBITDA increased by 4.9% and 1.4% respectively while EBIT declined 1.7%.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2017 were as follows:

| | Quarter | | QOQ Chge % |
|--------------------------|-------------------------|-------------------------|------------------|
| | 30 Jun 2017 S\$ m | 31 Mar 2017 S\$ m | |
| Operating revenue | 2,361 | 2,457 | -3.9 |
| Operating expenses | (1,596) | (1,594) | 0.1 |
| EBITDA | 831 | 908 | -8.6 |
| - margin | 35.2% | 37.0% | |
| EBIT | 437 | 513 | -14.8 |

EBITDA declined on lower operating revenue and higher selling expenses in the quarter. The decline in operating revenue was due mainly to lower Equipment sales in Singapore this quarter, and higher NBN migration payments in Australia in the preceding quarter.

SECTION 2 : GROUP CONSUMER**SINGAPORE CONSUMER SUMMARY INCOME STATEMENT**

For The First Quarter Ended 30 June 2017

| | Quarter | | YOY Chge % |
|-----------------------------|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Operating revenue | 567 | 558 | 1.6 |
| Operating expenses | (365) | (348) | 4.7 |
| | 202 | 210 | -3.7 |
| Other income ⁽¹⁾ | 7 | 5 | 30.2 |
| EBITDA | 209 | 215 | -2.9 |
| - margin | 36.9% | 38.6% | |
| Depreciation & amortisation | (72) | (70) | 2.6 |
| EBIT | 137 | 145 | -5.5 |

| | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Mobile communications ⁽²⁾ | 318 | 323 | -1.4 |
| Residential Pay TV | 58 | 54 | 7.5 |
| Sale of equipment | 57 | 43 | 32.4 |
| Fixed broadband | 57 | 55 | 3.5 |
| International telephone | 36 | 44 | -18.6 |
| National telephone | 28 | 29 | -5.2 |
| Others ⁽²⁾⁽³⁾ | 15 | 11 | 28.1 |
| Operating revenue | 567 | 558 | 1.6 |
| Selling & administrative ⁽⁴⁾ | 129 | 131 | -1.0 |
| Cost of sales | 114 | 104 | 9.9 |
| Staff costs ⁽⁴⁾ | 60 | 53 | 12.8 |
| Traffic expenses | 55 | 52 | 5.4 |
| Repair & maintenance | 12 | 14 | -12.6 |
| Others | (5) | (4) | 9.5 |
| Operating expenses | 365 | 348 | 4.7 |

Notes:

- (1) 'Other income' include trade foreign currency exchange differences, rental income, gain/loss on disposal of scrap copper and property, plant and equipment, and other miscellaneous recoveries.
- (2) From 1 April 2017, Mobile communications include S\$4 million of inter-operator mobile tariff discounts previously classified under 'Other revenue'. Excluding this reclassification, Mobile communications would have been stable compared to the same quarter last year.
- (3) 'Other revenue' include digital services and revenues from mobile network cabling works and projects.
- (4) Comparatives have been restated to be consistent with the current quarter.

SECTION 2 : GROUP CONSUMER

SINGAPORE CONSUMER OPERATING PERFORMANCE

For The First Quarter Ended 30 June 2017

Despite an intense competitive market, Singapore Consumer reported an increase in operating revenue of 1.6% driven primarily by growth in Equipment sales and Consumer Home Services.

Equipment sales grew a strong 32% on robust demand for new smartphones and higher recontracts.

Mobile Communications was stable² with growth in data offsetting the continued decline in local and roaming voice revenues. The postpaid customer base grew by 22,000³ from a quarter ago. The prepaid customer base, however, declined by 31,000 this quarter impacted by the closure of 2G mobile services and churn of promotional SIMs.

Singtel continues to enhance its mobile offerings with generous data add-ons, upgrade offers and other lifestyle benefits. During the quarter, Singtel successfully launched an attractive postpaid SIM-only starter pack and a “25GB for \$26.75” data add-on, as well as the “LVL UP” plan for youths. An affordable ReadyRoam add-on service covering 9 regional countries at S\$12 for 1 GB was also introduced in the quarter.

Consumer Home Services which comprise fixed broadband, residential pay TV and voice revenues was up 3.3%. Fixed broadband revenue increased 3.5% as more customers upgraded to higher speed fibre plans and subscribed to value-added services such as security suite. Singtel TV's revenue grew 7.5% due to contributions from the sub-licensing of content rights for the Premier League 2016/2017 season (Q1 FY2017: Nil). The number of customers who signed up for 'on-the-go' services, namely the Cast OTT and Singtel TV Go companion apps, continued to gain strong traction and grew by 20,000 in the quarter to 67,000 as at 30 June 2017.

During the quarter, Singtel introduced 2 new Cast OTT packs: Aneka Plus, which provides the latest top Malay entertainment, as well as FOX+, which brings Hollywood's latest shows, movies, documentaries and live sports. Singtel also secured the exclusive broadcast rights for *Sing! China*, a highly popular Chinese talent show.

International Telephone fell significantly by 19% on lower call traffic on continued mobile data substitution. The impact of the decline was partially mitigated by lower outpayment costs.

Operating expenses increased by 4.7%. Cost of sales increased due to higher Equipment sales partially offset by lower content and programming cost. Staff costs rose mainly due to staff accrual reversals in the corresponding quarter, as well as headcount increase following termination of a network outsourcing contract this quarter. Selling and administrative expenses were stable on strong cost management despite higher mobile customer acquisition and retention costs due to increased connections. Excluding S\$5 million of traffic accrual reversal in the same quarter last year, traffic expenses would have declined by 3.9% on lower roaming rates.

² Excluding inter-operator mobile tariff discounts which was reclassified from 'Other revenue' to Mobile communications from 1 April 2017.

³ Based on total product view (i.e. included Enterprise mobile).

SECTION 2 : GROUP CONSUMER

Consequently, EBITDA declined 2.9%. After including higher depreciation and amortisation charges on mobile network and spectrum investments, EBIT fell 5.5%.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2017 were as follows:

| | Quarter | | QOQ Chge % |
|--------------------------|-------------------------|-------------------------|------------------|
| | 30 Jun 2017 S\$ m | 31 Mar 2017 S\$ m | |
| Operating revenue | 567 | 589 | -3.6 |
| Operating expenses | (365) | (407) | -10.3 |
| EBITDA | 209 | 190 | 9.9 |
| - margin | 36.9% | 32.3% | |
| EBIT | 137 | 118 | 16.5 |

Operating revenue declined 3.6% mainly from lower Equipment sales this quarter. EBITDA, however, grew 9.9% due to seasonally higher selling expenses in the preceding quarter.

SECTION 2 : GROUP CONSUMER**AUSTRALIA CONSUMER SUMMARY INCOME STATEMENT**

For The First Quarter Ended 30 June 2017

| | Quarter | | YOY Chge % |
|--|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 A\$ m | 2016 A\$ m | |
| Operating revenue | 1,716 | 1,619 | 6.0 |
| Operating expense | (1,174) | (1,094) | 7.3 |
| | 542 | 524 | 3.3 |
| Other income | 54 | 54 | -0.8 |
| EBITDA | 595 | 578 | 2.9 |
| - margin | 34.7% | 35.7% | |
| Depreciation & amortisation ⁽¹⁾ | 307 | 291 | 5.6 |
| EBIT | 288 | 288 | 0.2 |

| | Quarter | | YOY Chge % |
|--|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 A\$ m | 2016 A\$ m | |
| Incoming | 50 | 47 | 6.7 |
| Outgoing | 874 | 864 | 1.2 |
| Total Mobile Service | 925 | 911 | 1.5 |
| Equipment | 317 | 259 | 22.5 |
| Total Mobile Revenue | 1,242 | 1,170 | 6.1 |
| Voice | 88 | 99 | -11.6 |
| Broadband | 108 | 117 | -7.4 |
| PayTV | 28 | 25 | 9.9 |
| Mass Market Fixed On-net | 223 | 241 | -7.3 |
| Mass Market Fixed Off-net ⁽²⁾ | 110 | 54 | 104.7 |
| Total Mass Market Fixed | 333 | 295 | 13.2 |
| Data & IP | 56 | 57 | -2.9 |
| Voice | 24 | 27 | -9.3 |
| Satellite | 61 | 70 | -13.2 |
| Total Wholesale Fixed | 141 | 154 | -8.7 |
| Operating revenue | 1,716 | 1,619 | 6.0 |

Notes:

(1) Optus has revised the useful lives of certain network assets from 1 April 2017 as part of its periodic review. The revision has resulted in lower depreciation of A\$12 million in this quarter.

(2) Included NBN migration and site preparation revenues of A\$41 million (Q1 FY2017: A\$15 million) for the quarter.

SECTION 2 : GROUP CONSUMER

| | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 A\$ m | 2016 A\$ m | |
| Cost of sales ⁽¹⁾ | 411 | 329 | 24.9 |
| Selling & administrative ⁽¹⁾ | 349 | 364 | -4.3 |
| Traffic expenses | 196 | 178 | 10.3 |
| Staff costs ⁽¹⁾ | 165 | 167 | -1.0 |
| Repair & maintenance | 37 | 37 | 1.3 |
| Others | 16 | 19 | -18.2 |
| Operating expenses | 1,174 | 1,094 | 7.3 |

Note:

(1) Comparatives have been restated to be consistent with the current quarter.

AUSTRALIA CONSUMER OPERATING PERFORMANCE**For The First Quarter Ended 30 June 2017**

Australia Consumer reported an increase in operating revenue of 6.0% in the first quarter ended 30 June 2017. The increase was driven by higher Mobile and NBN revenues partially offset by decline in Wholesale Fixed revenues.

Outgoing mobile service revenue grew 1.2% and would be up 6.8% excluding the impact of device repayment plan credits. The postpaid handset customer base continued to grow strongly by 59,000⁴ this quarter, with the branded handset customer base increasing by 58,000. The prepaid handset customer base declined 18,000 from a quarter ago.

Blended mobile ARPU was stable year-on-year excluding the impact of device repayment plan credits. Postpaid ARPU grew year on year by 2% excluding the impact of device repayment plan credits.

The number of 4G mobile customers increased by 84,000 this quarter, resulting in the total 4G customer base increasing to 5.81 million⁵ as at 30 June 2017.

Optus continued to invest in its mobile networks, reaching 96.4% of 4G population coverage with 6,187 sites upgraded to 4G, of which 5,156 have been upgraded to 700 MHz spectrum. Optus has also announced its intention to spend A\$1 billion to improve and expand its mobile network in regional Australia by the end of June 2018. Ongoing network investment has resulted in Optus being ranked first in the monthly Netflix ISP Speed index for 22 consecutive months.

⁴ Including Enterprise customers, Optus' total postpaid handset customer base grew 54,000.

⁵ Including Enterprise customers, Optus' total number of 4G customers increased from 5.80 million a quarter ago to 5.88 million.

SECTION 2 : GROUP CONSUMER

Demonstrating its commitment to be a mobile led multimedia company, Optus launched an exclusive mobile app with National Geographic. In a global first, the app brings together 129 years of powerful storytelling, delivering it right into the hands of eligible Optus mobile customers. Optus is the first mobile operator to team up with National Geographic to provide customers with the opportunity to read from the huge range of articles, watch a documentary, or scroll through some of the world's most breathtaking photography – all without using their data.

During the quarter, Optus introduced Optus Loop – a cloud-based telephony system that provides hybrid mobile and fixed line telephony service – for small and medium business (SMB) operators challenging the traditional PABX. Optus Loop will provide voice, Instant Messaging and Presence (IM&P), a full-featured soft client for personal computers and tablets, desktop and file sharing, virtual meeting rooms and voice and video conferencing.

In Mass Market Fixed, operating revenue grew 13% mainly on higher NBN revenue driven by NBN customer growth of 143,000 from a year ago. Excluding NBN migration and preparation fees, Mass Market Fixed revenue grew 4.4%.

Wholesale Fixed revenue declined 8.7% driven primarily by lower satellite revenue.

Total operating expenses were up 7.3% mainly from higher cost of sales and traffic expenses. Cost of sales increased on higher Equipment sales and increased content and programming costs. Traffic expenses rose due to customer growth and increased NBN access fees.

Consequently, EBITDA increased 2.9% and EBITDA margin declined slightly to 34.7% in the quarter.

EBIT remained stable after including depreciation and amortisation expense which increased 5.6% from investments in mobile network and spectrum.

SECTION 2 : GROUP CONSUMER**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 31 March 2017 were as follows:

| | Quarter | | QOQ Chge % |
|--------------------------|-------------------------|-------------------------|------------------|
| | 30 Jun 2017 A\$ m | 31 Mar 2017 A\$ m | |
| Operating revenue | 1,716 | 1,741 | -1.5 |
| Operating expenses | (1,174) | (1,099) | 6.9 |
| EBITDA | 595 | 676 | -11.9 |
| - margin | 34.7% | 38.8% | |
| EBIT | 288 | 376 | -23.3 |

EBITDA declined due to timing of NBN migration payments, as well as higher operating expenses on seasonality. EBIT fell 23% after higher depreciation and amortisation charges.

SECTION 3 : GROUP ENTERPRISE

GROUP ENTERPRISE**MANAGEMENT DISCUSSION AND ANALYSIS**

Group Enterprise provides comprehensive and integrated ICT solutions to enterprise customers in Singapore, Australia, U.S.A., Europe and the region, covering mobile, equipment sales, fixed voice and data, managed services, cloud computing, cyber security, IT services and professional consulting.

FINANCIAL HIGHLIGHTS**FOR THE FIRST QUARTER ENDED 30 JUNE 2017**

- **Operating revenue at S\$1.60 billion – up 1.1%.**
- **EBITDA at S\$484 million – down 1.2%.**
- **EBIT stable at S\$329 million.**
- **In constant currency terms⁶, operating revenue was stable while EBITDA declined 1.5% and EBIT remained stable.**

⁶ Assuming constant exchange rates for the Australian Dollar and United States Dollar from the corresponding quarter 30 June 2016.

SECTION 3 : GROUP ENTERPRISE**GROUP ENTERPRISE SUMMARY INCOME STATEMENT**

For The First Quarter Ended 30 June 2017

| | Quarter | | YOY Chge % |
|-----------------------------|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Operating revenue | 1,598 | 1,580 | 1.1 |
| Operating expenses | (1,121) | (1,096) | 2.3 |
| Other income ⁽¹⁾ | 477 | 484 | -1.5 |
| | 7 | 6 | 21.3 |
| EBITDA | 484 | 490 | -1.2 |
| - margin | 30.3% | 31.0% | |
| Depreciation & amortisation | (155) | (161) | -3.2 |
| EBIT | 329 | 330 | -0.3 |

| | Quarter | | YOY Chge % |
|--------------------------------------|---------------|---------------|------------------|
| | 30 June | | |
| | 2017 S\$ m | 2016 S\$ m | |
| <i>Cyber security</i> | 110 | 109 | 0.6 |
| <i>Other services</i> ⁽²⁾ | 469 | 403 | 16.5 |
| Managed services | 579 | 512 | 13.1 |
| Business solutions ⁽³⁾ | 126 | 150 | -16.2 |
| ICT | 705 | 662 | 6.4 |
| Data and Internet ⁽⁴⁾ | 426 | 425 | 0.1 |
| Mobile communications ⁽⁵⁾ | 243 | 254 | -4.2 |
| National telephone | 115 | 120 | -4.5 |
| Sale of equipment | 47 | 44 | 5.9 |
| International telephone | 45 | 58 | -22.7 |
| Others ⁽⁵⁾⁽⁶⁾ | 17 | 16 | 10.9 |
| Operating revenue | 1,598 | 1,580 | 1.1 |

Notes:

- (1) 'Other income' include trade foreign exchange differences, rental income, gain/loss on disposal of property, plant and equipment, and other recoveries. The net trade foreign exchange losses amounted to S\$3 million (Q1 FY2017: S\$3 million of loss) for the quarter.
- (2) Include facility management, managed and network services, and value-added reselling and services.
- (3) Include applications management services and outsourcing, system integration and business process outsourcing and communication engineering services.
- (4) Include local leased circuits, international leased circuits, fixed broadband, Singtel Internet exchange and satellite.
- (5) From 1 April 2017, Mobile communications include S\$7 million of inter-operator mobile tariff discounts previously classified under 'Other revenue'. Excluding this reclassification, Mobile communications would have declined by 1.4% from the same quarter last year.
- (6) 'Other revenue' include TV and digital business revenues.

SECTION 3 : GROUP ENTERPRISE

| | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 June | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Cost of sales | 399 | 380 | 5.1 |
| Staff costs ⁽¹⁾ | 362 | 347 | 4.4 |
| Selling & administrative ⁽¹⁾ | 197 | 198 | -0.5 |
| Traffic expenses | 134 | 149 | -10.4 |
| Repairs, maintenance and others | 29 | 21 | 35.5 |
| Operating expenses | 1,121 | 1,096 | 2.3 |

Note:

(1) Comparatives have been restated to be consistent with the current quarter.

GROUP ENTERPRISE OPERATING HIGHLIGHTS**For the First Quarter Ended 30 June 2017**

Singapore contributed 75% (Q1 FY2017: 76%) and 86% (Q1 FY2017: 86%) to Group Enterprise's operating revenue and EBITDA respectively.

Group Enterprise's operating revenue grew 1.1% driven by higher ICT revenue across Singapore and Australia partially offset by decline in traditional carriage services. EBITDA, however, fell 1.2% mainly due to investments in cyber security and ICT capabilities. EBIT was stable.

Operating expenses grew 2.3%. The increase in Cost of Sales was in line with related ICT business growth and increased scope of services. Staff costs grew from increased investments in cyber security and ICT capabilities, and a stronger Australian Dollar. Selling and administrative expenses were stable. Traffic expenses fell due to lower international call and roaming traffic and rates.

For the current quarter, Trustwave recorded S\$13 million in negative EBITDA and S\$24 million in negative EBIT after including the amortisation of acquired intangibles.

Excluding Trustwave, EBITDA was stable and EBIT grew 2.2%.

During the quarter, Singtel together with DBS Bank Ltd, launched the 3rd edition of the nationwide 99% SME movement to enable 5,000 small and medium enterprises (SMEs) to grow their businesses through adoption of digital technologies.

Singtel also launched the Singtel Cyber Security Experience, an interactive cyber education portal for students and mid-career professionals to develop a vibrant cyber security ecosystem and sustainable talent pool in Singapore.

Based on IDC's Asia/Pacific Telecom Services Database for 1H 2016, Singtel maintained its leadership position in Asia Pacific with 21.3% of the IPVPN market, 16.2% of the IPLC market and 24.4% of the E-Line market.⁷

⁷ IDC Telecom Services Database Asia-Pacific 1H2016, Feb 2017

SECTION 3 : GROUP ENTERPRISE**SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 31 March 2017 were as follows:

| | Quarter | | QOQ Chge % |
|--------------------------|-------------------------|-------------------------|------------------|
| | 30 Jun 2017 S\$ m | 31 Mar 2017 S\$ m | |
| Operating revenue | 1,598 | 1,723 | -7.3 |
| Operating expenses | (1,121) | (1,269) | -11.6 |
| EBITDA | 484 | 466 | 4.0 |
| - margin | 30.3% | 27.0% | |
| EBIT | 329 | 294 | 11.7 |

Operating revenue declined due mainly to seasonally higher ICT revenue recorded in the March quarter. EBITDA, however, increased due to lower selling and administrative expenses, as well as one-off cost accruals in the preceding quarter.

EBIT increased 12% on lower depreciation mainly due to impact of fully depreciated assets in the preceding quarter.

SECTION 3 : GROUP ENTERPRISE**SINGAPORE ENTERPRISE SUMMARY INCOME STATEMENT**

| | Quarter | | YOY Chge % |
|--------------------------------------|----------------------|----------------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Managed services ⁽¹⁾ | 427 | 369 | 15.6 |
| Business solutions ⁽²⁾ | 126 | 150 | -16.2 |
| ICT | 553 | 519 | 6.4 |
| Data and Internet ⁽³⁾ | 339 | 341 | -0.6 |
| Mobile communications ⁽⁴⁾ | 188 | 202 | -7.0 |
| National telephone | 39 | 42 | -8.0 |
| International telephone | 38 | 51 | -24.3 |
| Sale of equipment | 27 | 23 | 15.2 |
| Others ⁽⁴⁾⁽⁵⁾ | 17 | 16 | 10.9 |
| Operating revenue | 1,201 | 1,194 | 0.6 |
| EBITDA - margin | 414 34.5% | 423 35.4% | -2.0 |

Notes:

- (1) Include cyber security, facility management, managed and network services, and value-added reselling and services.
- (2) Include applications management services and outsourcing, system integration and business process outsourcing and communication engineering services.
- (3) Include local leased circuits, international leased circuits, fixed broadband, Singtel Internet exchange and satellite.
- (4) From 1 April 2017, Mobile communications include S\$7 million of inter-operator mobile tariff discounts previously classified under 'Other revenue'. Excluding this reclassification, Mobile communications would have declined by 3.4% from the same quarter last year.
- (5) 'Other revenue' include TV and digital business revenues.

Operating revenue was stable with growth in ICT services offset by decline in traditional carriage services. EBITDA fell with continued investments in cyber security and ICT capabilities.

Overall ICT revenue was up 6.4% mainly from cyber security and provision of infrastructure services partly offset by one-off product sales in the last corresponding quarter.

NCS' order book increased strongly by 31% from a year ago to S\$3.0 billion as at 30 June 2017, lifted by key wins in infrastructure projects and services.

Data and Internet revenue was stable.

Mobile Communications revenue declined mainly due to lower traffic for local and roaming voice and SMS partially offset by growth in data.

International Telephone revenue fell significantly by 24% on lower call usage on continued mobile data substitution. The impact of the decline was partially mitigated by lower outpayment costs.

SECTION 3 : GROUP ENTERPRISE**AUSTRALIA ENTERPRISE SUMMARY INCOME STATEMENT**

| | Quarter | | YOY Chge % |
|---|---------------------|---------------------|------------------|
| | 30 Jun | | |
| | 2017 A\$ m | 2016 A\$ m | |
| ICT and Managed Services | 146 | 141 | 3.1 |
| Data and IP | 83 | 83 | -0.1 |
| Voice | 79 | 84 | -6.4 |
| Mobile ⁽¹⁾ | 72 | 72 | ** |
| Operating revenue ⁽²⁾ | 380 | 381 | -0.3 |
| EBITDA - margin | 67 17.6% | 67 17.5% | ** |

Notes:

(1) Include mobile service revenue and sale of equipment revenue.

(2) Exclude small and medium business segment which is reported under 'Australia Consumer'.

*** denotes less than 0.05%

Both operating revenue and EBITDA were stable.

Overall ICT and Managed Services revenue grew 3.1% driven by higher maintenance sales.

Data and IP revenue remained stable.

Voice revenue fell 6.4%, lower than the industry⁸ decline. The decrease was due to price erosion and declines in switched voice as businesses migrated to lower cost IP-based voice solutions.

With expanded network coverage, Optus Business continued to connect more enterprise mobile customers. Mobile revenue was stable with higher data usage driving higher services revenue, offset by declines in roaming rates and lower equipment sales.

In April 2017, Optus Business won a competitive tender to deliver digital connectivity for 6,600 athletes and team officials, and 3,500 media as well as infrastructure and managed services supporting more than 11,000 users across Gold Coast, Cairns, Townsville and Brisbane during the 2018 Gold Coast Commonwealth Games. The strategic partnership with the Gold Coast 2018 Commonwealth Games Corporation and Commonwealth Games Australia will see Optus Business become the official support network of the Gold Coast 2018 Commonwealth Games.

⁸ Source: IDC's Fixed Line semi-annual tracker.

SECTION 4 : GROUP DIGITAL LIFE

GROUP DIGITAL LIFE**MANAGEMENT DISCUSSION AND ANALYSIS**

Group Digital Life (“GDL”) focuses on using the latest Internet technologies and assets of the Group’s operating companies to develop new revenue and growth engines by entering into adjacent businesses where it has a competitive advantage.

GDL has three key businesses – digital marketing (Amobee), regional premium OTT video (HOOQ) and advanced analytics and intelligence capabilities (DataSpark), and it also serves as Singtel’s digital innovation engine through Innov8.

FINANCIAL HIGHLIGHTS**FOR THE FIRST QUARTER ENDED 30 JUNE 2017**

- **Operating revenue at S\$273 million – more than doubled with first time contribution from Turn acquired in April 2017.**
- **Amobee achieved EBITDA breakeven for the quarter.**
- **Negative EBITDA of S\$24 million.**
- **Including amortisation of acquired intangibles, negative EBIT of S\$46 million.**

SECTION 4 : GROUP DIGITAL LIFE**GROUP DIGITAL LIFE SUMMARY INCOME STATEMENT**

For The First Quarter Ended 30 June 2017

| | Quarter | | YOY Chge % |
|-----------------------------|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Digital ⁽¹⁾ | 290 | 149 | 94.4 |
| Others ⁽²⁾ | 3 | 4 | -23.6 |
| Operating revenue | 293 | 154 | 91.0 |
| Intercompany eliminations | (20) | (23) | -10.6 |
| Operating revenue | 273 | 131 | 108.8 |
| Operating expenses | (296) | (158) | 87.0 |
| | (23) | (28) | -16.7 |
| Other losses | (1) | (8) | -92.7 |
| EBITDA | (24) | (36) | -34.2 |
| Depreciation | (8) | (5) | 82.6 |
| Amortisation of intangibles | (14) | (13) | 12.7 |
| | (23) | (17) | 31.4 |
| EBIT | (46) | (53) | -12.9 |
| Amobee group | | | |
| Operating revenue | 290 | 149 | 94.4 |
| Intercompany eliminations | (20) | (22) | -9.7 |
| Operating revenue | 271 | 128 | 112.1 |
| EBITDA | * | (16) | nm |
| EBIT | (16) | (25) | -35.6 |

Notes:

(1) Mainly digital marketing (which includes digital advertising) revenue from Amobee group (including Turn).

(2) Other revenues mainly comprise revenues from HOOQ and DataSpark.

*A negative sign for year-on-year change in EBITDA and EBIT denotes decrease in losses.

“*” denotes less than +/-S\$0.5 million

SECTION 4 : GROUP DIGITAL LIFE

| | Quarter | | YOY Chge % |
|---------------------------|---------------|---------------|------------------|
| | 30 June | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Cost of Sales | 212 | 107 | 98.1 |
| Staff costs | 57 | 34 | 69.4 |
| Selling & administrative | 24 | 14 | 71.9 |
| Others | 3 | 4 | -12.8 |
| Operating expenses | 296 | 158 | 87.0 |

GROUP DIGITAL LIFE OPERATING HIGHLIGHTS**For The First Quarter Ended 30 June 2017**

Operating revenue for the quarter more than doubled to S\$273 million, driven mainly by the enlarged Amobee business following the completion of its acquisition of Turn, Inc. (“Turn”) in April 2017.

Negative EBITDA decreased by 34% to S\$24 million. Amobee (including Turn) achieved breakeven in EBITDA for the quarter on improved synergies and cost management following the acquisition of Turn. The improvement in Amobee was partly offset by higher investments in content and increased operating costs in HOOQ as it ramped up its businesses.

Negative EBIT was S\$46 million, after accounting for depreciation and amortisation of acquired intangibles for Amobee group.

Amobee continued to showcase its marketing technology excellence in the quarter. Kia partnered with Amobee to create an immersive virtual showroom experience to bring its vehicle offerings to life. By leveraging Amobee’s high impact mobile, video and 3D solutions, the campaign delivered an exceptional experience to potential and in-market auto audiences. Spotify partnered with Amobee to leverage patented Brand Intelligence insights that helped to identify key audiences for the campaign. Using these insights, interactive, rich media banner ads were created to increase awareness and engagement of new users of the music-streaming service.

Amobee continued to gain industry recognition for its excellence in digital marketing. It won the Gold Stevie Award for Innovation in Paid Media Planning & Management at the Asia Pacific Stevie Awards and another Gold Stevie Award for Marketing Campaign of the Year in the Travel category at the American Business Awards.

During the quarter, three analytical solutions were launched to help marketers uncover actionable insights to drive their business decisions. The Media Planning tool enhances third-party targeting, informs private marketplace deals and provides smarter bidding decisions. The Customer Journey solution helps marketers engage with their consumers by understanding the different touchpoints and different devices they use across their journeys. The Lift Analysis package provides marketers with a template to analyse and measure the effectiveness of advertising initiatives across both display and video advertising, and optimise towards audiences with the greatest incremental gains.

SECTION 4 : GROUP DIGITAL LIFE

HOOQ announced new original productions such as Critical Eleven, Marlina the Murderer in Four Acts and Sweet 20 in Indonesia, and The T Party in the Philippines. It also announced the launch of HOOQ Filmmakers Guild, a regional competition to uncover the best script for an original production.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2017 were as follows:

| | Quarter | | QOQ Chge % |
|---------------------------|-------------------------|-------------------------|------------------|
| | 30 Jun 2017 S\$ m | 31 Mar 2017 S\$ m | |
| Operating revenue | 293 | 147 | 99.3 |
| Intercompany eliminations | (20) | (20) | ** |
| Operating revenue | 273 | 127 | 115.2 |
| Operating expenses | (296) | (162) | 83.3 |
| EBITDA | (24) | (36) | -34.4 |
| EBIT | (46) | (53) | -13.0 |

*** denotes less than +/-0.05%.

Compared to the preceding quarter, losses decreased on higher revenue and improved synergies with contribution from Turn this quarter.

SECTION 5: ASSOCIATES / JOINT VENTURES

**FINANCIAL HIGHLIGHTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2017**

- **The associates' pre-tax and post-tax underlying profit⁹ contributions fell by 3.1% and 2.5% respectively due mainly to lower profits at Airtel, AIS and Globe partially offset by strong earnings at Telkomsel and contribution from Intouch (acquired in November 2016).**
- **Excluding Airtel, pre-tax and post-tax underlying profit⁹ contributions increased 9.3% and 10%.**
- **If the regional currencies had remained stable from last corresponding quarter, the pre-tax and post-tax underlying profit⁹ contributions from the associates would have declined by 5.6% and 4.8% respectively.**
- **The Group's combined mobile customer base¹⁰ was up 17 million or 2.6% in the quarter to 655 million.**

⁹ Exclude exceptional items of Airtel classified under exceptional items of Singtel Group in the corresponding quarter ended 30 June 16.

¹⁰ Combined mobile customer base here refers to the total number of mobile customers in Singtel, Optus and the regional associates.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

| Pre-tax profit contribution ⁽¹⁾ | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Regional associates | | | |
| Telkomsel | | | |
| - operating results | 383 | 324 | 18.2 |
| - fair value gain | * | 2 | nm |
| | 383 | 326 | 17.7 |
| Bharti Telecom/ Bharti Airtel ("Airtel") ⁽²⁾ | | | |
| - operating results (India and South Asia) | 201 | 288 | -30.1 |
| - operating results (Africa) | 43 | 16 | 180.0 |
| - net finance costs | (141) | (109) | 28.8 |
| - fair value loss | (1) | (18) | -96.0 |
| | 103 | 176 | -41.6 |
| AIS ⁽³⁾ | | | |
| - operating results | 82 | 107 | -23.2 |
| - fair value gain | * | 2 | nm |
| | 82 | 108 | -24.3 |
| Globe | | | |
| - operating results | 80 | 90 | -10.9 |
| - fair value gain | 1 | * | nm |
| | 81 | 90 | -9.6 |
| Intouch ⁽⁴⁾ | | | |
| - operating results | 30 | - | nm |
| - fair value gain | * | - | nm |
| - amortisation of acquired intangibles | (6) | - | nm |
| | 24 | - | nm |
| | 673 | 700 | -3.8 |
| Other associates ⁽⁵⁾ | 61 | 53 | 14.1 |
| Singtel share of ordinary results (pre-tax) ⁽³⁾ | 734 | 753 | -2.6 |
| Optus share of ordinary results (pre-tax) | * | * | nm |
| Group share of ordinary results (pre-tax) ⁽³⁾ | 734 | 753 | -2.6 |
| Exceptional item ("EI") | | | |
| Airtel - one-off items | (4) | - | nm |
| Group share of EI | (4) | - | nm |
| Singtel share of pre-tax profit ⁽²⁾⁽³⁾ | 730 | 753 | -3.1 |
| Optus share of pre-tax profit | * | * | nm |
| Group share of pre-tax profit ⁽²⁾⁽³⁾ | 730 | 753 | -3.1 |
| (excluding Airtel) | 631 | 577 | 9.3 |
| Group share of taxes ⁽²⁾⁽³⁾ | 214 | 224 | -4.5 |
| Effective tax rate | 29.4% | 29.8% | |

SECTION 5 : ASSOCIATES/ JOINT VENTURES

| Post-tax profit contribution | Quarter | | | | YOY Chge |
|---|------------|------------------|------------|------------------|-------------|
| | 30 Jun | | | | |
| | 2017 | | 2016 | | |
| | S\$ m | % ⁽⁶⁾ | S\$ m | % ⁽⁶⁾ | % |
| Regional associates | | | | | |
| Telkomsel | 286 | 31 | 244 | 26 | 16.9 |
| Airtel ⁽²⁾ | | | | | |
| - ordinary results (India and South Asia) | 15 | | 131 | | -88.7 |
| - ordinary results (Africa) | 24 | | (38) | | nm |
| | 38 | | 93 | | -58.8 |
| - exceptional items | (3) | | - | | nm |
| | 35 | 4 | 93 | 10 | -62.1 |
| AIS ⁽³⁾ | 68 | 8 | 86 | 9 | -20.8 |
| Globe | 57 | 6 | 64 | 7 | -10.8 |
| Intouch ⁽⁴⁾ | | | | | |
| - ordinary results | 24 | | - | | nm |
| - amortisation of acquired intangibles | (5) | | - | | nm |
| | 20 | 2 | - | - | nm |
| | 465 | 51 | 487 | 52 | -4.5 |
| Other associates ⁽⁵⁾ | 50 | 5 | 41 | 4 | 21.1 |
| Group share of post-tax profit⁽²⁾⁽³⁾ (excluding Airtel) | 515 | 57 | 529 | 56 | -2.5 |
| | 480 | | 436 | | 10.2 |

| Post-tax profit contribution (in constant currency) ⁽⁷⁾ | Quarter | | YOY Chge |
|---|------------|------------|-------------|
| | 30 Jun | | |
| | 2017 | 2016 | |
| | S\$ m | S\$ m | % |
| Regional associates | | | |
| - operating results ⁽³⁾ | 659 | 715 | -7.7 |
| - fair value gain/ (loss) | 1 | (15) | nm |
| - amortisation of acquired intangibles | (6) | - | nm |
| | 654 | 700 | -6.6 |
| Other associates | 61 | 53 | 14.1 |
| Group share of ordinary results⁽³⁾ | 715 | 753 | -5.1 |
| Group share of exceptional items | (4) | - | nm |
| Group share of pre-tax profit⁽³⁾ | 711 | 753 | -5.6 |
| Group share of tax expense ⁽³⁾ | (208) | (224) | -7.4 |
| Group share of post-tax profit⁽³⁾ | 503 | 529 | -4.8 |
| Excluding Airtel: | | | |
| Group share of pre-tax profit⁽³⁾ | 618 | 577 | 7.1 |
| Group share of tax expense ⁽³⁾ | (148) | (141) | 4.7 |
| Group share of post-tax profit⁽³⁾ | 470 | 436 | 7.9 |

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Notes:

- (1) The accounts of the associates are prepared based on local GAAP. Where applicable and material, the accounting policies of the associates have been restated for compliance with the Group's accounting policies.
- (2) Share of results in the corresponding quarter ended 30 June 2016 excluded the Group's share of Airtel's material exceptional items which have been classified as exceptional items of the Group.
- (3) The share of AIS' 3G/4G handset subsidy costs previously classified as exceptional items of the Group in the corresponding quarter ended 30 June 2016 have been reclassified to share of AIS' ordinary results to be consistent with the current quarter.
- (4) Intouch, which Singtel acquired an equity interest of 21.0% in November 2016, has an equity interest of 40.5% in AIS.
- (5) Include the share of results of Singapore Post Limited and NetLink Trust.
- (6) Shows the post-tax profit contribution of the associates to the Group's underlying net profit.
- (7) Assuming constant exchange rates for the regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2016.

“*” denotes less than +/- S\$0.5 million.

The associates' pre-tax underlying profit contributions fell 3.1% due mainly to lower profits at Airtel, AIS and Globe partially offset by strong profit at Telkomsel and contribution from Intouch (acquired in November 2016).

On a post-tax basis, the associates' underlying profit contributions declined 2.5% to S\$515 million and contributed 57% to the Group's underlying net profit, up 1 percentage point from the same quarter last year.

Telkomsel registered strong double-digit growth in revenue and EBITDA boosted by higher data and digital revenues. Airtel recorded weaker revenue and earnings attributable mainly to sustained aggressive pricing by the new market entrant in India, as well as higher spectrum amortisation charges and related finance costs. The lower earnings at India were partially offset by lower fair value loss and improved operational performance in Africa. AIS recorded higher operating revenue but earnings were lower due to higher depreciation charges from network investment and increased spectrum amortisation charges and financing costs. Globe reported higher revenue and EBITDA but its earnings declined on higher depreciation charges and interest expense related to its acquisition of Vega Telecom, Inc.

PT Telekomunikasi Selular (“Telkomsel”)

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with 146,600 radio base stations (of which 66% are 3G/4G base transceiver stations) providing nationwide coverage. Telkomsel continued to expand its network with a focus on growing data and digital services. In the quarter, Telkomsel added approximately 9,900 3G/4G radio base stations.

Telkomsel continued to register double-digit growth in its revenue, EBITDA and net profit. Operating revenue was up 13% year-on-year fuelled by Ramadhan festivities in the current quarter coupled with growth across voice, data and digital businesses. Data and digital services rose a robust 31% with higher data usage amid continued strong take-up of smartphones. Voice revenue grew 6% mainly driven by a higher customer base, improvement in network quality and migration of pay per use to voice packages.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

EBITDA was up 15% despite higher operation and maintenance costs from accelerated network deployment and increased marketing expenses. The Group's share of Telkomsel's pre-tax profit rose 14% in Indonesian Rupiah terms after including higher depreciation charges. The Group's share of Telkomsel's pre-tax profit grew 18% from the same quarter last year after accounting for 3% appreciation of the Indonesian Rupiah against the Singapore Dollar.

On a post-tax basis, Telkomsel's profit contribution for the quarter increased 17% to S\$286 million which constituted 31% of the Group's underlying net profit, up 5 percentage points from the last corresponding quarter.

Compared to the preceding quarter, Telkomsel's EBITDA grew 6% driven by revenue growth on festivities despite higher administrative expenses and seasonally higher marketing expenses.

Telkomsel gained 8.6 million of mobile customers in the quarter, compared to net decline of 4.6 million in the preceding quarter. The total mobile customer base grew 21 million or 13% from a year ago to 178 million, including 102 million of data customers at end of June 2017.

Bharti Telecom Group ("Airtel")

Airtel is listed on the Indian Stock Exchanges - National Stock Exchange and the Bombay Stock Exchange. It is a leading integrated telecommunications company with operations in 17 countries across Asia and Africa, offering telecom services under wireless and fixed line technology, national and international long distance connectivity, digital TV and integrated telecom solutions to its enterprise customers. Airtel also owns telecom tower infrastructure through its subsidiary and joint venture companies.

Airtel has voluntarily reported consolidated financial statements based on IFRS in the Indian Stock Exchanges since April 2010. With effect from 1 April 2016, Airtel adopted Indian Accounting Standards as required by the local authorities. Consequently, Airtel ceased to report consolidated financial statements based on IFRS in the Indian Stock Exchanges. The consolidated financial statements of Airtel used for equity accounting by Singtel continued to be based on IFRS.

India and Sri Lanka ("India and South Asia")

In India, Airtel's operating performance continued to be adversely impacted by the new operator's offering of free voice and disruptive data pricing. Operating revenue fell 10% for the quarter with 14% decline in mobile revenue partly mitigated by growth in non-mobile segments. Traffic volume for voice grew a steep 34% with increased penetration of bundled offers which offer unlimited voice and generous data allowance. Consequently, voice realisation per minute fell 34%. Data traffic volume almost tripled but data realisation per MB fell 73% on competitive pressures.

With the decline in operating revenue, EBITDA correspondingly declined 21%.

Results of 'South Asia' comprised operations in Sri Lanka, as well as in Bangladesh in the corresponding quarter last year. Operating revenue and net losses in South Asia fell significantly by 77% and 76% respectively following the deconsolidation of Airtel Bangladesh in November 2016.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

With higher spectrum amortisation charges in India, the Group's share of pre-tax operating profit (before finance costs and fair value adjustments) from India and South Asia declined 34% in Indian Rupee terms. Pre-tax operating profit contribution fell 30% to S\$201 million after accounting for 6% appreciation of the Indian Rupee against the Singapore Dollar.

Compared to the preceding quarter, Airtel's revenue from its India and South Asia operations grew 1% while EBITDA declined 3% on margin pressures.

Airtel added 7.0 million mobile customers in India this quarter, compared to 7.8 million added in the preceding quarter. Churn increased to 3.8% from 3.6% in the preceding quarter amid the tough environment. As at 30 June 2017, Airtel had 281 million mobile customers in India, an increase of 25 million or 9.7% from a year ago. The number of data customers increased by 5.2 million this quarter, up from 2.4 million added in the preceding quarter and grew 6.2% from a year ago at 63 million, representing 22% of its total mobile customer base.

Africa

As at 30 June 2017, 'Airtel Money' and 3G services were available across all the 15 African countries that Airtel has presence in, while 4G services were available in 3 African countries.

In constant currency terms, Africa's operating revenue declined 7%. On a normalised basis (excluding the effects of the disposed subsidiaries), operating revenue was stable but EBITDA improved 37% driven by continued strong cost control measures and efficiency gains.

In reported US Dollar terms, however, operating revenue fell 20%. On a normalised basis, operating revenue fell 13% impacted by the steep depreciation of the Nigerian's Naira while EBITDA improved 15%.

Compared to the preceding quarter, Airtel Africa's operating revenue was stable while EBITDA grew 7% in constant currency terms. In reported US Dollar terms, operating revenue was stable while EBITDA grew 8%.

With lower depreciation charges due to currency devaluation in Nigeria and divestments, the Group's share of Airtel Africa's pre-tax operating profit (before finance costs and fair value adjustments) more than doubled to S\$43 million.

Airtel Africa reported its second consecutive quarter of net profit¹¹ at US\$52 million, compared to a net loss¹¹ of US\$78 million in the same quarter last year.

Airtel Africa recorded a net decline of 22,000 mobile customers in the quarter as compared to the net decline of 0.3 million mobile customers in the preceding quarter. The declines were due to continued disconnections as a result of regulatory compliances in certain African countries. As at 30 June 2017, the mobile customer base stood at 80 million¹², an increase of 3.1 million or 4.0% from a year ago. The number of data customers was 19 million, representing 24% of total mobile customer base.

¹¹ Before exceptional items.

¹² Adjusting for the divestment of operations in Burkina Faso and Sierra Leone, the number of mobile subscribers grew 4.3 million or 5.6% from a year ago.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Overall

At the consolidated level, Airtel's operating revenue, EBITDA and EBIT declined 14%, 18% and 34% respectively. The Group's share of net finance costs increased by 29% mainly on increased spectrum related finance costs in India. The share of fair value loss (mainly derivatives and foreign exchange loss) amounted to S\$1 million, down significantly from S\$18 million in the last corresponding quarter with appreciation of the CFA franc and Zambian Kwacha. Consequently, the Group's share of overall ordinary pre-tax profit from Airtel declined 42% to S\$103 million.

Including the share of Airtel's exceptional pre-tax losses of S\$4 million in this quarter which comprised network re-farming and upgrading costs, the Group's share of overall pre-tax profit from Airtel declined 44% to S\$99 million.

Post-tax underlying profit contribution declined 62% to S\$35 million on higher effective tax rate as certain one-off tax credits were recognised in India in the corresponding quarter last year, as well as a change in profit mix in Africa. Consequently, on a post-tax basis, Airtel's contribution to the Group's underlying net profit declined to 4% (Q1 FY2017: 10%).

Including mobile customers across operations in 17 countries covering India, Sri Lanka and Africa, Airtel's total mobile customer base across all geographies was 363 million as at 30 June 2017. This represented a growth of 21 million or 6.1% from a year ago.

Advanced Info Service ("AIS")

AIS, the largest mobile communications operator in Thailand, is listed on the Stock Exchange of Thailand. AIS provides mobile services on 2G, 3G and 4G networks.

In the current quarter, AIS' service revenue (excluding interconnect) increased 7% driven by higher data revenue from mobile postpaid segment and fixed broadband revenue. Data revenue growth was underpinned by attractive handset campaigns and competitive data pricing.

EBITDA was stable as service revenue growth and lower regulatory fees were offset by higher costs from network expansion and payments to TOT Public Company Limited for the lease of 2100 MHz spectrum, towers, equipment and facilities. With higher depreciation charges from network investments and increased spectrum amortisation and financing costs, AIS' pre-tax profit declined by 28% in Thai Baht terms.

The Group's share of AIS' pre-tax profit¹³ declined 24% to S\$82 million after accounting for 5% appreciation of the Thai Baht against the Singapore Dollar.

On a post-tax basis, AIS' profit contribution¹³ for the quarter declined 21% to S\$68 million, benefiting from a lower effective tax rate on claims of double depreciation tax benefits for certain capital assets under a new tax legislation. AIS contributed 8% (Q1 FY2017: 9%) to the Group's underlying net profit.

Against the preceding quarter, service revenue (excluding interconnect) grew 3% while EBITDA declined by 1% mainly due to higher handset subsidy costs.

¹³ AIS' 3G/4G handset subsidy costs previously classified as exceptional items of the Singtel Group in the last corresponding quarter have been reclassified to share of AIS' ordinary results to be consistent with the current quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

In this quarter, AIS continued to focus on the acquisition and retention of quality customers. As at 30 June 2017, its mobile customer base decreased by 0.2 million from a quarter ago, but increased 1.1 million or 2.8% from a year ago to 40 million.

AIS continues to maintain its mobile market leadership position and is the largest network coverage operator in Thailand.

Globe Telecom, Inc (“Globe”)

Globe is listed on the Philippine Stock Exchange.

Globe's service revenue grew 6% mainly driven by growth in mobile data services as demand for internet and data connectivity continued to grow. Despite higher network and regulatory costs to support the growing customer base and network expansion, Globe's EBITDA rose 11%.

Globe's pre-tax profit, however, declined 6% in Philippine Peso terms after including higher depreciation and finance costs from its network infrastructure investments, and higher interest expense related to its acquisition of Vega Telecom, Inc.

With 4% depreciation of the Philippine Peso against the Singapore Dollar this quarter, the Group's share of Globe's pre-tax profit contribution decreased 9.6% to S\$81 million.

On a post-tax basis, Globe contributed S\$57 million or 6% (Q1 FY2017: 7%) of the Group's underlying net profit.

Against the preceding quarter, Globe's EBITDA increased 5% on the back of service revenue growth of 2%.

As at 30 June 2017, Globe's total mobile customer base was 59.7 million, up 1.1 million in the quarter as compared to the net decline of 4.2 million in the preceding quarter. Compared to a year ago, its mobile customer base fell 1.6 million or 2.6% as mobile prepaid customers are counted only if they are active in the past 90 days compared to the previous 120 days.

Intouch Holdings (“Intouch”)

Singtel acquired 21.0% equity interest in Intouch in November 2016. Intouch is listed on the Stock Exchange of Thailand, and has investments in telecommunications via its 40.5% equity interest in AIS, as well as in satellite, internet and media and advertising businesses.

The Group's share of Intouch's post-tax profit was S\$24 million. After including amortisation of acquired intangibles of S\$5 million, Intouch's post-tax contribution was S\$20 million which constituted 2% of the Group's underlying net profit.

Against the preceding quarter, Intouch's net profit declined 8% on lower contributions from AIS and Thaicom's satellite business.

SECTION 5 : ASSOCIATES/ JOINT VENTURES**PROFORMA INFORMATION**

The following tables show unaudited proforma proportionate financial information which has been derived from the Income Statements of the Group prepared on a statutory basis.

Proportionate presentation is not required by Singapore Financial Reporting Standards (“FRS”) and is not intended to replace the financial statements prepared in accordance with Singapore FRS. However, since the associates are not consolidated on a line-by-line basis, proportionate information is provided as supplemental data to facilitate a better appreciation of the relative contribution from the Group’s operations in Australia, Singapore and other regional markets.

| Proportionate operating revenue | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Group operating revenue | | | |
| Optus | 2,191 | 2,024 | 8.2 |
| Singapore | 1,622 | 1,594 | 1.7 |
| Other overseas subsidiaries (including Amobee & Trustwave) | 419 | 289 | 45.0 |
| | 4,232 | 3,908 | 8.3 |
| Proportionate share of operating revenue of associates | | | |
| Regional associates | 3,428 | 3,213 | 6.7 |
| Singapore associates | 192 | 123 | 56.7 |
| Other overseas associates | 12 | 12 | 1.7 |
| | 3,632 | 3,347 | 8.5 |
| Enlarged revenue | 7,865 | 7,255 | 8.4 |
| % of overseas revenue to enlarged revenue | 77% | 76% | |

Overseas revenue contributed 77% to the Group’s enlarged revenue, up 1 percentage point from the last corresponding quarter, with higher revenue from Telkomsel and first time contribution from Turn this quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

| Proportionate EBITDA | Quarter | | YOY Chge % |
|---|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Group EBITDA | | | |
| Optus | 692 | 653 | 6.1 |
| Singapore | 652 | 678 | -3.8 |
| Other overseas subsidiaries (including Amobee & Trustwave) | (75) | (95) | -20.8 |
| | 1,269 | 1,236 | 2.7 |
| Proportionate share of associates' EBITDA ⁽¹⁾⁽²⁾ | | | |
| Regional associates ⁽²⁾ | 1,524 | 1,418 | 7.4 |
| Singapore associates | 80 | 67 | 20.6 |
| Other overseas associates | 10 | 8 | 23.2 |
| | 1,614 | 1,493 | 8.1 |
| Total proportionate EBITDA ⁽²⁾ | 2,884 | 2,729 | 5.7 |
| Overseas proportionate EBITDA as a % to total proportionate EBITDA | 75% | 73% | |
| Contributions to total proportionate EBITDA | | | |
| Regional associates | 53% | 52% | |
| Australia | 24% | 24% | |
| Singapore | 25% | 27% | |
| Others | -2% | -3% | |
| | 100% | 100% | |

Notes:

- (1) Proportionate share of associates' EBITDA represents the Group's effective interests in the respective entities' EBITDA. As such, proportionate EBITDA does not represent EBITDA available to the Group.
- (2) Comparatives have been restated to reclassify AIS' 3G/4G handset subsidy costs from exceptional items of the Group to the share of associates' results to be consistent with the current quarter.

Through its investments in key market overseas, the Group has diversified its earnings base. Overseas operations contributed 75% to proportionate EBITDA, up from 73% in the last corresponding quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

| Number of mobile customers (000s) | Total Number | | | Proportionate Share ⁽¹⁾ | | |
|-----------------------------------|----------------|----------------|----------------|------------------------------------|----------------|----------------|
| | 30 Jun 2017 | 31 Mar 2017 | 30 Jun 2016 | 30 Jun 2017 | 31 Mar 2017 | 30 Jun 2016 |
| Singtel | 4,128 | 4,137 | 4,103 | 4,128 | 4,137 | 4,103 |
| Optus | 9,765 | 9,722 | 9,336 | 9,765 | 9,722 | 9,336 |
| | 13,893 | 13,859 | 13,439 | 13,893 | 13,859 | 13,439 |
| Regional Associates | | | | | | |
| Airtel | | | | | | |
| - India | 280,647 | 273,648 | 255,735 | 102,324 | 99,772 | 84,239 |
| - Africa | 80,039 | 80,061 | 76,986 | 29,182 | 29,190 | 25,359 |
| - South Asia | 1,990 | 1,964 | 9,244 | 726 | 716 | 3,045 |
| | 362,676 | 355,673 | 341,965 | 132,232 | 129,678 | 112,643 |
| Telkomsel | 178,001 | 169,367 | 157,387 | 62,300 | 59,278 | 55,085 |
| AIS | 40,474 | 40,648 | 39,355 | 9,438 | 9,479 | 9,178 |
| Intouch's share of AIS | NM | NM | - | 3,438 | 3,451 | - |
| Globe | 59,722 | 58,580 | 61,311 | 28,147 | 27,615 | 28,933 |
| | 640,873 | 624,268 | 600,018 | 235,555 | 229,501 | 205,839 |
| Group | 654,766 | 638,127 | 613,457 | 249,448 | 243,360 | 219,278 |

Note:

(1) Proportionate share of mobile customers represents the total number of mobile customers of an associate multiplied by the Group's effective percentage ownership in the associate at the respective dates.

"NM" denotes not meaningful.

The Group's combined mobile customer base was 655 million as at 30 June 2017, up 17 million or 2.6% from a quarter ago, and 41 million or 6.7% from a year ago.

SECTION 5 : ASSOCIATES/ JOINT VENTURES**CASH DIVIDENDS/ DISTRIBUTIONS FROM ASSOCIATES/ JOINT VENTURES ⁽¹⁾**

| | Quarter | | YOY Chge % |
|--|---------------|---------------|------------------|
| | 30 Jun | | |
| | 2017 S\$ m | 2016 S\$ m | |
| Telkomsel ⁽²⁾ - final dividend FY 2016 / FY 2015 | 724 | 715 | 1.3 |
| AIS ⁽³⁾ - final dividend FY 2016 / FY 2015 | 119 | 176 | -32.5 |
| Globe ⁽⁴⁾ - quarterly dividend FY 2016 / FY 2015 | 40 | 40 | -0.3 |
| Intouch ⁽⁵⁾ - interim dividend FY 2017 | 44 | - | nm |
| Regional associates | 926 | 930 | -0.4 |
| Other associates | | | |
| Southern Cross/ PCHL ⁽⁶⁾ | 6 | 15 | -62.3 |
| NetLink Trust ⁽⁷⁾ | 25 | - | nm |
| Others | 5 | * | nm |
| | 35 | 15 | 133.3 |
| Total | 961 | 945 | 1.7 |

Notes:

- (1) The cash dividends/ distributions received from overseas associates and joint ventures as stated here are before related tax payments.
- (2) Telkomsel declared a full year dividend of 95% on net profit for its 2016 financial year (FY 2015: 90%).
- (3) AIS declared a full year dividend of 98% on net profit for its 2016 financial year (FY 2015: 99%). Dividends are paid twice a year, with an interim dividend distributed from its first half year results and a final dividend distributed from its second half year results. The Group received its share of the final dividend for 2016 financial year of S\$119 million in April 2017. AIS will pay its interim dividend of Baht 3.51 per share in August 2017. The Group's share of this dividend is approximately S\$99 million.
- (4) Globe paid its second quarterly dividend of PHP 22.75 per common share for its 2016 financial year in June 2017. The Group's share of this dividend was S\$40 million. Globe will pay its next quarterly dividend of PHP 22.75 per common share in September 2017, the Group's share of this dividend is approximately S\$38 million.
- (5) Intouch's dividend policy is to pass through dividends received from its associates and subsidiaries after the deduction of operating expenses, subject to its financial needs or unless the payment of dividends would materially affect its operations. Dividends are paid twice a year, with the Group receiving its share of interim dividend of S\$44 million in April 2017. Intouch will pay its next interim dividend of Baht 1.25 per share for its 2017 financial year in September 2017. The Group's share of this dividend is approximately S\$34 million.
- (6) Southern Cross Cables Holdings Limited and Pacific Carriage Holdings Limited (PCHL), part of the Southern Cross consortium, do not have fixed dividend policies.
- (7) Singtel received S\$25 million of distribution from NetLink Trust in June 2017 and has received S\$51 million of distribution in July 2017 in respect of its 2017 financial year.
- (8) Other information:
 - (i) Airtel does not have a fixed dividend policy. Airtel declared a final dividend of Rs 1.00 per share for its 2017 financial year. The Group received its share of the final dividend from its direct stake of 15.0% of S\$13 million in August 2017.

The higher dividends/ distributions from the associates was due to dividends/ distributions received from Intouch (FY2017: Nil) and NetLink Trust, partly offset by lower dividends from AIS in line with its lower net profit.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

KEY OPERATIONAL DATA

| | Airtel ⁽¹⁾ | Telkomsel | AIS | Intouch | Globe |
|---|-----------------------|-------------|------------------------|-----------------------|----------------------|
| Singtel's investment: | | | | | |
| Year of initial investment | 2000 | 2001 | 1999 | 2016 | 1993 |
| Effective economic interest (%) | 36.5% | 35.0% | 23.3% ⁽²⁾ | 21.0% | 47.1% ⁽³⁾ |
| Investment to date | S\$3.79 bil | S\$1.93 bil | S\$1.20 bil | S\$1.59 bil | S\$1.02 bil |
| Closing market share price ⁽⁴⁾ | INR 379 | NA | THB 178 ⁽⁵⁾ | THB 57 ⁽⁵⁾ | PHP 2,048 |
| Market capitalisation | | | | | |
| - Total | S\$32.24 bil | NA | S\$21.38 bil | S\$7.41 bil | S\$7.43 bil |
| - Singtel holding | S\$11.76 bil | NA | S\$4.99 bil | S\$1.56 bil | S\$3.50 bil |
| Operational Performance : | | | | | |
| Mobile penetration rate ⁽⁶⁾ | 92% | 145% | 138% | NM | 115% |
| Market share, 30 Jun 2017 ⁽⁶⁾ | 23.6% | 46.5% | 44.8% | NM | 50.4% |
| Market share, 31 Mar 2017 ⁽⁷⁾ | 23.4% | 46.0% | 44.8% | NM | 48.1% |
| Market position ⁽⁸⁾ | #1 | #1 | #1 | NM | #1 |
| Mobile customers ('000) | | | | | |
| - Aggregate | 362,676 | 178,001 | 40,474 | NM | 59,722 |
| - Proportionate | 132,232 | 62,300 | 9,438 | 3,438 | 28,147 |
| Growth in mobile customers (%) ⁽⁹⁾ | 6.1% | 13% | 2.8% | NM | -2.6% |
| Credit ratings | | | | | |
| - Sovereign (Moody's/ S&P Global) | Baa3/BBB- | Baa3/BBB- | Baa1/BBB+ | Baa1/BBB+ | Baa2/BBB |
| - Company (Moody's/ S&P Global) | Baa3/BBB- | Baa1/BBB | NA/BBB+ | NA | NA |

Notes:

(1) The mobile penetration rate, market share and market position pertain to India market only.

(2) Based on direct equity interest only.

(3) Singtel has 21.5% interest in Globe's voting shares.

(4) Based on closing market price in local currency as of 30 June 2017.

(5) Based on local market price quoted on the Stock Exchange of Thailand.

(6) Based on actual data or latest data available as of 30 June 2017.

(7) Based on actual data.

(8) Based on number of mobile customers and based on actual data or latest data available as of 30 June 2017.

(9) Compared against 30 June 2016 and based on aggregate number of mobile customers.

NA denotes not applicable and NM denotes not meaningful.

Please refer to **Appendix 5** for the currency rate movements of the regional associates.

SECTION 6 : PRODUCT INFORMATION**SINGAPORE MOBILE**

| | Quarter | | | YOY Chge % |
|---|----------------|----------------|----------------|------------------|
| | 30 Jun 2017 | 31 Mar 2017 | 30 Jun 2016 | |
| Mobile Communications revenue (S\$'M) ⁽¹⁾ | 506 | 511 | 525 | -3.6 |
| Number of mobile subscribers (000s) | | | | |
| Prepaid | 1,714 | 1,745 | 1,773 | -3.3 |
| Postpaid | 2,414 | 2,392 | 2,330 | 3.6 |
| Total | 4,128 | 4,137 | 4,103 | 0.6 |
| Number of 4G mobile subscribers (000s) | 2,667 | 2,644 | 2,398 | 11.2 |
| MOUs per subscriber per month ⁽²⁾ | | | | |
| Prepaid | 201 | 212 | 255 | -20.9 |
| Postpaid ⁽³⁾ | 209 | 229 | 243 | -13.9 |
| Average revenue per subscriber per month ⁽²⁾⁽⁴⁾ (S\$ per month) | | | | |
| Prepaid | 18 | 18 | 18 | 0.5 |
| Postpaid | 65 | 67 | 70 | -8.0 |
| Blended | 45 | 46 | 48 | -5.2 |
| Data services as % of ARPU | | | | |
| - total data ⁽⁵⁾ | 60% | 57% | 53% | |
| - non-SMS data | 52% | 49% | 43% | |
| Acquisition cost per postpaid subscriber (S\$) ⁽⁶⁾ | 404 | 378 | 410 | -1.3 |
| Postpaid external churn per month ⁽⁷⁾ | 0.8% | 0.8% | 1.2% | |
| Singapore mobile penetration rate ⁽⁸⁾ | 151% | 151% | 150% | |
| Market share ⁽⁸⁾ | | | | |
| Prepaid | 50.7% | 51.0% | 52.1% | |
| Postpaid | 47.6% | 47.3% | 47.4% | |
| Overall | 48.8% | 48.8% | 49.3% | |

Notes:

- (1) This comprises cellular service revenue in Singapore only and is determined net of bill rebates and prepaid sales discount, and includes revenue earned from broadband bundles. It excludes revenue earned from international calls classified under "International Telephone" revenue. From 1 April 2017, Mobile communications include S\$12 million of inter-operator mobile tariff discounts previously classified under 'Other revenue'. Excluding this reclassification, Mobile communications would have declined by 1.4% from the last corresponding quarter.
- (2) Based on average number of subscribers, calculated as the simple average of opening and closing number of subscribers.
- (3) MOU of postpaid base excludes customers that have data-only SIM plans.
- (4) ARPU includes revenue earned from international telephone calls. For prepaid, ARPU is computed net of sales discounts.
- (5) Includes revenue from SMS, *SEND, MMS and other data services.
- (6) This relates to blended acquisition and retention cost per postpaid customer.
- (7) Calculated by expressing the number of postpaid subscribers who deactivate or disconnect their service (both voluntary and the Company's initiated churn) as a percentage of average number of subscribers.
- (8) The market share data as at 30 June 2017 was based on Telco operators' published results. The other market statistics were based on IMDA's latest available published statistics as of 31 May 2017.

SECTION 6 : PRODUCT INFORMATION**AUSTRALIA MOBILE (PRODUCT VIEW)**

| | Quarter | | | YOY Chge % |
|--|----------------|----------------|----------------|------------------|
| | 30 Jun 2017 | 31 Mar 2017 | 30 Jun 2016 | |
| Optus' mobile revenue (A\$'M) ⁽¹⁾ | 1,314 | 1,305 | 1,242 | 5.8 |
| Optus' mobile service revenue (A\$'M) | 977 | 973 | 963 | 1.5 |
| Optus' mobile outgoing service revenue (A\$M) | 926 | 925 | 914 | 1.3 |
| Number of mobile subscribers (000s) | | | | |
| Prepaid Handset | 3,725 | 3,743 | 3,657 | 1.9 |
| Postpaid Handset | 5,001 | 4,947 | 4,683 | 6.8 |
| Mobile Broadband ⁽²⁾ | 1,039 | 1,032 | 997 | 4.2 |
| Total | 9,765 | 9,722 | 9,336 | 4.6 |
| Number of 4G mobile subscribers (000s) ⁽³⁾ | 5,880 | 5,795 | 4,933 | 19.2 |
| Mobile penetration rate ⁽⁴⁾ | ND | ND | 137% | |
| MOUs per subscriber per month ⁽⁵⁾ | | | | |
| Prepaid | 142 | 140 | 138 | 2.5 |
| Postpaid | 294 | 296 | 287 | 2.4 |
| ARPU per month (A\$) ⁽⁶⁾ | | | | |
| Prepaid Handset | 20 | 22 | 21 | -1.8 |
| Postpaid Handset | 46 | 46 | 48 | -4.2 |
| Mobile Broadband ⁽²⁾ | 21 | 19 | 21 | -1.0 |
| Blended | 33 | 34 | 34 | -2.7 |
| Postpaid Handset excluding DRP impact | 59 | 59 | 58 | 1.8 |
| Data revenue as a % of service revenue | | | | |
| - total data | 79% | 78% | 74% | |
| - non-SMS data | 70% | 69% | 65% | |
| Tiered data plans | | | | |
| - postpaid base on tiered data plans ⁽⁷⁾ | 99% | 95% | 93% | |
| - tiered data plan customers exceeding data bundles | 19% | 21% | 23% | |
| Market share ⁽⁴⁾ | ND | ND | 27.8% | |
| Market share - excluding the rate change ⁽⁴⁾ | ND | ND | 29.0% | |
| Retail postpaid churn rate per month ⁽⁸⁾ | 1.4% | 1.3% | 1.3% | |

Notes:

- (1) This comprises mobile service revenue (both outgoing and incoming) and sales of equipment in Australia, covering Australia Consumer as well as Australia Enterprise.
- (2) Defined as data-only SIMs and include customers on both prepaid and postpaid plans. Postpaid plans incur a monthly subscription fee.
- (3) Defined as 4G handsets on the Optus network.
- (4) Penetration and revenue market share are estimated by Optus based on published data.
- (5) Based on average number of customers, calculated as the simple average of opening and closing number of customers. MOU includes outgoing minutes only. This calculation is based on customers with voice plan only – i.e. it excludes customers with only mobile broadband.
- (6) Based on average number of customers, calculated as the simple average of opening and closing number of customers. Excludes equipment revenue.
- (7) Defined as a percentage of Consumer Branded customers which excludes Virgin Mobile and wholesale customers.
- (8) Churn calculation includes subscriber churn from Optus, Virgin Mobile and other Optus subsidiaries' subscribers but excludes customers transferring from postpaid to prepaid.

"ND" denotes not disclosed.

SECTION 6 : PRODUCT INFORMATION**Singtel TV (PRODUCT VIEW)**

| | Quarter | | | YOY Chge % |
|--|----------------|----------------|----------------|------------------|
| | 30 Jun 2017 | 31 Mar 2017 | 30 Jun 2016 | |
| Singtel TV revenue (S\$'M) | 63 | 61 | 59 | 6.4 |
| Average revenue per residential TV customer per month (S\$ per month) | 41 | 41 | 42 | -1.4 |
| Number of residential TV customers (000s) | 404 | 408 | 416 | -2.8 |

SINGAPORE CONSUMER HOME

| | Quarter | | | YOY Chge % |
|---|----------------|----------------|----------------|------------------|
| | 30 Jun 2017 | 31 Mar 2017 | 30 Jun 2016 | |
| Singapore Consumer home revenue (S\$'M) ⁽¹⁾ | 139 | 135 | 135 | 3.3 |
| Number of households on triple/ quad play services (000s) ⁽²⁾ | 504 | 503 | 498 | 1.2 |

Notes:

- (1) This comprises fixed broadband, fixed voice and Singtel TV in the residential segment only and does not include mobile.
- (2) Total number of residential households who subscribed to 3 or 4 unique services comprising fixed broadband, Singtel TV, fixed voice and mobile.

SECTION 6 : PRODUCT INFORMATION

OTHER PRODUCTS

| Singapore | Quarter | | | YOY Chge % |
|---|--------------|--------------|--------------|-------------|
| | 30 Jun 2017 | 31 Mar 2017 | 30 Jun 2016 | |
| Internet | | | | |
| Number of fixed broadband lines (000s) ⁽¹⁾ | 613 | 609 | 600 | 2.0 |
| Singapore fixed broadband penetration rate ⁽²⁾ | 98% | 98% | 102% | |
| Fixed broadband market share ^{(3) (4)} | 42.3% | 42.0% | 42.2% | |
| Number of fibre broadband lines (000s) | 570 | 559 | 520 | 9.7 |
| Fibre broadband market share ⁽⁴⁾ | 47.5% | 47.7% | 49.4% | |
| International Telephone | | | | |
| International telephone outgoing minutes (m mins) (excl Malaysia) | 590 | 626 | 702 | -16.0 |
| Average collection rate - net basis (\$\$/ min) (excl Malaysia) | 0.091 | 0.090 | 0.095 | -4.2 |
| National Telephone | | | | |
| Fixed working lines (000s) ⁽⁵⁾ | | | | |
| Residential | 780 | 786 | 806 | -3.2 |
| Business | 672 | 681 | 708 | -5.1 |
| Total | 1,452 | 1,467 | 1,514 | -4.1 |
| Singapore fixed line penetration rate ⁽⁶⁾ | 35.6% | 35.6% | 35.9% | |
| Singapore fixed working lines ('000s) ⁽⁶⁾ | 1,998 | 1,998 | 2,013 | |
| Fixed line market share ⁽⁶⁾ | 72.7% | 73.4% | 75.2% | |

Notes:

- (1) Include ADSL and fibre lines.
- (2) Total estimated ADSL, cable and fibre lines divided by total number of households (Source: IMDA). The market penetration rate as at 30 June 2017 was based on IMDA's latest available published statistics as of 31 May 2017.
- (3) Based on total Singtel ADSL and fibre lines divided by total ADSL, cable and fibre lines in the population.
- (4) The market share data as at 30 June 2017 was based on management's estimates.
- (5) Fixed working lines refer to Direct Exchange Lines (DEL) and Home Digital Lines.
- (6) The market share data as at 30 June 2017 was based on management's estimates. The other market statistics as at 30 June 2017 were based on IMDA's latest available published statistics as of 31 March 2017.

SECTION 6 : PRODUCT INFORMATION

| Australia | Quarter | | | YOY Chge % |
|---|----------------|----------------|----------------|------------------|
| | 30 Jun 2017 | 31 Mar 2017 | 30 Jun 2016 | |
| Enterprise Fixed Business voice minutes (m min) | 1,250 | 1,237 | 1,332 | -6.1 |
| Wholesale Fixed Wholesale domestic voice minutes (m min) | 1,011 | 1,026 | 861 | 17.5 |
| Mass Market Fixed On-net ARPU (A\$) ⁽¹⁾ | | | | |
| Voice | 32 | 32 | 35 | -9.4 |
| Broadband ⁽²⁾ | 54 | 53 | 52 | 2.9 |
| Telephony customers ('000) | | | | |
| HFC ⁽³⁾ | 441 | 447 | 453 | -2.6 |
| ULL ⁽⁴⁾ | 379 | 394 | 430 | -11.9 |
| On-net | 820 | 841 | 883 | -7.1 |
| Resale | 60 | 57 | 19 | 223.5 |
| NBN | 277 | 225 | 134 | 107.2 |
| Off-net | 338 | 282 | 153 | 121.4 |
| <i>HFC bundling rate ⁽⁵⁾</i> | 98% | 98% | 98% | |
| HFC penetration | 32% | 32% | 32% | |
| Internet customers (000s) | | | | |
| On-net | | | | |
| HFC broadband | 433 | 438 | 434 | -0.3 |
| ULL broadband ⁽⁴⁾ | 396 | 413 | 453 | -12.5 |
| Business grade broadband | 25 | 26 | 27 | -5.1 |
| | 855 | 877 | 914 | -6.5 |
| Off-net | | | | |
| Broadband | 41 | 42 | 31 | 32.6 |
| NBN | 279 | 228 | 136 | 105.0 |
| Broadband subtotal | 1,174 | 1,147 | 1,081 | 8.6 |
| Dial-up | 4 | 3 | 3 | 10.2 |
| Total Internet customers | 1,178 | 1,150 | 1,084 | 8.6 |

Notes:

- (1) Per month, based on average number of HFC and ULL customers.
- (2) Includes Optus TV with Fetch.
- (3) Includes all customers who take local telephony over the HFC network, and customers who take one or more of pay TV or cable internet services over the HFC network.
- (4) Include wholesale ULL subscribers.
- (5) Based on customers who are receiving a 'bundled benefit' from taking a package of products (local telephony plus at least one of broadband, dial-up internet or pay TV).

SECTION 7 : GLOSSARY

| | |
|--------------------------------|--|
| “ACCC” | Australian Competition And Consumer Commission. |
| “ADSL” | Asymmetric digital subscriber line. |
| “ARPU” | Average revenue per user. |
| “Associate” | Refers to an associate and/or a joint venture company under Singapore Financial Reporting Standard. |
| “ATO” | Australian Taxation Office. |
| “DRP” | Device repayment plans. |
| “EI” | Exceptional items, which refer to items of income or expense within profit or loss from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the financial period. |
| “EBIT” | Earnings before interest and tax. |
| “EBITDA” | Earnings before interest, tax, depreciation and amortisation, and does not include the share of pre-tax results of associates. |
| “EBITDA margin” | Ratio of EBITDA over operating revenue. |
| “EPS” | Earnings per share. |
| “FRS” | Financial Reporting Standard. |
| “Free Cash Flow” | Free cash flow refers to cash flow from operating activities less cash capital expenditure. |
| “ICT” | Infocomm Technology. |
| “IoT” | Internet of Things. |
| “IMDA” | Info-communications Media Development Authority of Singapore. |
| “IP VPN” | Internet Protocol Virtual Private Network. |
| “MMS” | Multimedia messaging service. |
| “MTAS” | Mobile terminating access services. |
| “MOU” | Minutes of use per subscriber. |
| “NM” | Not meaningful. |
| “NPS” | Net Promoter Score. This is a widely used metric to measure customer experience by scoring the willingness of customers to recommend a brand following an interaction with the company. |
| “Optus” | Singtel Optus Pty Limited, Singtel's wholly-owned subsidiary, and its subsidiaries. |
| “OTT” | Over-the-top. |
| “Regional associates” | Comprises Airtel, AIS, Intouch, Telkomsel and Globe. Formerly known as regional mobile associates. |
| “SMS” | Short message service. |
| “SME” | Small and medium-sized enterprises. |
| “STAI” | Singapore Telecom Australia Investments Pty Limited, which has 100% equity interest in Optus. |
| “Singapore” | The term refers to the Group's operations excluding Optus and the associates. Therefore, this includes the overseas operations of Singtel including Amobee and Trustwave. |
| “Underlying net profit” | Defined as net profit before exceptional items. |

GROUP SUMMARY INCOME STATEMENTS

For The First Quarter Ended 30 June 2017

| | Quarter | | | | | | | YOY Chge % |
|--|--------------------|------------------|---------------|------------------|----------------|----------------|----------------|------------------|
| | 30 Jun | | | | | | | |
| | 2017 | | | 2017 | | 2017 | 2016 | |
| | Singapore S\$ m | Asso/JV S\$ m | Corp S\$ m | Singtel S\$ m | Optus S\$ m | Group S\$ m | Group S\$ m | |
| Operating revenue | 2,041 | - | - | 2,041 | 2,191 | 4,232 | 3,908 | 8.3 |
| Operating expenses | (1,479) | - | - | (1,479) | (1,557) | (3,036) | (2,732) | 11.1 |
| Other income | 562 | - | - | 562 | 634 | 1,197 | 1,176 | 1.8 |
| | 15 | - | - | 15 | 58 | 73 | 60 | 20.6 |
| EBITDA | 577 | - | - | 577 | 692 | 1,269 | 1,236 | 2.7 |
| - <i>EBITDA margin</i> | 28.3% | - | - | 28.3% | 31.6% | 30.0% | 31.6% | |
| Share of associates' pre-tax profits⁽²⁾ | | | | | | | | |
| <i>Regional associates⁽²⁾</i> | - | 673 | - | 673 | - | 673 | 700 | -3.8 |
| <i>Other associates</i> | - | 61 | - | 61 | * | 61 | 53 | 14.1 |
| - ordinary operations | - | 734 | - | 734 | * | 734 | 753 | -2.6 |
| - exceptional items | - | (4) | - | (4) | - | (4) | - | nm |
| | - | 730 | - | 730 | * | 730 | 753 | -3.1 |
| EBITDA and share of associates' pre-tax profits⁽²⁾ | 577 | 730 | - | 1,307 | 693 | 1,999 | 1,989 | 0.5 |
| Depreciation & amortisation | (207) | - | - | (207) | (365) | (572) | (543) | 5.2 |
| EBIT⁽²⁾ | 370 | 730 | - | 1,099 | 328 | 1,427 | 1,445 | -1.3 |
| Net finance expense | | | | | | | | |
| - net interest expense | (43) | - | - | (43) | (48) | (91) | (80) | 14.1 |
| - other finance (expense)/ income | (4) | - | 6 | 2 | 1 | 3 | 14 | -79.9 |
| | (46) | - | 6 | (41) | (47) | (88) | (65) | 34.9 |
| Profit before EI and tax⁽²⁾ | 323 | 730 | 6 | 1,058 | 281 | 1,340 | 1,380 | -3.0 |
| Taxation | | | | | | | | |
| - current and deferred taxes | (57) | - | - | (57) | (85) | (142) | (139) | 2.6 |
| - share of taxes of associates ⁽²⁾ | - | (214) | - | (214) | * | (214) | (224) | -4.5 |
| - withholding taxes ⁽¹⁾ | - | - | (79) | (79) | - | (79) | (78) | 0.8 |
| | (57) | (214) | (79) | (350) | (85) | (435) | (441) | -1.3 |
| Profit/ (Loss) after tax⁽²⁾ | 266 | 515 | (74) | 708 | 196 | 904 | 939 | -3.7 |
| Minority interests | 6 | - | - | 6 | - | 6 | 4 | 44.7 |
| Underlying net profit/ (loss)⁽²⁾ | 272 | 515 | (74) | 714 | 196 | 910 | 943 | -3.5 |
| (exclude Airtel) ⁽³⁾ | 272 | 480 | (74) | 678 | 196 | 874 | 850 | 2.9 |
| Exceptional items ("EI") (post-tax) ⁽²⁾ | (1) | - | - | (1) | (17) | (18) | 1 | nm |
| Net profit/ (loss) | 271 | 515 | (74) | 713 | 179 | 892 | 944 | -5.6 |
| (exclude Airtel) ⁽³⁾ | 271 | 480 | (74) | 677 | 179 | 856 | 828 | 3.4 |

Notes:

- (1) These are withholding and dividend distribution taxes deducted at source when dividends are remitted by the overseas associates. For accounting purpose, the dividend income and related withholding and dividend distribution taxes are accrued when declared by the associates. Dividend income has no impact on the income statement of the Group as they are eliminated at Group. The cash inflows upon the receipt of dividend are shown in **Section 5**.
- (2) Comparatives have been restated to reclassify AIS' 3G/4G handset subsidy costs from exceptional items of the Singtel Group to share of associates' results to be consistent with the current quarter.
- (3) The profits were adjusted to exclude results of Airtel.

"*" denotes less than +/- S\$0.5 million

GROUP SUMMARY INCOME STATEMENTS
For The First Quarter Ended 30 June 2017

| | Quarter | YOY | |
|--|--------------|-------------|--|
| | 30 Jun | Change | Change in constant currency ⁽¹⁾ |
| | 2017 | | |
| | S\$ m | % | % |
| Operating revenue | 4,232 | 8.3 | 6.3 |
| Operating expenses | (3,036) | 11.1 | 9.0 |
| | 1,197 | 1.8 | 0.1 |
| Other income | 73 | 20.6 | 16.9 |
| EBITDA | 1,269 | 2.7 | 0.9 |
| <i>-EBITDA margin</i> | <i>30.0%</i> | | |
| Share of associates' pre-tax profits | | | |
| - <i>Telkomsel</i> | 383 | 17.7 | 14.3 |
| - <i>Airtel</i> | 103 | -41.6 | -44.8 |
| - <i>AIS</i> | 82 | -24.3 | -28.2 |
| - <i>Globe</i> | 81 | -9.6 | -5.6 |
| - <i>Intouch</i> | 24 | <i>nm</i> | <i>nm</i> |
| Regional associates | 673 | -3.8 | -6.6 |
| Other associates | 61 | 14.1 | 14.1 |
| - ordinary operations | 734 | -2.6 | -5.1 |
| - exceptional items | (4) | <i>nm</i> | <i>nm</i> |
| | 730 | -3.1 | -5.6 |
| EBITDA and share of associates' pre-tax profits | 1,999 | 0.5 | -1.5 |
| Depreciation & amortisation | (572) | 5.2 | 3.0 |
| EBIT | 1,427 | -1.3 | -3.2 |
| Net finance expense | (88) | 34.9 | 32.4 |
| Profit before EI and tax | 1,340 | -3.0 | -4.9 |
| Taxation | (435) | -1.3 | -3.4 |
| Profit after tax | 904 | -3.7 | -5.6 |
| Minority interests | 6 | 44.7 | 36.8 |
| Underlying net profit | 910 | -3.5 | -5.4 |
| <i>(exclude Airtel) ⁽²⁾</i> | <i>874</i> | <i>2.9</i> | <i>1.0</i> |
| EI (post-tax) | (18) | <i>nm</i> | <i>nm</i> |
| Net profit | 892 | -5.6 | -7.4 |
| <i>(exclude Airtel) ⁽²⁾</i> | <i>856</i> | <i>3.4</i> | <i>1.6</i> |

Notes:

- (1) Assuming constant exchange rates for the Australian Dollar, United States Dollar and/or regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2016.
- (2) The profits were adjusted to exclude results of Airtel.

BUSINESS SEGMENTS

For The First Quarter Ended 30 June 2017

| | Quarter | YOY | |
|--|--------------|------------|--|
| | 30 Jun | Change | Change in constant currency ⁽¹⁾ |
| | 2017 | | |
| | S\$ m | % | % |
| Operating revenue | | | |
| Group Consumer | 2,361 | 7.5 | 4.9 |
| Group Enterprise | 1,598 | 1.1 | 0.3 |
| Core Business | 3,959 | 4.8 | 3.0 |
| Group Digital Life | 273 | 108.8 | 103.6 |
| Group | 4,232 | 8.3 | 6.3 |
| EBITDA | | | |
| Group Consumer | 831 | 3.9 | 1.4 |
| Group Enterprise | 484 | -1.2 | -1.5 |
| Core Business | 1,315 | 2.0 | 0.3 |
| Group Digital Life | (24) | -34.2 | -34.2 |
| Corporate | (22) | 21.2 | 21.2 |
| Group | 1,269 | 2.7 | 0.9 |
| EBIT (exclude share of associates' pre-tax profits) | | | |
| Group Consumer | 437 | 0.7 | -1.7 |
| Group Enterprise | 329 | -0.3 | -0.2 |
| Core Business | 766 | 0.3 | -1.0 |
| Group Digital Life | (46) | -12.9 | -13.8 |
| Corporate | (22) | 20.9 | 20.9 |
| Group | 698 | 0.8 | -0.6 |

Note:

(1) Assuming constant exchange rates for the Australian Dollar and United States Dollar from the corresponding quarter ended 30 June 2016.

GROUP STATEMENTS OF FINANCIAL POSITION

| | As at | | |
|---|---|---|---|
| | 30 Jun 2017 (Unaudited) S\$ million | 31 Mar 2017 (Audited) S\$ million | 30 Jun 2016 (Unaudited) S\$ million |
| Current assets | | | |
| Cash and cash equivalents | 632 | 534 | 966 |
| Trade and other receivables | 4,981 | 4,924 | 4,220 |
| Inventories | 401 | 352 | 293 |
| Derivative financial instruments | 102 | 107 | 13 |
| Loan to an associate | 1,101 | - | - |
| | 7,217 | 5,918 | 5,491 |
| Non-current assets | | | |
| Property, plant and equipment | 11,658 | 11,893 | 10,853 |
| Intangible assets | 14,334 | 13,073 | 12,914 |
| Associates | 1,968 | 1,952 | 349 |
| Loan to an associate | - | 1,101 | 1,101 |
| Joint ventures | 11,841 | 12,283 | 10,111 |
| Available-for-sale investments | 222 | 193 | 164 |
| Deferred tax assets | 661 | 658 | 647 |
| Derivative financial instruments | 477 | 455 | 664 |
| Other non-current receivables | 761 | 770 | 546 |
| | 41,922 | 42,377 | 37,349 |
| Total assets | 49,138 | 48,294 | 42,840 |
| Current liabilities | | | |
| Trade and other payables | 4,674 | 4,922 | 4,220 |
| Advance billings | 873 | 835 | 780 |
| Current tax liabilities | 374 | 296 | 401 |
| Borrowings (unsecured) | 1,682 | 3,047 | 958 |
| Borrowings (secured) | 57 | 87 | 90 |
| Derivative financial instruments | 18 | 16 | 12 |
| Net deferred gain ⁽¹⁾ | 69 | 69 | 69 |
| | 7,747 | 9,272 | 6,530 |
| Non-current liabilities | | | |
| Borrowings (unsecured) | 9,481 | 7,853 | 7,940 |
| Borrowings (secured) | 238 | 200 | 238 |
| Derivative financial instruments | 318 | 303 | 291 |
| Advance billings | 241 | 246 | 266 |
| Net deferred gain ⁽¹⁾ | 1,323 | 1,283 | 1,312 |
| Deferred tax liabilities | 595 | 575 | 574 |
| Other non-current liabilities | 328 | 350 | 266 |
| | 12,524 | 10,808 | 10,886 |
| Total liabilities | 20,272 | 20,081 | 17,416 |
| Net assets | 28,867 | 28,214 | 25,424 |
| Share capital and reserves | | | |
| Share capital | 4,127 | 4,127 | 2,634 |
| Reserves | 24,745 | 24,086 | 22,779 |
| Equity attributable to shareholders of the Company | 28,872 | 28,214 | 25,413 |
| Minority interests and other reserve | (5) | * | 10 |
| Total equity | 28,867 | 28,214 | 25,424 |

Note:

(1) This relates to deferred gain on transfer of certain assets to NetLink Trust.

SINGAPORE CASH FLOW STATEMENT
For The First Quarter Ended 30 June 2017

| | Quarter | | | YOY Chge % |
|--|-------------------------|-------------------------|-------------------------|------------------|
| | 30 Jun 2017 S\$ m | 30 Jun 2016 S\$ m | 31 Mar 2017 S\$ m | |
| Net cash inflow from operating activities | | | | |
| Profit before exceptional items and tax | 323 | 337 | 245 | -4.2 |
| Non-cash items | 257 | 250 | 278 | 2.7 |
| Operating cash flow before working capital changes | 580 | 587 | 523 | -1.2 |
| Changes in operating assets and liabilities | (118) | (117) | 17 | 0.3 |
| | 462 | 470 | 540 | -1.6 |
| Cash paid to employees under performance share plans | (1) | * | - | nm |
| Tax paid on operating activities | (3) | (5) | (41) | -42.9 |
| Operating cash flow | 459 | 465 | 499 | -1.3 |
| Net cash (outflow for)/ inflow from investing activities | | | | |
| Accrued capital expenditure | (60) | (97) | (362) | -38.2 |
| Changes in creditors' balances | (94) | (77) | 112 | 21.4 |
| Cash capital expenditure | (153) | (174) | (251) | -11.7 |
| Net loan to STAI from Optus ⁽¹⁾ | - | - | (136) | - |
| Dividend received by STAI from Optus ⁽¹⁾ | - | - | 635 | - |
| Withholding tax paid on interest received on inter-company loans | - | - | (13) | - |
| Payment for purchase of subsidiaries, net of cash acquired | (340) | - | - | nm |
| Investment in associates | - | (2) | * | nm |
| Investment in venture investments | (25) | (12) | (7) | 107.4 |
| Proceeds from disposal of venture investments | 1 | 51 | 16 | -97.4 |
| Proceeds from disposal of property, plant and equipment | 4 | 33 | * | -88.1 |
| Deferred proceeds/ proceeds from disposal of associates | - | 42 | 18 | nm |
| Payment for purchase of spectrum | (188) | - | - | nm |
| Payment for purchase of other intangibles | (14) | (3) | (4) | 450.0 |
| Others | 2 | 4 | 17 | -60.0 |
| | (714) | (61) | 275 | @ |
| Net cash outflow for financing activities | | | | |
| Net decrease in borrowings | (403) | (738) | (275) | -45.5 |
| Net interest paid on borrowings and swaps | (65) | (55) | (35) | 18.4 |
| Settlement of swap for bonds repaid | - | - | 16 | - |
| Interim dividend paid to shareholders | - | - | (1,110) | - |
| Purchase of performance shares | (4) | (4) | (6) | 5.7 |
| Others | - | - | * | - |
| | (471) | (796) | (1,409) | -40.8 |
| Net decrease in cash balance from Singapore | (727) | (393) | (635) | 85.2 |
| Net decrease in cash balance from Singapore | (727) | (393) | (635) | 85.2 |
| Dividends/ Distributions received from associates | 961 | 939 | 331 | 2.4 |
| Withholding tax paid | (96) | (95) | (32) | 0.7 |
| Net dividends/ distributions received from associates | 865 | 843 | 299 | 2.6 |
| Net increase/ (decrease) in cash and cash equivalents | 138 | 451 | (336) | -69.3 |
| Singtel cash and cash equivalents at beginning | 397 | 403 | 743 | -1.6 |
| Exchange effects on cash and cash equivalents | (8) | * | (10) | nm |
| Singtel cash and cash equivalents at end | 527 | 854 | 397 | -38.3 |
| Singapore free cash flow | 305 | 291 | 248 | 5.0 |
| Free cash flow from associates' dividends/ distributions | 865 | 843 | 299 | 2.6 |
| Cash capex to operating revenue | 8% | 9% | 12% | |

Note:

(1) The intercompany amounts are eliminated at the Group level.

“*” denotes less than +/- S\$0.5 million and “@” denotes more than +/- 500%.

OPTUS CASH FLOW STATEMENT

For The First Quarter Ended 30 June 2017

| | Quarter | | | YOY Chge % |
|---|-------------------------|-------------------------|-------------------------|------------------|
| | 30 Jun 2017 A\$ m | 30 Jun 2016 A\$ m | 31 Mar 2017 A\$ m | |
| Net cash inflow from operating activities | | | | |
| Profit before exceptional items and tax | 269 | 276 | 356 | -2.5 |
| Non-cash items | 372 | 341 | 387 | 9.0 |
| Operating cashflow before working capital changes | 641 | 617 | 743 | 3.8 |
| Changes in operating assets and liabilities | (37) | (133) | (103) | -72.5 |
| Tax paid | (65) | (60) | (63) | 7.7 |
| Operating cash flow | 539 | 424 | 576 | 27.3 |
| Net cash outflow for investing activities | | | | |
| Accrued capital expenditure | (271) | (292) | (553) | -7.3 |
| Changes in creditors' balances | (148) | (33) | 178 | 352.3 |
| Cash capital expenditure | (419) | (325) | (375) | 29.0 |
| Loan to STAI ⁽¹⁾ | - | - | (121) | - |
| Repayment of loan by STAI ⁽¹⁾ | - | - | 250 | - |
| Payment for purchase of spectrum | (712) | (27) | - | @ |
| Others | (27) | (20) | (18) | 34.9 |
| | (1,158) | (372) | (264) | 211.4 |
| Net cash inflow from/ (outflow for) financing activities | | | | |
| Net increase in borrowings | 650 | 50 | 350 | @ |
| Dividend paid to STAI ⁽¹⁾ | - | - | (600) | - |
| Net interest paid on borrowings and swaps | (54) | (47) | (35) | 14.5 |
| Purchase of Singtel shares | (6) | (7) | - | -12.2 |
| | 590 | (4) | (285) | nm |
| Net (decrease)/ increase in cash balance from Optus | (29) | 48 | 28 | nm |
| Dividends received from associates | - | 6 | - | nm |
| Net (decrease)/ increase in cash and cash equivalents | (29) | 54 | 28 | nm |
| Optus cash and cash equivalents at beginning | 128 | 57 | 101 | 126.6 |
| Optus cash and cash equivalents at end | 100 | 111 | 128 | -10.4 |
| Optus free cash flow | 120 | 99 | 202 | 21.4 |
| Free cash flow from associates' dividends | - | 6 | - | nm |
| Cash capex to operating revenue | 20% | 16% | 18% | |

Note:

(1) The intercompany amounts are eliminated at the Group level.

"@ denotes more than +/- 500%.

OPTUS FINANCIALS IN AUSTRALIAN DOLLARS

| | Quarter | | YOY Chge % |
|--|----------------------|----------------------|------------------|
| | 30 Jun | | |
| | 2017 A\$ m | 2016 A\$ m | |
| Operating revenue | 2,095 | 1,999 | 4.8 |
| Operating expenses | (1,489) | (1,410) | 5.6 |
| Other income | 55 | 56 | -0.9 |
| EBITDA - margin | 662 31.6% | 645 32.3% | 2.6 |
| Share of results of joint ventures | * | * | nm |
| EBITDA and share of results of joint ventures | 662 | 645 | 2.6 |
| Depreciation & amortisation | (349) | (332) | 5.0 |
| EBIT | 314 | 313 | 0.1 |
| Net finance expense | (45) | (38) | 19.3 |
| Profit before exceptional items and tax | 269 | 276 | -2.5 |
| Taxation | (81) | (82) | -0.9 |
| Underlying net profit | 188 | 194 | -3.2 |
| Exceptional items (post-tax) | (16) | (21) | -23.0 |
| Net profit | 171 | 173 | -0.8 |

“*” denotes less than +/- A\$0.5 million.

Optus' contribution to certain Group items in the statement of financial position were –

| | As at | | |
|---|--|-------------------------|-------------------------|
| | 30 Jun 2017 A\$ m | 31 Mar 2017 A\$ m | 30 Jun 2016 A\$ m |
| | Property, plant and equipment (net) | 7,486 | 7,521 |
| Gross debt | | | |
| Current debt | 550 | 990 | 560 |
| Non-current debt | 3,745 | 2,598 | 2,719 |
| Gross debt as reported in the statement of financial position | 4,295 | 3,588 | 3,279 |
| Related net hedging assets | (176) | (109) | (232) |
| | 4,118 | 3,479 | 3,047 |
| Less: Cash and bank balances | (100) | (128) | (111) |
| Net debt | 4,019 | 3,351 | 2,936 |

CURRENCY RISK MANAGEMENT & OTHER MATTERS

The Group maintains a policy to substantially hedge all known foreign currency exposures related to commercial commitments or transactions. These commitments or transactions include payment of operating expenses, traffic settlement, capital expenditure, interest and debt. Translation risks of foreign currency EBITDA and net investments are not hedged unless approved by the Finance and Investment Committee.

The Group has borrowings denominated in foreign currencies that have primarily been hedged into the functional currency of the respective borrowing entities using cross currency swaps in order to reduce the foreign currency exposure on these borrowings. As the hedges are perfect, any change in the fair value of the cross currency swaps has minimal impact on profit and equity.

Financial instruments such as foreign currency forward contracts and cross currency swaps are used only to hedge underlying commercial exposures and are not held or sold for speculative purposes. All hedging transactions are reviewed regularly.

CREDIT RATINGS

| | Singtel | Optus |
|---------------------------|-------------|-------------|
| S&P Global Ratings | A+ (stable) | A (stable) |
| Moody's Investors Service | A1 (stable) | A2 (stable) |

MAJOR CURRENCY AVERAGE EXCHANGE RATES

| 1 Australian Dollar buys: | Q1 | Q2 | Q3 | Q4 | Full Year |
|--|--------|--------------------------|--------------------------|--------------------------|--------------------------|
| Derived weighted average exchange rate ⁽¹⁾ for: | | | | | |
| Operating revenue | | | | | |
| <u>SGD</u> | | | | | |
| FY2018 | 1.0455 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FY2017 | 1.0125 | 1.0256 | 1.0568 | 1.0735 | 1.0426 |
| Change (last corresponding period) | 3.3% | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Underlying net profit | | | | | |
| <u>SGD</u> | | | | | |
| FY2018 | 1.0453 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FY2017 | 1.0098 | 1.0250 | 1.0566 | 1.0731 | 1.0435 |
| Change (last corresponding period) | 3.5% | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| 1 United States Dollar buys: | Q1 | Q2 | Q3 | Q4 | Full Year |
|--|--------|--------------------------|--------------------------|--------------------------|--------------------------|
| Derived weighted average exchange rate ⁽²⁾ for: | | | | | |
| Operating revenue | | | | | |
| <u>SGD</u> | | | | | |
| FY2018 | 1.3919 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FY2017 | 1.3580 | 1.3532 | 1.4099 | 1.4177 | 1.3841 |
| Change (last corresponding period) | 2.5% | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Notes:

- (1) The monthly income statement of Optus is translated from Australian Dollar to Singapore Dollar based on the average exchange rate for the month. These rates represent the derived weighted average exchange rates for the Australian Dollar for the period to date.
- (2) The income statements of Trustwave, Amobee and HOOQ are translated from United States Dollar to Singapore Dollar based on these derived weighted average exchanges rates for the period to date.

| 1 Singapore Dollar buys: | Q1 | Q2 | Q3 | Q4 | Full Year |
|------------------------------------|-------|--------------------------|--------------------------|--------------------------|--------------------------|
| <u>Rupiah</u> | | | | | |
| FY2018 | 9,554 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FY2017 | 9,837 | 9,713 | 9,405 | 9,435 | 9,591 |
| Change (last corresponding period) | -2.9% | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Indian Rupee</u> | | | | | |
| FY2018 | 46.4 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FY2017 | 49.2 | 49.4 | 47.8 | 47.2 | 48.6 |
| Change (last corresponding period) | -5.7% | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Baht</u> | | | | | |
| FY2018 | 24.6 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FY2017 | 26.0 | 25.8 | 25.1 | 24.8 | 25.4 |
| Change (last corresponding period) | -5.4% | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Peso</u> | | | | | |
| FY2018 | 35.8 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FY2017 | 34.3 | 34.8 | 34.8 | 35.3 | 34.8 |
| Change (last corresponding period) | 4.4% | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2018

- **Consolidated results and cash flow may be impacted by material exchange rate movements in the Australian Dollar, United States Dollar and regional currencies.** The Group's outlook for the current financial year is based on the following average exchange rates during FY2017:

| | | |
|----------------------|-------|------------|
| Australian Dollar | AUD 1 | SGD 1.0426 |
| United States Dollar | USD 1 | SGD 1.3841 |
| Indonesian Rupiah | SGD 1 | IDR 9,591 |
| Indian Rupee | SGD 1 | INR 48.6 |
| Thailand Baht | SGD 1 | THB 25.4 |
| Philippine Peso | SGD 1 | PHP 34.8 |

- **Both operating revenue and EBITDA from the Core Business (comprising Group Consumer and Group Enterprise) to grow by low single digit level.**
- **Mobile service revenue from Australia to grow by low single digit level.**
- **Mobile Communications revenue from Singapore to decline by low single digit level.**
- **Group ICT revenue (comprising Managed Services and Business Solutions) to increase by mid single digit. This includes cyber security revenue of S\$550 million to S\$650 million.**
- **Amobee Group to contribute S\$1.2 billion to S\$1.3 billion in operating revenue¹ and targets breakeven in EBITDA.²**
- **Negative EBITDA from Group Digital Life to reduce to approximately S\$100 million.²**
- **Consolidated revenue for the Group to grow by mid single digit level and EBITDA to grow by low single digit level.²**
- **Capital expenditure for the Group on an accrual basis is expected to approximate S\$2.6 billion in FY2018. This reflects the Group's multi-year investments in unified billing and customer care systems as well as continued strategic investments in mobile network and ICT.**
- **Capital expenditure for the Group on a cash basis is expected to approximate S\$2.4 billion, with A\$1.5 billion for Optus and S\$0.8 billion for the rest of Singtel Group.**
- **Group free cash flow (excluding spectrum payments and dividends from associates) to be approximately S\$1.8 billion.**

¹ Includes intragroup revenue.

² Including contribution from Turn from 1 April 2017 and excluding any other new acquisition.

**OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2018
(continued)**

- **Spectrum payments in Singapore and Australia are expected to approximate S\$1.0 billion.**
- **Dividends from the regional associates are expected to be around S\$1.4 billion, with first time inclusion of dividends from Intouch and expected lower payout from AIS.**