

Q1FY18 Financial Results Presentation

For the quarter ended 30 June 2017

Chua Sock Koong, Group CEO

11 August 2017



Forward looking statement – Important note

The following presentation contains forward looking statements by the management of Singapore Telecommunications Limited ("Singtel"), relating to financial trends for future periods, compared to the results for previous periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of Singtel. In particular, such targets should not be regarded as a forecast or projection of future performance of Singtel. It should be noted that the actual performance of Singtel may vary significantly from such targets.

"S\$" means Singapore dollars, "A\$" means Australian dollars and "US\$" means United States dollars unless otherwise indicated. Any discrepancies between individual amounts and totals are due to rounding.



Agenda

Overview

Business Units

Supplementary Information

Strong Core and Diversified Operations



Strong core operations & scale in digital businesses

- › Driving revenue & EBITDA growth
- › Strong performance by Australian Consumer
- › Strong growth in digital businesses; first time revenue contribution from Turn

Q1FY18	% change (reported)	% change (constant currency) ¹
Revenue S\$4,232m	↑ 8%	↑ 6%
EBITDA S\$1,269m	↑ 3%	↑ 1%
<div style="border: 1px solid red; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin: 5px;">9%</div> Proportion of Group's revenue from GDL & cyber security businesses		

Lower associates' contributions

- › Intense competition in India partially mitigated by Telkomsel's strong results







Regional associates' pre-tax earnings ² S\$673m	↓ 4%	↓ 7%
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Robust earnings & cashflow

- › Steady earnings growth (ex-Airtel)
- › Net profit impacted by exceptional losses from staff restructuring in Australia
- › Robust cashflow supports investments in spectrum & digital services

Underlying net profit S\$910m	↓ 4%	↓ 5%
<i>Ex-Airtel</i>	+3%	+1%
Net profit S\$892m	↓ 6%	↓ 7%
Free cashflow S\$1,294m	↑ 5%	

Foreign Exchange Movements

Currency	Quarter ended 30 June 2017		
	Exchange rate ¹	Increase/ (decrease) against S\$	
		YoY	QoQ
1 AUD ² 	1.0455	3.3%	(2.6%)
1 USD ³ 	1.3919	2.5%	(1.8%)
IDR 	9,554	2.9%	(1.3%)
INR 	46.4	5.7%	1.7%
PHP 	35.8	(4.4%)	(1.4%)
THB 	24.6	5.4%	0.8%

1. Average exchange rates for the quarter ended 30 June 2017.

2. Average A\$ rate for translation of Optus' operating revenue.

3. Average US\$ rate for translation of Trustwave, Amobee and HOOQ's operating revenue.

Group Q1FY18 Highlights



Group

- › Successful completion of NetLink NBN Trust IPO raising S\$2.3b
- › Special Recognition Award at Singapore Corporate Awards
- › Topped Singapore Governance & Transparency Index for 3rd consecutive year

NetLinkNBN



Group Consumer



VISA

- › SG: Launched Singapore's first virtual Visa account on Dash-mobile payment app



NATIONAL GEOGRAPHIC

- › SG: Extending network lead with mobile speeds of up to 800Mbps
- › AU: A\$1 billion investment to improve regional mobile coverage
- › AU: Launched world-first mobile app in exclusive partnership with National Geographic

Group

- › Introduced cyber education portal to engage students for careers in cyber security
- › Recognised as Asia Pacific Telecom Group of the Year¹

SINGTEL CYBER SECURITY EXPERIENCE

Group Consumer



- › Strong customer acquisition & synergies with the integration of Amobee & Turn

Constellation Brands

Q1FY18: Net Profit Impacted by Airtel



	3 months to			YoY %	QoQ %
	Jun 17	Jun 16 ¹	Mar 17 ¹		
Operating revenue	4,232	3,908	4,308	8.3%	(1.8%)
EBITDA	1,269	1,236	1,308	2.7%	(3.0%)
- margin	30.0%	31.6%	30.4%		
Associates pre-tax earnings ²	734	753	713	(2.6%)	2.9%
EBITDA & share of associates' pre-tax earnings	1,999	1,989	2,022	0.5%	(1.1%)
Depreciation & amortisation	(572)	(543)	(585)	5.2%	(2.2%)
Net finance expense	(88)	(65)	(82)	34.9%	6.9%
Profit before EI and tax	1,340	1,380	1,355	(3.0%)	(1.1%)
Tax	(435)	(441)	(380)	(1.3%)	14.7%
Underlying net profit	910	943	983	(3.5%)	(7.4%)
Exceptional Items (post tax)	(18)	1	(20)	N.M.	(7.7%)
Net profit	892	944	963	(5.6%)	(7.4%)

1. 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

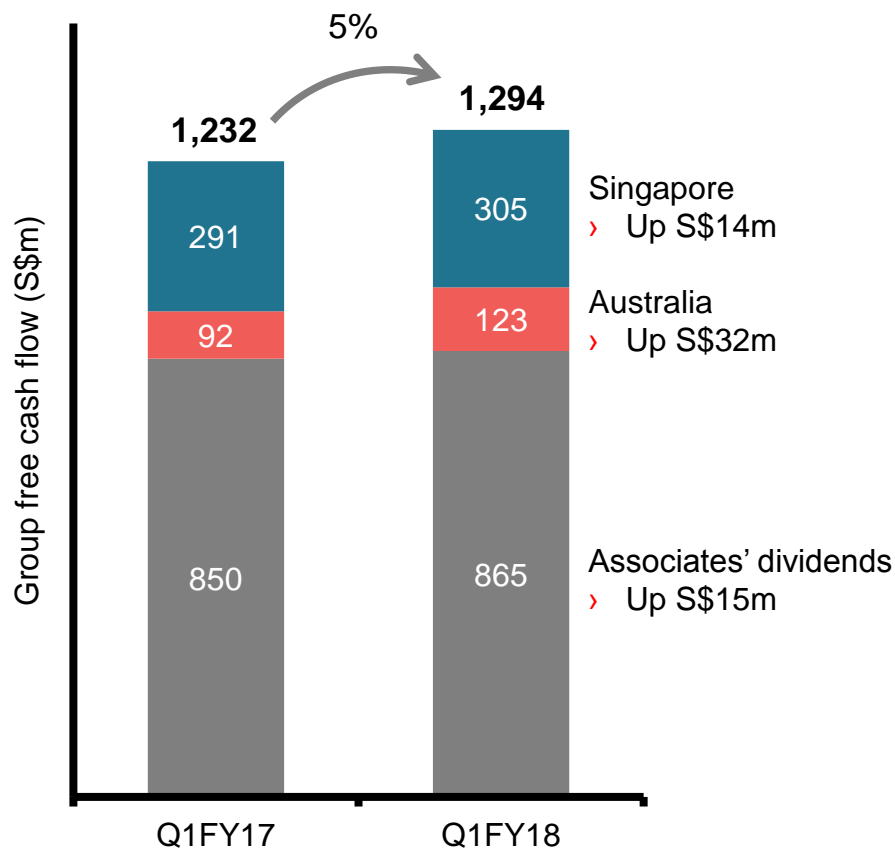
2. Excluding exceptional items.

N.M. – not meaningful.

Solid Financial Position

Free Cash Flow

S\$1,294m



Balance Sheet

Net debt¹ S\$10.6b

Net debt gearing² 26.8%

Net debt: EBITDA & share of associates' pre-tax profits 1.3x

EBITDA & share of associates' pre-tax profits: Net interest expense 22.0x

S&P's rating A+ Moody's rating A1

1. Gross debt less cash and bank balances adjusted for related hedging balances.
2. The ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.

MeetingPoint

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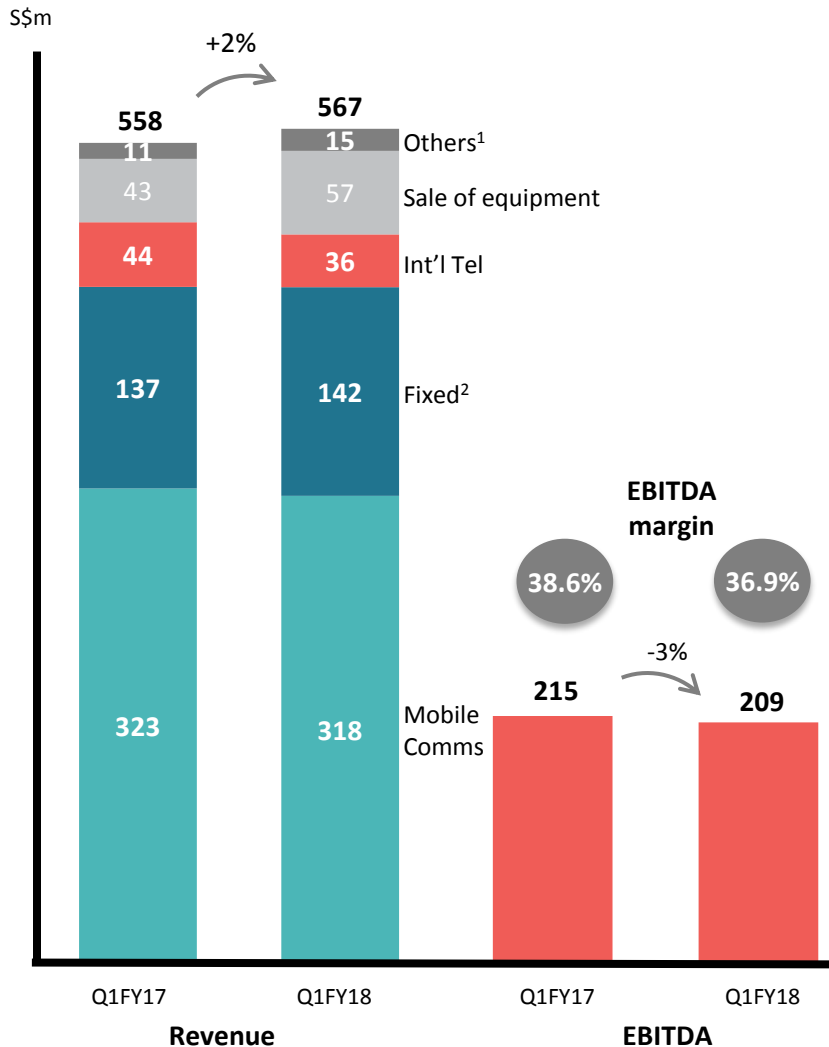
Agenda

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Supplementary Information

Singapore Consumer



Mobile communications revenue down 1%³

- › Growth in data offset lower roaming & voice traffic

Home services⁴ up 3%

- › Adoption of higher tier fibre plans & other add-on services
- › 2016-17 Premier League sub-licence revenues

Equipment sales up 32%

- › Strong demand for new smartphones & higher re-contracts

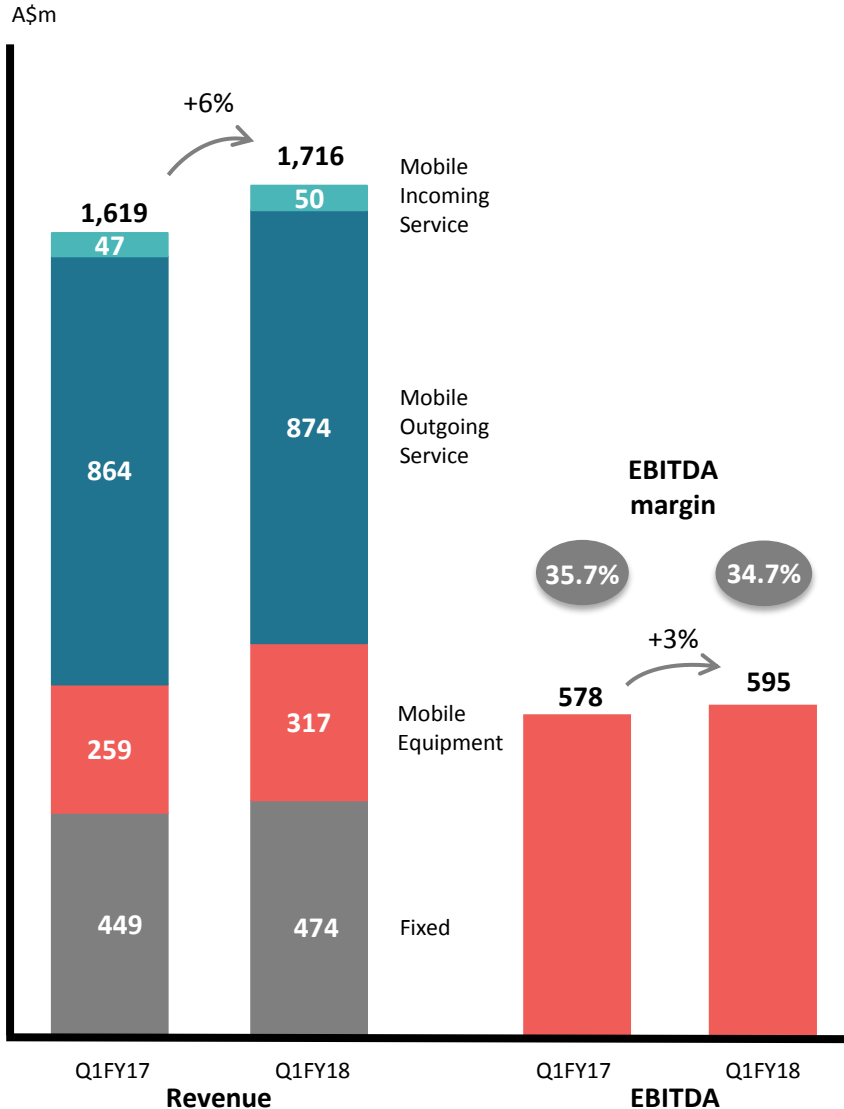
IDD services down 19%

- › Lower call traffic from data substitution

EBITDA down 3%

- › Growth in home services & content cost management
- › Up 2% excluding prior year one-off items

1. Other revenue includes digital services and revenue from mobile network cabling works and projects.
2. Comprises fixed broadband, residential Pay TV, national telephone and payphone.
3. From Q1FY18, Mobile communications is net of inter-operator mobile tariff discounts previously classified under 'Other revenue'. Excluding this reclassification of S\$4m in Q1FY18, Mobile communications would have been stable compared to the same quarter last year.
4. Comprises fixed broadband, fixed voice and Singtel TV in the residential segment only.



Mobile service revenue up 7% ex-DRP¹

- › Strong postpaid customer growth
- › Up 2% on reported basis

Mobile handset customers

- › Postpaid up 59k
- › Prepaid down 18k

Investment in networks

- › 96.4% national population 4G coverage²

Mass market fixed revenue grew 13%

- › Strong NBN customer growth & higher migration payments

EBITDA up 3%

- › Customer growth offsets higher content costs and DRP¹ credits

1. Device Repayment Plans. DRP credits increased A\$58m YoY.

2. As at 30 June 2017.

Regional Associates

Q1FY18	PBT ¹ (S\$m)	% Change (S\$)	% Change (local ccy)	Business Highlights
Regional Associates	673	-4%	N.A.	<ul style="list-style-type: none"> › Group's customer base up 3% QoQ to 655m › Profits weighed down by competition in India
<i>Ex-Airtel</i>	570	+9%		
Telkomsel	383	+18%	+14%	› Robust growth in data & digital services
Airtel	103	-42%	-47%	<ul style="list-style-type: none"> › India: Extended revenue market share leadership › Africa: Strong cost management & lower depreciation charges › Others: Increase in net finance cost partially offset by lower fair value losses
- India & South Asia	201	-30%	-34%	
- Africa	43	+180%	+163%	
- Others ²	(142)	+12%	+5%	
AIS	82	-24%	-28%	› Payments to TOT, higher depreciation & spectrum amortisation charges
Intouch	24	N.M.	N.M.	› Acquisition completed in November 2016
Globe	81	-10%	-6%	› Higher interest charges from spectrum & network investments

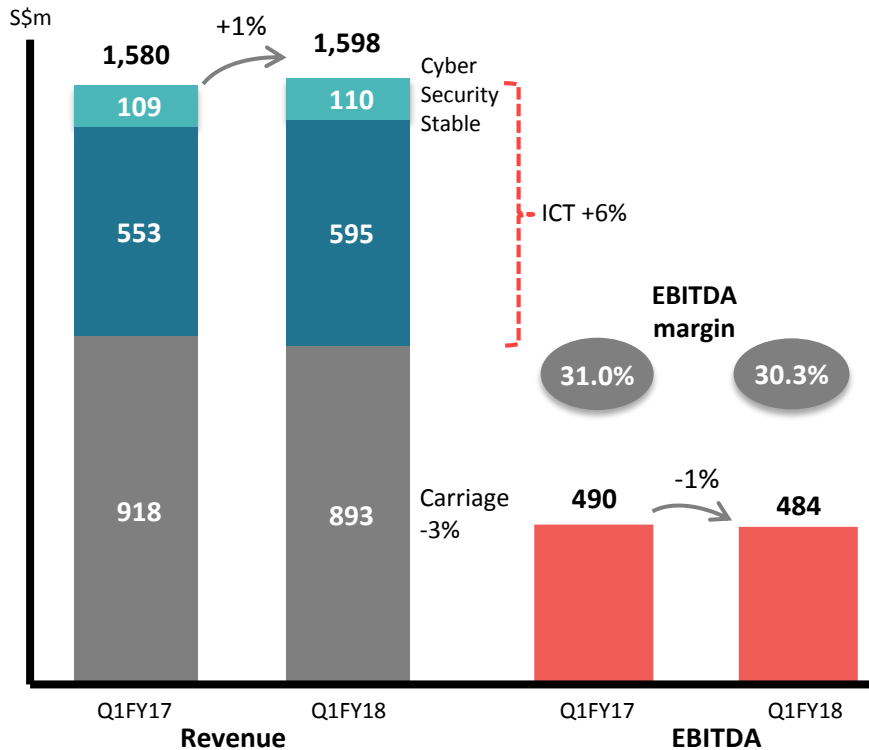
1. Excludes exceptional items.

2. Net finance costs & fair value losses

N.M. – Not Meaningful

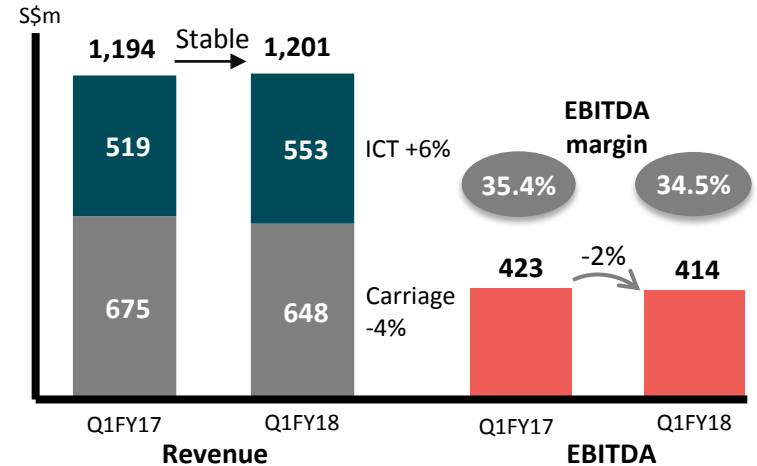
Group Enterprise

Group Enterprise

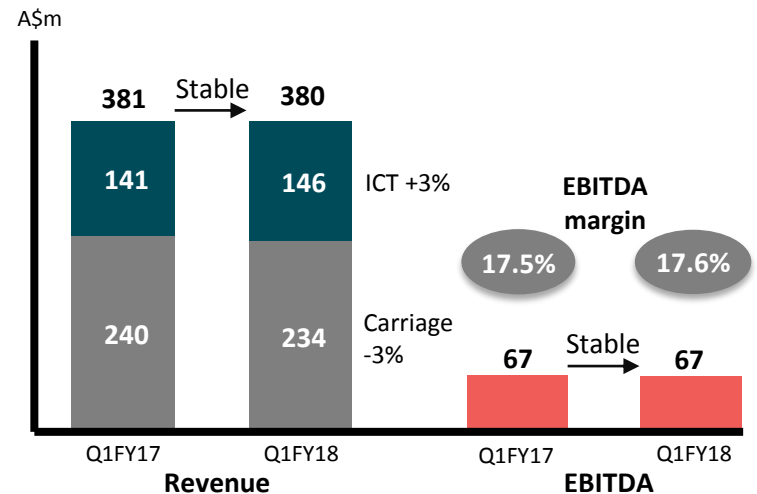


- › ICT growth across Singapore & Australia
- › Continued decline in traditional voice services
- › EBITDA down on lower carriage services & investments in ICT & cyber security capabilities

Singapore & International¹



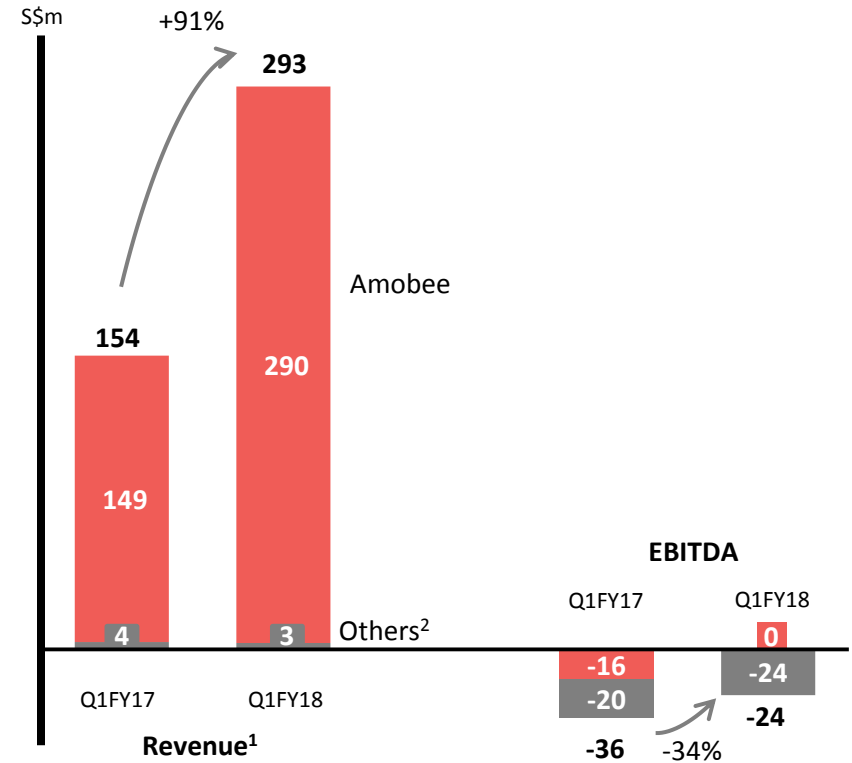
Australia



1. Excluding Australia.

Group Digital Life

Group Digital Life



- > First-time revenue contribution from Turn and strong performance in social and media advertising
- > Amobee achieves EBITDA breakeven this quarter

1. Includes intra-group revenue.
 2. Include revenues from HOOQ and DataSpark.
 3. The Stevie Awards recognise accomplishments for business excellence.

Digital Marketing **AMOBEE**

- > Industry recognition for excellence in digital marketing at the Stevie Awards³
 - > Innovation in Paid Media Planning & Management
 - > Marketing Campaign of the Year



Premium OTT Video **HOOQ**

- > New original productions in Indonesia and the Philippines





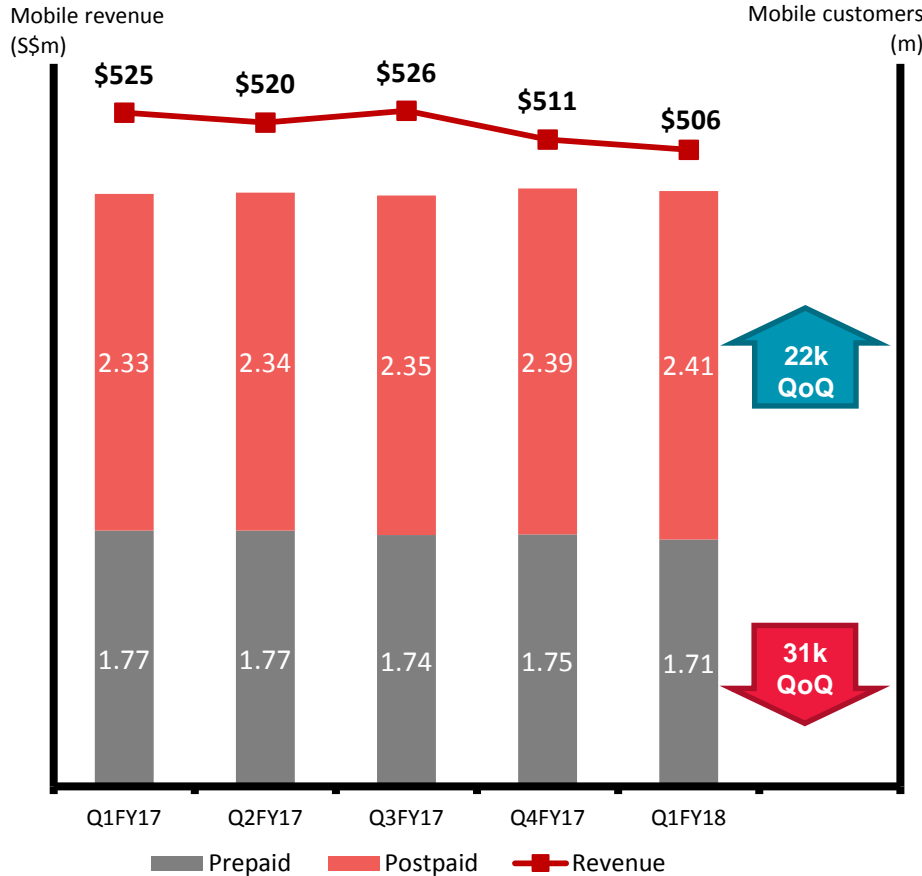
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Mobile communications Revenue \$506m



4G customers up 22k QoQ

2,667k

> 65% penetration

Average smartphone data usage

3.5Gb

> Up from 2.6Gb in June 2016 quarter

Postpaid ARPU down 8%

S\$65

> Growth in data usage offset by decline in roaming & voice traffic

> Impacted by reclassification of inter-operator tariff discounts

Prepaid ARPU stable

S\$18

> Revenue growth from data offset lower voice traffic

Postpaid SAC¹ down 1%

S\$404

1. Blended acquisition and retention cost per postpaid customer.

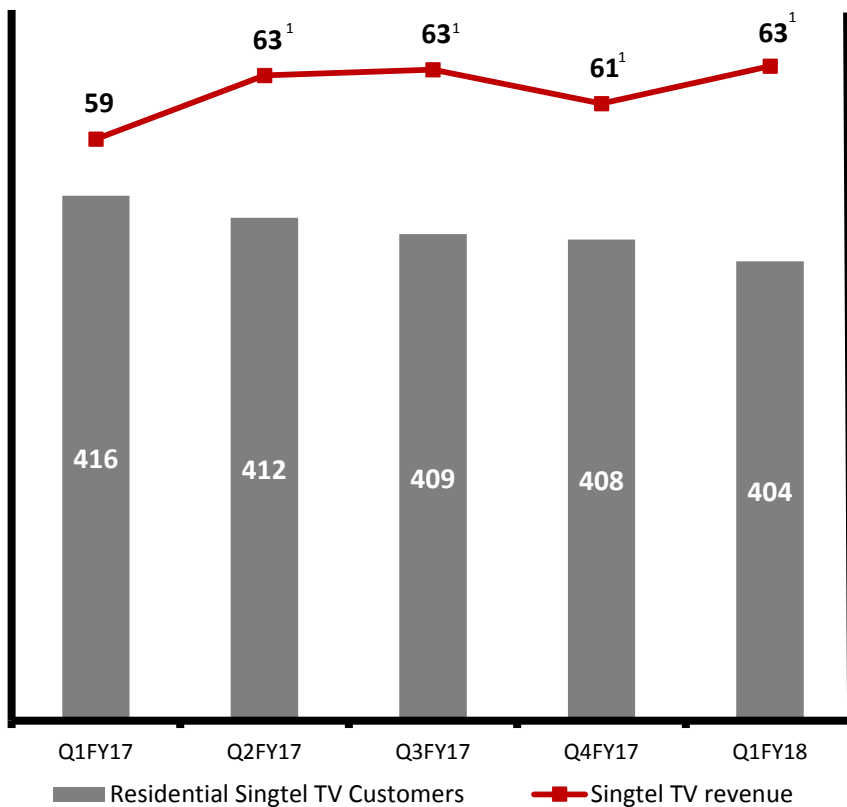
Singapore Fixed

Singtel TV revenue

S\$63m

Singtel TV Revenue
(S\$m)

Customers
('000)



Singtel TV ARPU

S\$41

> Stable

Singtel TV churn

1.3%

> Down 0.5ppt

Singtel Households on Triple/quad services²

504k

> Stable QoQ

Singtel Fibre broadband customers³

570k

> Up 11k QoQ

> 94% of broadband customers³ on fibre

Singtel OTT services (Cast & Singtel TV GO)

67k

> Up 20k QoQ

1. Singtel TV revenue includes wholesale of 2016-17 Premier League content rights from Q2FY17.

2. Households which subscribed to 3 or 4 unique services comprising Fixed Broadband, Singtel TV, Fixed Voice and Mobile.

3. Residential and corporate subscriptions to broadband internet services using optical fibre networks.

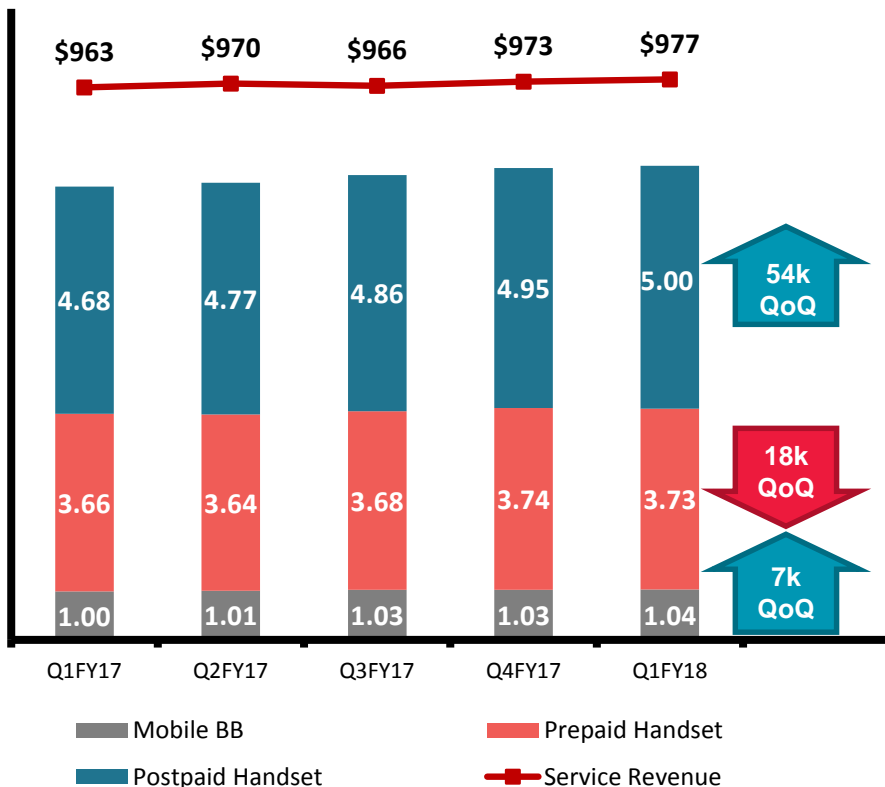
Australia Mobile

Service revenue

A\$977m

Service revenue
(A\$m)

Mobile customers
(m)



4G customers¹ up 85k QoQ

5,880k

> 60% penetration

Postpaid

> Handset ARPU

A\$46

- down 4%

- up 2% ex-DRP

> Churn

1.4%

- up YoY & QoQ

Prepaid

> Handset ARPU

A\$20

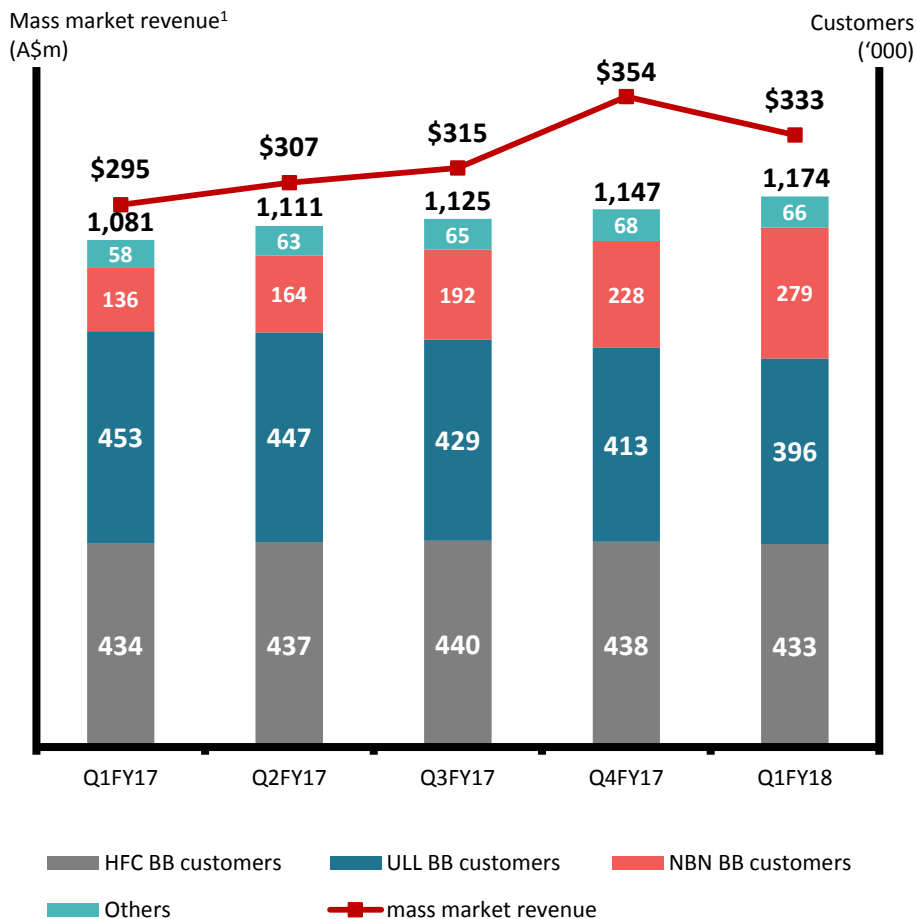
- down 2%

1. 4G handsets on the Optus network.

Australia Fixed

Mass market revenue

A\$333m



On-net BB ARPU

A\$54

> Up 3%

NBN BB Customers

279k

> Up 51k QoQ

Resale DSL BB Customers

41k

> Down 1k QoQ

TV Customers

457k

> Up 1k QoQ

1. Impacted by customer growth and timing of migration payments.

Trends In Constant Currency Terms¹

3 months ended June 2017	Q1FY18 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) ¹
Group revenue	4,232	8.3%	6.3%
Group reported NPAT	892	(5.6%)	(7.4%)
Group underlying NPAT	910	(3.5%)	(5.4%)
Optus revenue	2,191	8.2%	4.8%
Regional Associates pre-tax earnings ²	673	(3.8%)	(6.6%)

1. Assuming constant exchange rates from corresponding periods in FY2017.

2. The Group's share of associates' earnings before exceptionals.



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