

Q4FY19 Financial Results Presentation

For the quarter and financial year ended
31 Mar 2019

Chua Sock Koong, Group CEO

15 May 2019



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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

Outlook

Supplementary Information

Gained market share in core businesses amid heightened competition

Competition in India & Indonesia impacted earnings, although markets are stabilising

Executed to strategy:

- › Digitalisation of the core drove productivity, cost savings & better customer engagement
- › Invested in technology, spectrum & content
- › Scaled digital marketing & cyber security services
- › Built ecosystem of digital services that leverage Group's scale

Proposed dividend of 17.5c/share

- › Strong balance sheet & disciplined capital allocation support consistent returns to shareholders

FY19: Performance met guidance

	Guidance ^{1,2}	Actual ²	
Revenue	Grow by low single digit	▲ 3.7%	✓
EBITDA	Decline by low single digit	▼ 3.9%	✓
Free Cash Flow (excluding spectrum payments & dividends from associates)	~ S\$1.9b	S\$2.3b	✓
Cash Capital Expenditure	~ S\$2.2b	S\$1.7b	✓
Dividends from Regional Associates	~ S\$1.4b	S\$1.4b	✓

1. Guidance as at Feb 2019.

2. Assuming constant exchange rates from FY2018.

Strong revenue performance in Consumer & Digital

Underlying earnings impacted by AUD weakness & Airtel

	Q4FY19 (S\$M)	% change (reported)	% change (constant currency) ¹	
Revenue	4,342	2%	6%	<ul style="list-style-type: none"> › Growth in equipment sales, ICT and digital services² offset carriage erosion › Strong postpaid momentum in Australia & Singapore › Increased NBN migration revenues › Revenue growth partly offset by weaker Australian Dollar
EBITDA	1,166	(5%)	(1%)	<ul style="list-style-type: none"> › Higher NBN migration revenue offset voice declines › Enterprise margins impacted by pricing pressure & shift in product mix
Regional Associates' PBT³	389	(20%)	(23%)	<ul style="list-style-type: none"> › Intense competition in India, mitigated by stronger performance in Telkomsel & Globe › Increased depreciation, spectrum amortisation & network costs
Underlying NPAT	697	(15%)	(14%)	<ul style="list-style-type: none"> › Lower associates' contribution › Airtel's write-back of accruals no longer required
NPAT	773	Stable	2%	
Free Cashflow	1,120	40%	N.M.	<ul style="list-style-type: none"> › Higher operating receipts from ICT projects & NBN migration & lower capex

1. Constant currency – assuming constant exchange rates from corresponding period in FY2018

2. Includes consolidation of Videology results in Amobee Group

3. Excludes exceptional items

N.M. – not meaningful







Key Financials



(S\$M)	Quarter			Financial Year		
	Mar 19	Mar 18	YoY %	Mar 19	Mar 18	YoY %
Operating revenue	4,342	4,262	2%	17,372	17,268	1%
EBITDA	1,166	1,230	(5%)	4,692	5,051	(7%)
- margin	26.9%	28.9%		27.0%	29.2%	
Associates pre-tax earnings ¹	419	519	(19%)	1,536	2,454	(37%)
EBITDA & share of associates' pre-tax earnings	1,586	1,750	(9%)	6,228	7,511	(17%)
Depreciation & amortisation	(561)	(562)	Stable	(2,222)	(2,250)	(1%)
Net finance expense	(93)	(87)	7%	(355)	(345)	3%
Profit before EI and tax	932	1,101	(15%)	3,651	4,917	(26%)
Tax	(241)	(282)	(15%)	(850)	(1,344)	(37%)
Underlying net profit	697	821	(15%)	2,825	3,593	(21%)
Exceptional Items (post tax)	76	(51)	N.M.	270	1,880	(86%)
Net profit	773	770	Stable	3,095	5,473	(44%)

1. Excludes exceptional items.
N.M. – not meaningful.

Foreign Exchange Movements

Currency	Quarter Mar 19			Financial Year Mar 19	
	Exchange rate ¹	Increase/ (decrease) against S\$		Exchange rate ¹	Increase/ (decrease) against S\$
		YoY	QoQ		
1 AUD ² 	0.9650	(6.9%)	(2.2%)	0.9898	(5.6%)
1 USD ³ 	1.3546	3.6%	(1.3%)	1.3580	0.1%
IDR 	10,417	(1.0%)	3.1%	10,526	(6.3%)
INR 	52.1	(6.8%)	0.6%	51.5	(8.2%)
PHP 	38.6	1.3%	-	38.9	(3.7%)
THB 	23.4	2.1%	2.1%	23.8	2.1%

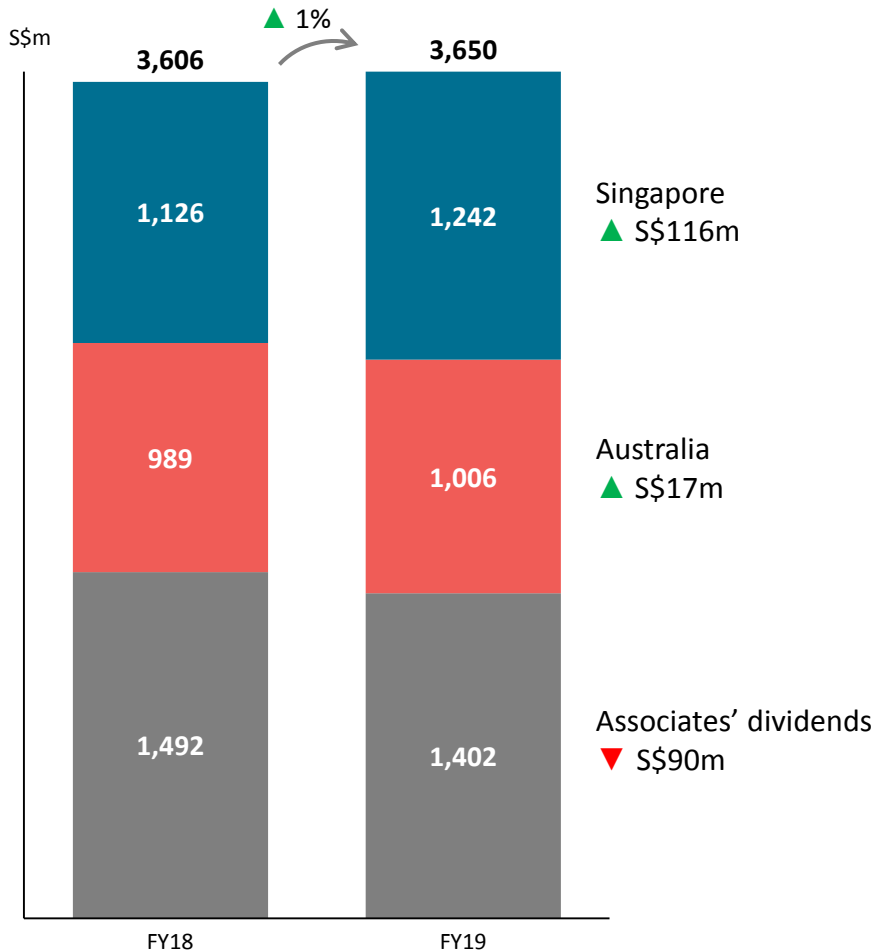
1. Average exchange rates for the quarter and financial year ended 31 March 2019.

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

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

Solid Financial Position

Free Cash Flow **S\$3,650m**



Balance Sheet

Net debt¹ **S\$9.9b**

Net debt gearing² **24.9%**

Net debt: EBITDA & share of associates' pre-tax profits **1.6x**

Credit Ratings:

A+	S&P
A1	Moody's

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.

Dividend payout

Maintaining ordinary dividend

FY19:

Proposed final dividend : 10.7 cents
(Payable in Aug 2019)

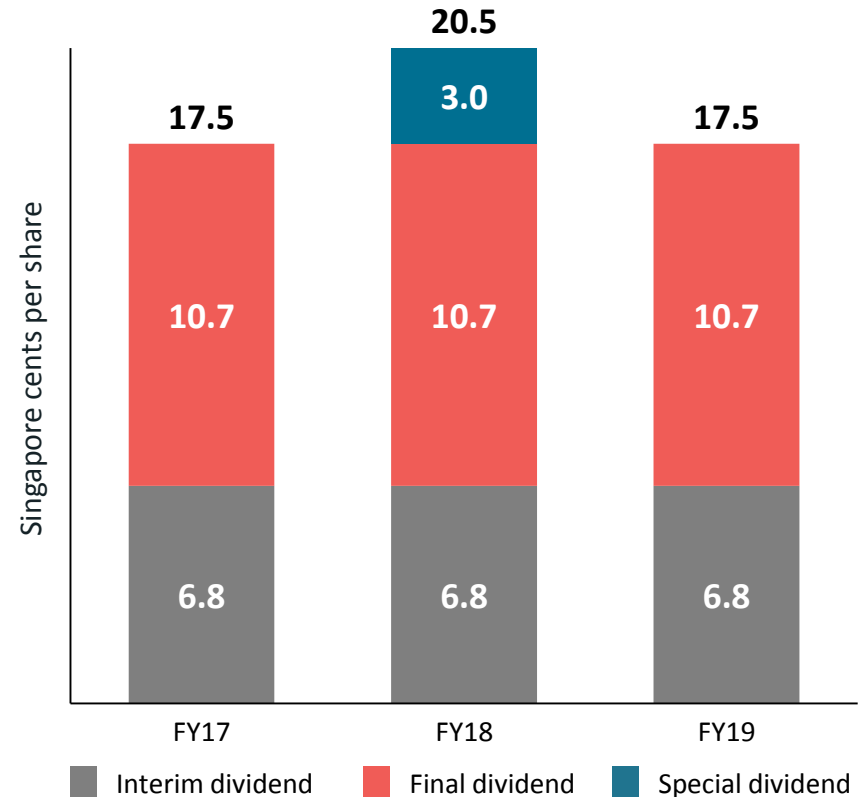
Interim dividend : 6.8 cents
(Paid in Jan 2019)

Total dividend : 17.5 cents

% of underlying net profit : 101%

% of free cash flow¹ : 88%

Dividend for the last 3 years



1. Free cash flow after interest & tax

Group Q4FY19 Highlights



Group Consumer

- › SG/AU: World's first cross border 5G augmented reality video call
- › SG: Launched GOMO, digital-only mobile service
- › SG: Partnerships for customer lifestyles needs
- › AU: Optus co-produced "Only in Oz" series with National Geographic



Group Enterprise

Powered by

Singtel IoT

- › New partnerships with Microsoft and China Mobile to expand IoT
- › Trustwave awarded Best Managed Security Service¹

Group Digital Life

- › Amobee signed exclusive technology licensing agreement with major TV broadcaster



International Group



- › VIA expands regional payment ecosystem and footprint to Japan & Malaysia



- › Sponsor of Singapore esports team in SEA games and launch of 2 new gaming leagues in Singapore

1. 2019 SC Awards by SC Media, a US security media outlet



Agenda

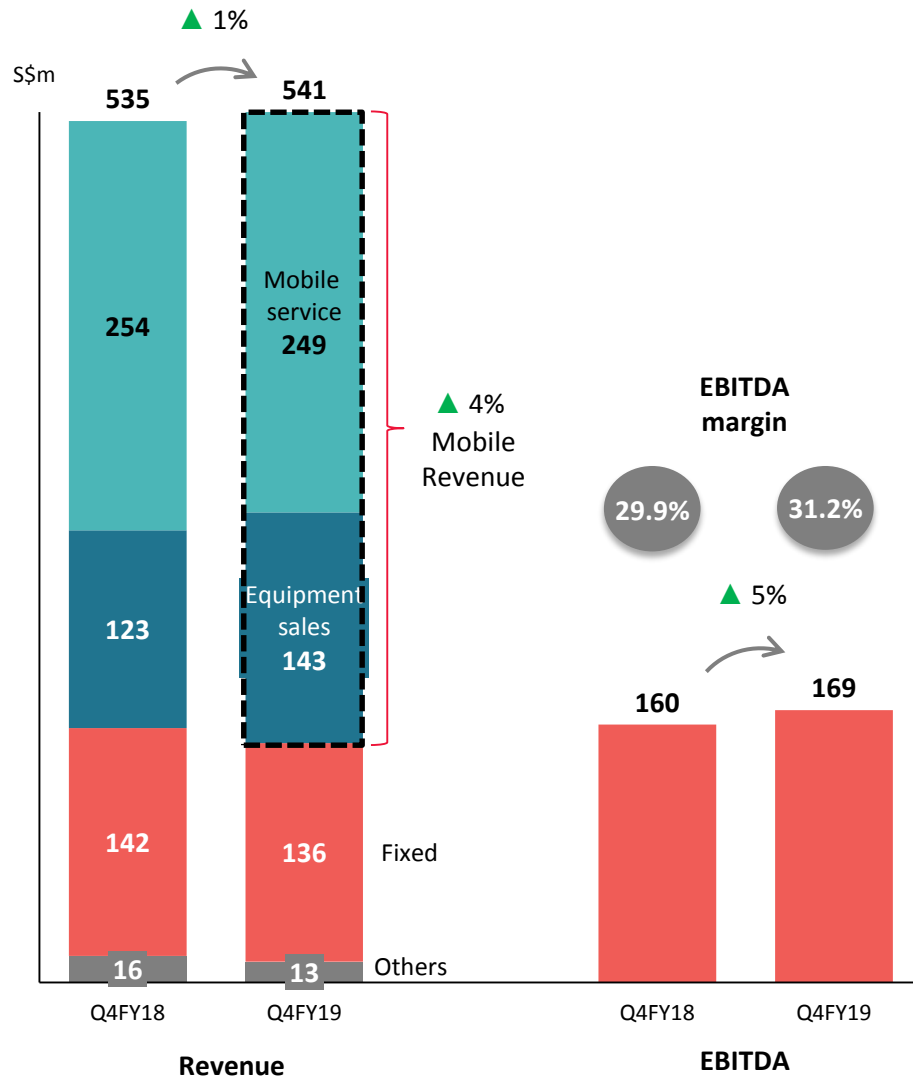
Overview

Business Units

Outlook

Supplementary Information

Singapore Consumer



Mobile revenue (incl equipment sales) up 4%

- > Higher equipment sales with increased connections
- > Lower mobile service revenue
 - > Lower prepaid voice usage
 - > Mitigated by higher postpaid revenues from data & digital services

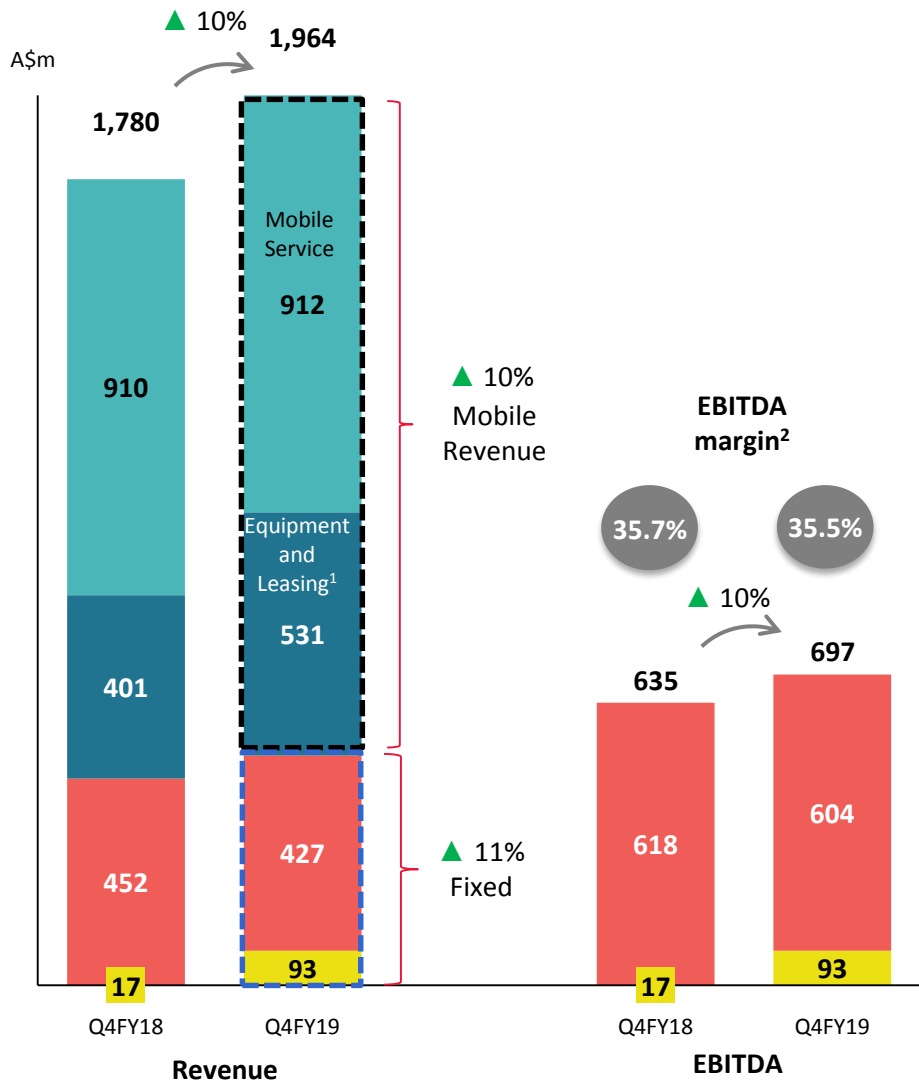
Fixed revenue down 4%

- > Broadband growth mitigated voice declines

EBITDA up 5%

- > Strong cost management
- > Staff productivity improvements & reduced traffic expenses

Australia Consumer



Mobile revenue (incl equipment sales) up 10%

- › Equipment sales up 25% on higher take-up of premium handsets
- › Stable service revenue

Mobile customers

- › Postpaid handset up 121k QoQ³
- › Prepaid handset down 109k QoQ⁴
- › Mobile Broadband up 8k QoQ

Mass market fixed revenue up 19%

- › NBN customers up 50k QoQ
- › Higher NBN migration revenue

EBITDA up 10%

- › Down 2% excl NBN migration revenue

1. Includes leasing revenue of A\$45m in Q4FY19.

2. Excluding NBN migration revenue, EBITDA margin was 35.1% in Q4FY18 and 32.3% in Q4FY19.

3. Branded postpaid handset net adds up 151k QoQ.

4. After de-activation of 125k inactive services by wholesale customer.

Regional Associates

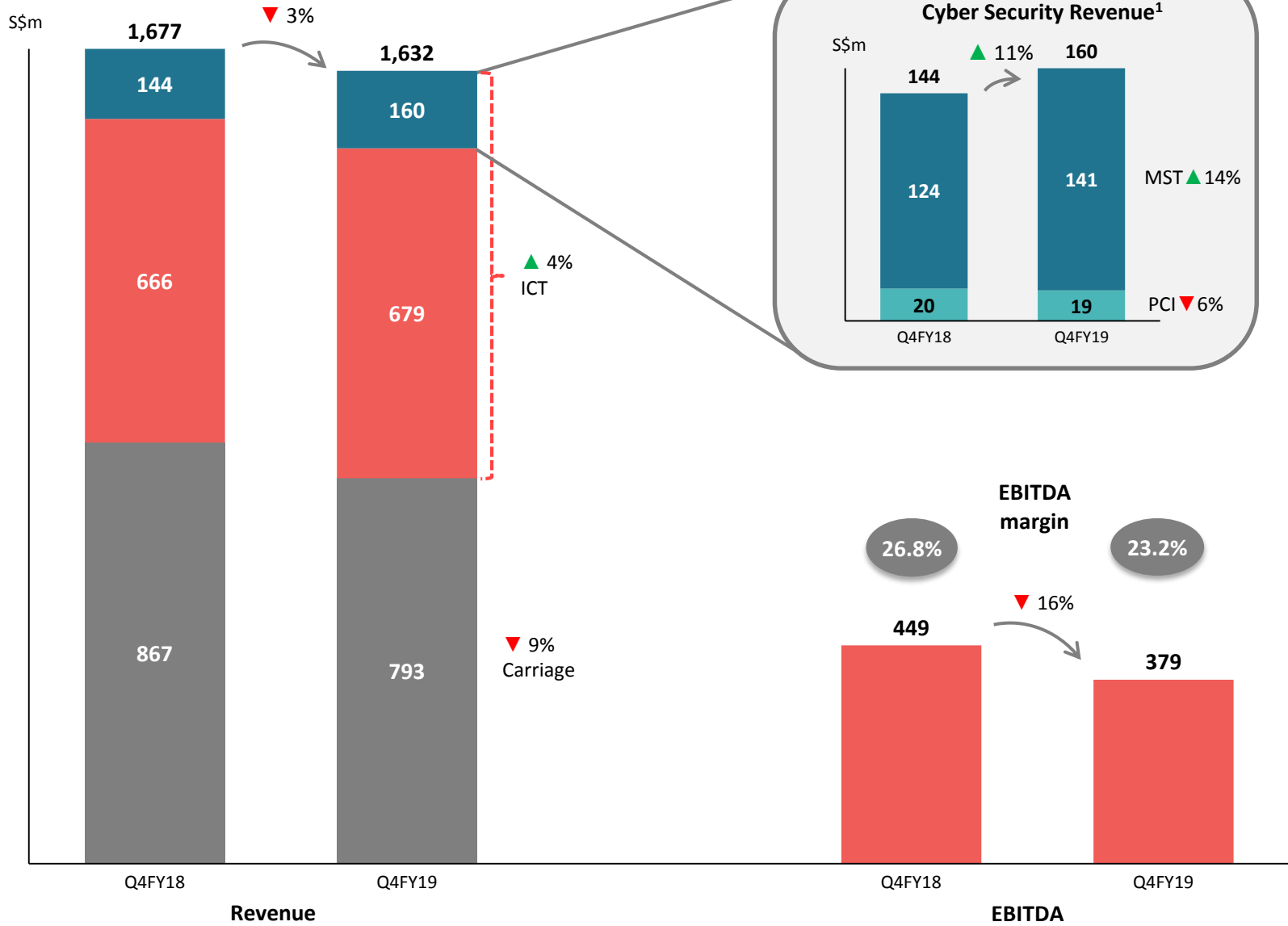
Q4FY19	PBT ¹ (S\$m)	% Change (S\$)	% Change (local ccy)	Business Highlights
Regional Associates	389	(20%)	N.M.	› Investment in network & spectrum
Telkomsel	296	2%	4%	› Market recovery post SIM-card registration exercise
Airtel ²	(134)	N.M.	N.M.	› Rights issue to strengthen Airtel's balance sheet
Bharti Telecom	(9)	(37%)	(33%)	› Share of pre-tax contribution from Airtel & Bharti Telecom declined S\$135m YoY
AIS	91	(4%)	(6%)	› Higher depreciation and amortisation charges partly offset by revenue improvements
Intouch	25	(20%)	(22%)	› AIS' lower earnings & gain from CS Loxinfo transaction last year
Globe	120	48%	46%	› Strong data revenue growth in mobile & broadband

1. Excludes exceptional items.

2. Limited information on Airtel is provided in view of Airtel's rights issue

N.M. – Not Meaningful

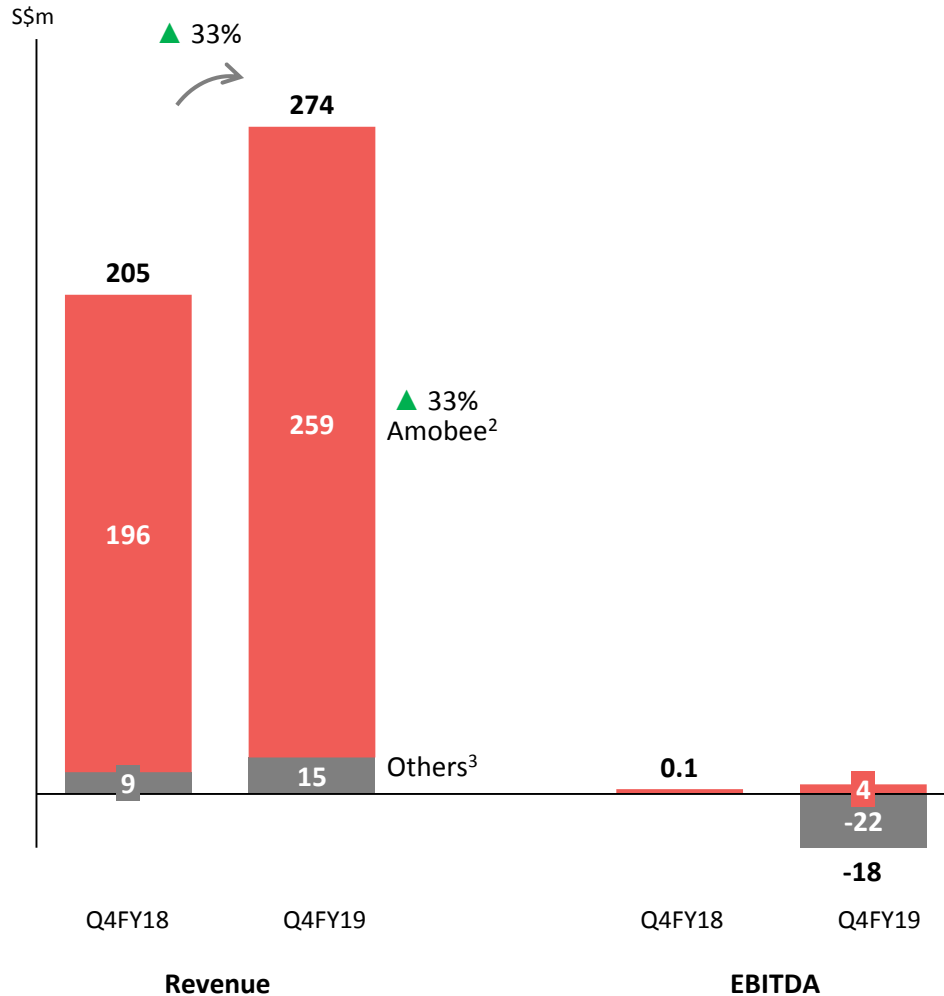
Group Enterprise



1. Comprises Managed Security & Technology services (MST) and Payment Card Industry (PCI) compliance revenues.

Group Digital Life

Group Digital Life¹



Amobee

- > Strategic collaboration



Innov8

- > New investments



1. Includes contributions from Videology since end August 2018.
 2. Excluding Videology, Amobee would have grown 16%.
 3. Includes revenues from HOOQ and DataSpark.



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Group²

- › Revenue³ to grow by mid single digit
- › EBITDA³ to be stable
- › Capital expenditure to be ~S\$2.2b
- › Free cash flow, excluding spectrum payments and dividends from associates, to be ~S\$2.1b
- › Dividends from regional associates to be ~S\$1.2b

ICT & Digital Businesses

- › ICT services revenue to grow by low single digit
- › Cyber security revenue to grow by low teens
- › Amobee revenue⁴ to grow by high single digit and EBITDA to improve

1. Based on average exchange rates during FY2019.
2. Excludes acquisitions.
3. Excludes NBN migration revenue in Australia for FY2019 and FY2020.
4. Includes intragroup revenue.

Business Zone



Agenda

Overview

Business Units

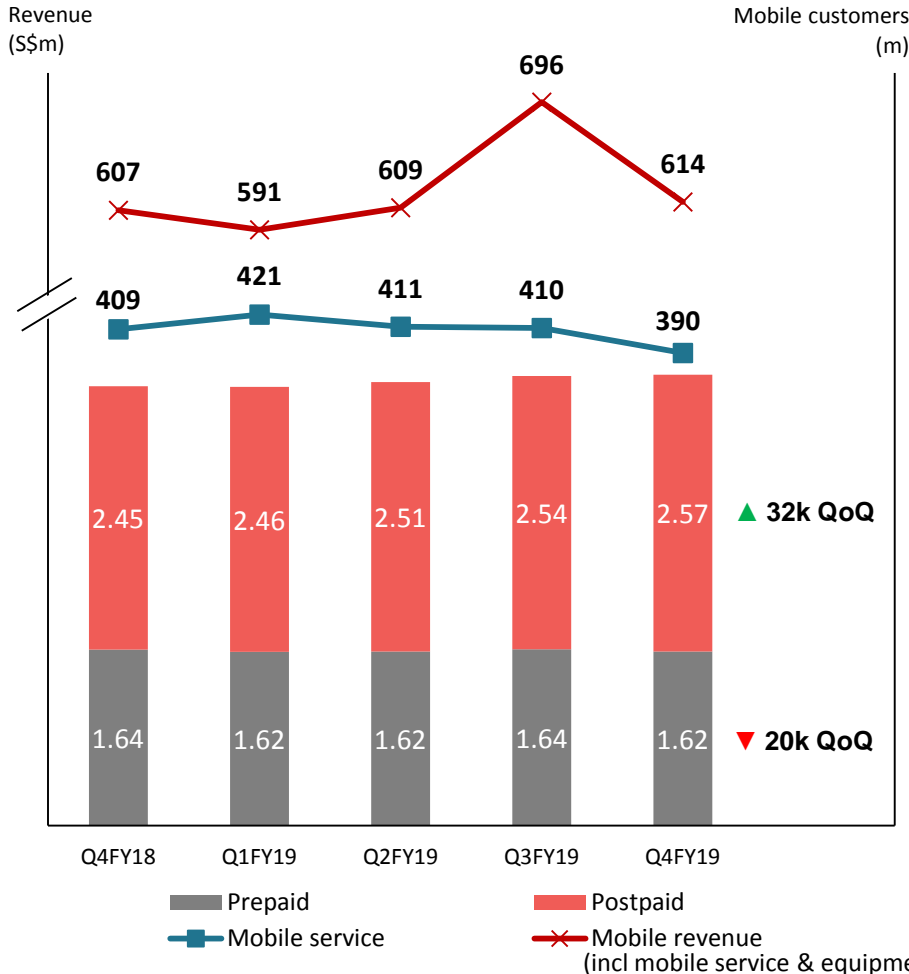
Outlook

Supplementary Information

Singapore Mobile

Mobile revenue

S\$614m



4G customers up 53k QoQ

3,154k

> 75% penetration

Average quarterly smartphone data usage

4.7Gb

> Up from 3.9Gb in Mar 2018 quarter

> Up from 4.5Gb in Dec 2018 quarter

Postpaid ARPU down 9%

S\$41

> Decline in voice usage & roaming

> Dilutive impact of SIM-only & Mobile Share plans

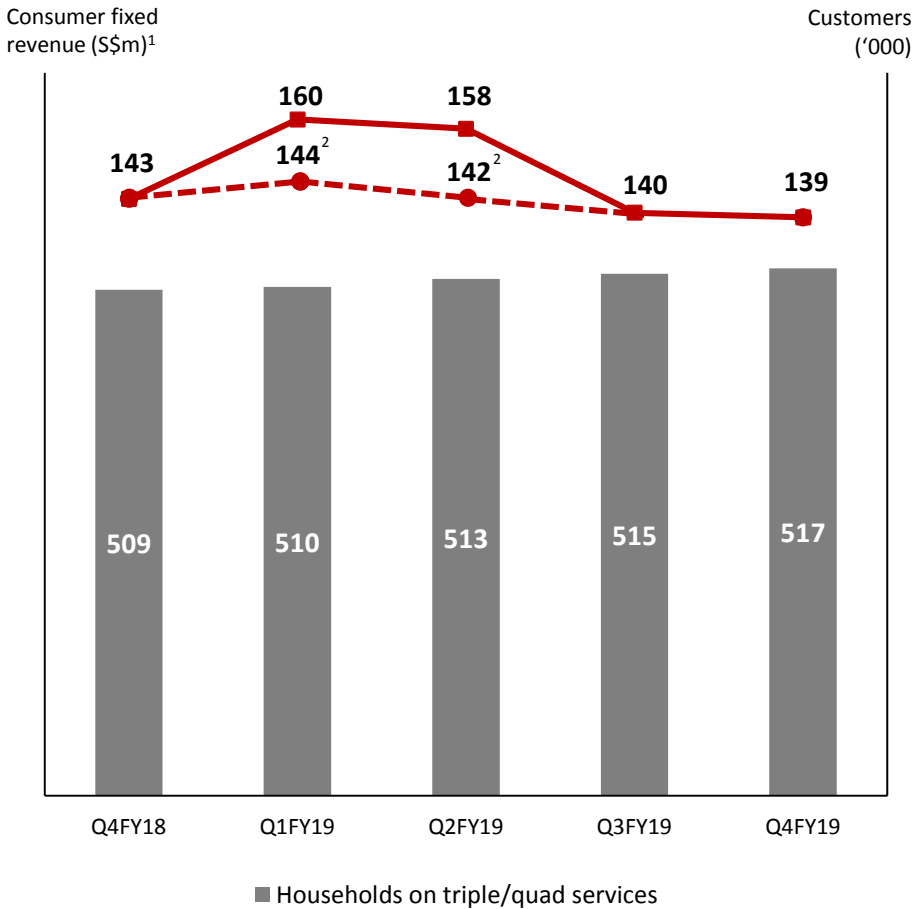
Prepaid ARPU down 7%

S\$17

> Lower local & IDD voice usage

Singapore Fixed

Consumer fixed revenue¹ S\$139m



Singtel TV revenues

S\$55m

› Down 3%

Singtel TV ARPU

S\$41

› Up 1%

Residential fixed broadband revenues

\$59m

› Up 1%

Singtel Fibre broadband customers

629k

› Up 5k QoQ

› 99% of broadband customers on fibre

Singtel OTT services (CAST & Singtel TV GO)

118k

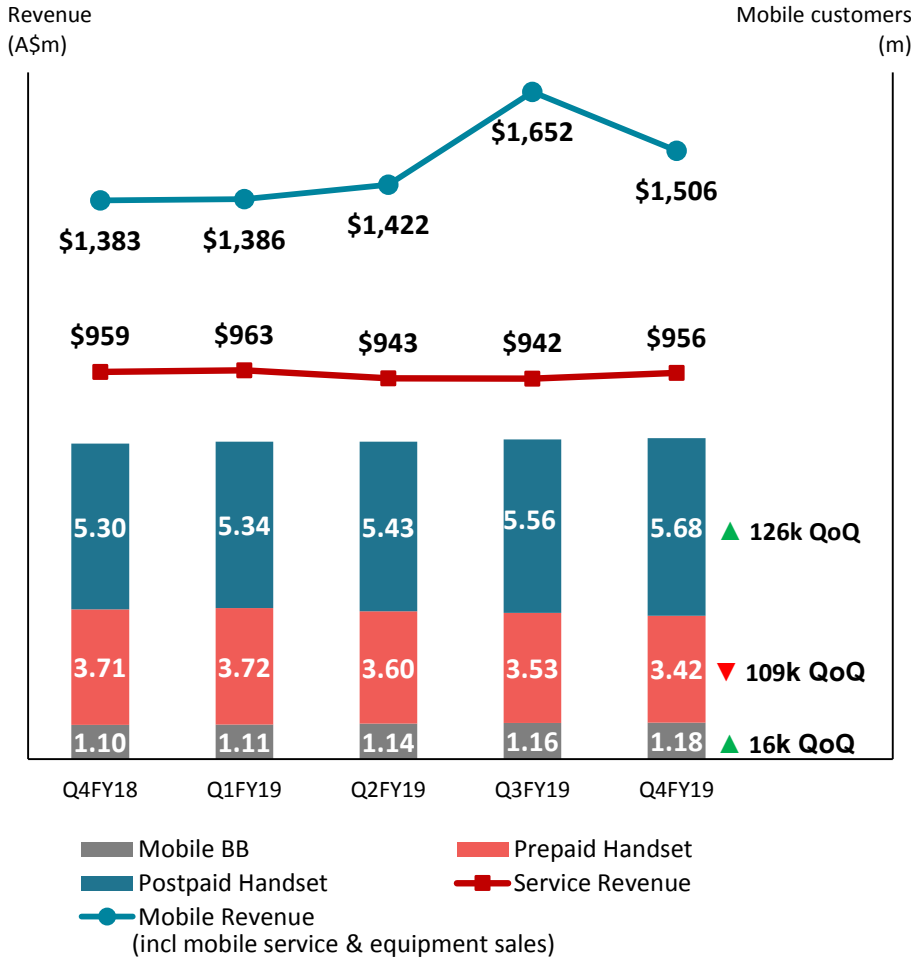
› Up 2k QoQ

1. Comprises of fixed broadband, fixed voice, Singtel TV and broadband and SmartHome equipment in the residential segment only and does not include mobile
 2. Excludes 2018 World Cup broadcast and advertising revenues.

Australia Mobile

Mobile revenue

A\$1,506m



4G customers¹ up 146k QoQ **6,703k**

> 65% penetration

Postpaid

> Handset ARPU
 - down 3%

A\$42

> Churn

- stable YoY and up 0.1ppt QoQ

1.5%

Prepaid

> Handset ARPU
 - down 8%

A\$18

Mobile Broadband

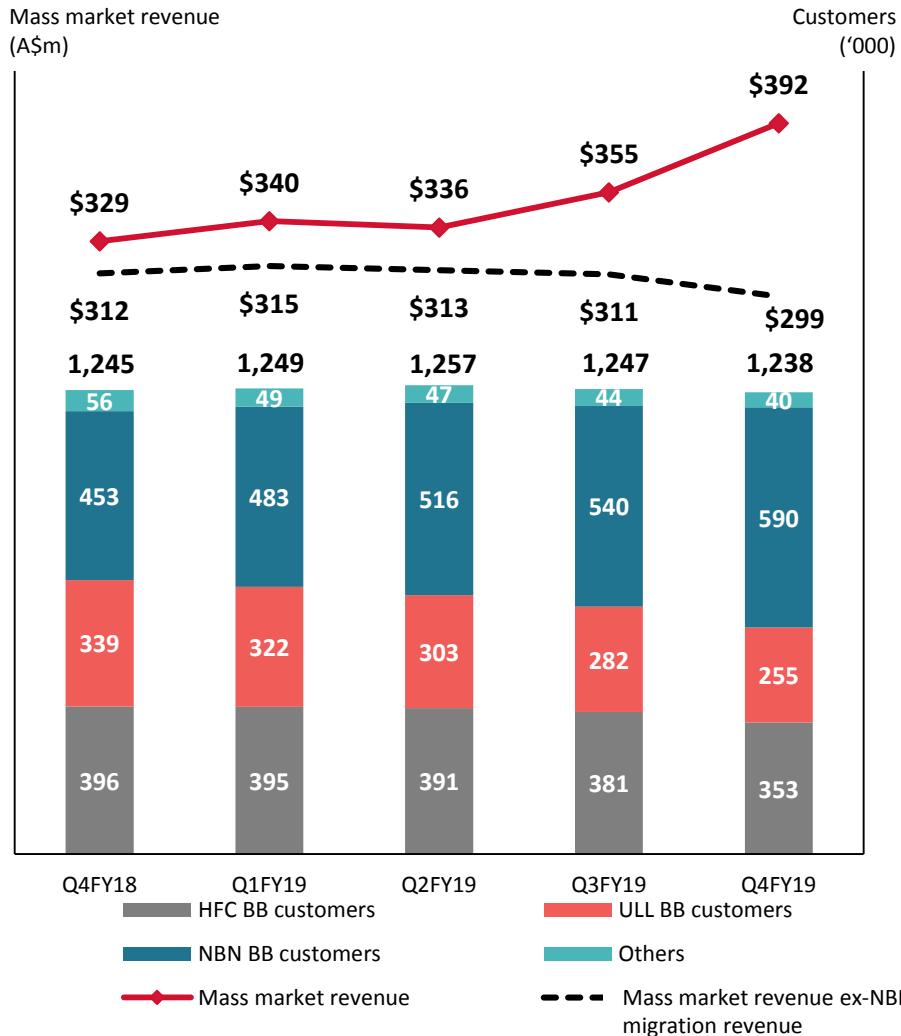
> ARPU
 - down 9%

A\$20

1. 4G handsets on the Optus network.

Australia Fixed

Mass market revenue **\$392m**



On-net BB ARPU

A\$55

> down 1%

NBN BB Customers

590k

> up 50k QoQ

TV Customers

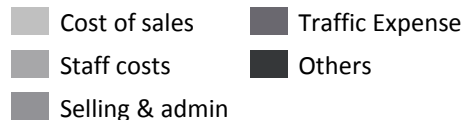
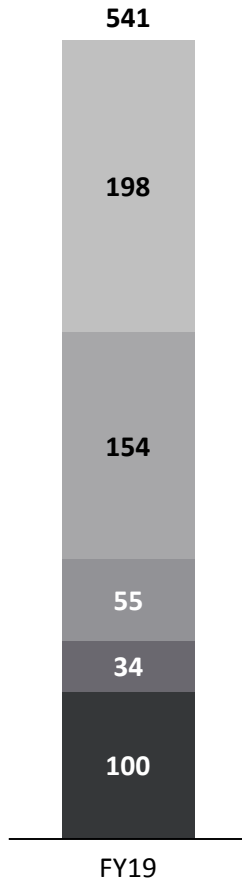
410k

> down 103k QoQ¹

1. Deactivation of non-tolling customers.

Cost savings of S\$541m in FY19

Cost savings



Customer experience

- › Increase adoption of self-service channels
- › Integrate online & offline sales channels
- › Optimise customer acquisition costs
- › Rationalise content portfolio

Network & operations

- › Headcount optimisation
- › Leverage Group scale to deliver procurement savings
- › Product standardisation & simplification of price plans
- › Shut down legacy networks & systems

Trends In Constant Currency Terms¹

Quarter Mar 2019	Q4FY19 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) ¹
Group revenue	4,342	1.9%	5.5%
Group reported NPAT	773	0.4%	2.2%
Group underlying NPAT	697	(15.0%)	(13.9%)
Optus revenue	2,222	(0.3%)	7.1%
Regional Associates pre-tax earnings ²	389	(20.4%)	(22.5%)
FY Mar 2019	FY19 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) ¹
Group revenue	17,372	0.6%	3.7%
Group reported NPAT	3,095	(43.5%)	(41.8%)
Group underlying NPAT	2,825	(21.4%)	(19.1%)
Optus revenue	9,006	(0.3%)	5.7%
Regional Associates pre-tax earnings ²	1,424	(38.2%)	(36.7%)

1. Assuming constant exchange rates from corresponding periods in FY2018.

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



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