



Q1FY20 Financial Results Presentation

For the quarter ended 30 June 2019

Chua Sock Koong, Group CEO

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

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



Agenda

Overview • Business units • Supplementary information

Executing to strategy



Leadership in the core

+86k

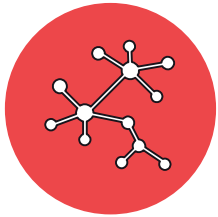
Postpaid mobile customers QoQ

S\$274m

mobile network investment

S\$2.9b

Robust NCS order book



Growth engines

+11%

growth in Trustwave security business¹

+14%

growth in Amobee revenue¹

26m

addressable mobile wallets in VIA alliance²



Digitalisation & cost transformation

S\$132m

cost savings

**1.7m (SG)
2.6m (AU)**

monthly active app users³

**68% (SG)
64% (AU)**

% of online service transactions

Q1FY20: Financial overview¹



Operating Revenue

S\$4,113m

Stable (▲ 2%²)

- Cautious business environment, intense competition & erosion of voice revenue

EBITDA

S\$1,184m

▼ 2% (▲ 1%²)

- EBITDA impacted by increased mix of lower-margin equipment & ICT sales

Regional Associates' PBT³

S\$335m

▼ 14% (▼ 17%²)

- Price stability in India offset by higher network costs, depreciation & finance charges
- Strong growth in Telkomsel
- Increased depreciation & spectrum amortization
- Ex-Airtel, up 10%

Underlying NPAT

S\$575m

▼ 22% (▼ 22%²)

- Impacted by Airtel losses

NPAT

S\$541m

▼ 35% (▼ 35%²)

- Ex-Airtel, underlying NPAT & NPAT down 3%

Free cashflow

S\$1,223m

▼ 17%

- Increased capital expenditure & lower associate dividends







1. Financial figures reflect the implementation of Singapore Financial Reporting Standards (International) 16 ("SFRS(I) 16") with effect from 1 April 2019, unless otherwise stated.

2. Constant currency - assuming constant exchange rates from FY2019.

3. Excludes exceptional items.

N.M. – not meaningful.

Foreign exchange movements

(S\$)		Quarter ¹		
		Jun 19	YoY	QoQ
	1 Australian Dollar ²	0.9545	(5.5%)	(1.1%)
	1 United States Dollar ³	1.3629	2.1%	0.6%
	Rupiah	10,417	Stable	Stable
	Indian Rupee	51.0	(1.4%)	2.1%
	Baht	23.2	2.9%	0.9%
	Peso	38.2	3.0%	1.0%

1. Average exchange rates for the quarter ended 30 June 2019. Percentage denotes appreciation/ (depreciation) against the Singapore dollar.

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 highlights

Enhancing customer experience with new services and conveniences



Launched UNBOXED, Singapore's first unmanned retail pop-up store



Optus Sport reached >700k customers



Accelerate 5G innovation in advanced manufacturing & maritime industries



Agency for
Science, Technology
and Research



PSA SINGAPORE



INFOCOMM
MEDIA
DEVELOPMENT
AUTHORITY

Strengthen connectivity with INDIGO subsea cable system

Unified advertising platform across digital, TV & social channels



Summary Income Statement

(S\$m)	Quarter		
	Jun 19	Jun 18	YoY %
Operating revenue	4,113	4,134	Stable
EBITDA	1,184	1,207	(2%)
- <i>margin</i>	28.8%	29.2%	-
Associates pre-tax earnings ¹	359	416	(14%)
EBITDA & share of associates' pre-tax earnings	1,543	1,623	(5%)
Depreciation & amortisation	(644)	(554)	16%
Net finance expense	(51)	(70)	(28%)
Profit before EI and tax	847	999	(15%)
Tax	(279)	(271)	3%
Underlying net profit	575	733	(22%)
Exceptional Items (post tax)	(34)	98	N.M.
Net profit	541	832	(35%)

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

Financial position

Balance sheet¹

S\$11.8b net debt²

28.4% Net debt gearing³

1.9x Net debt: EBITDA & share of associates' pre-tax profits

Strong credit ratings

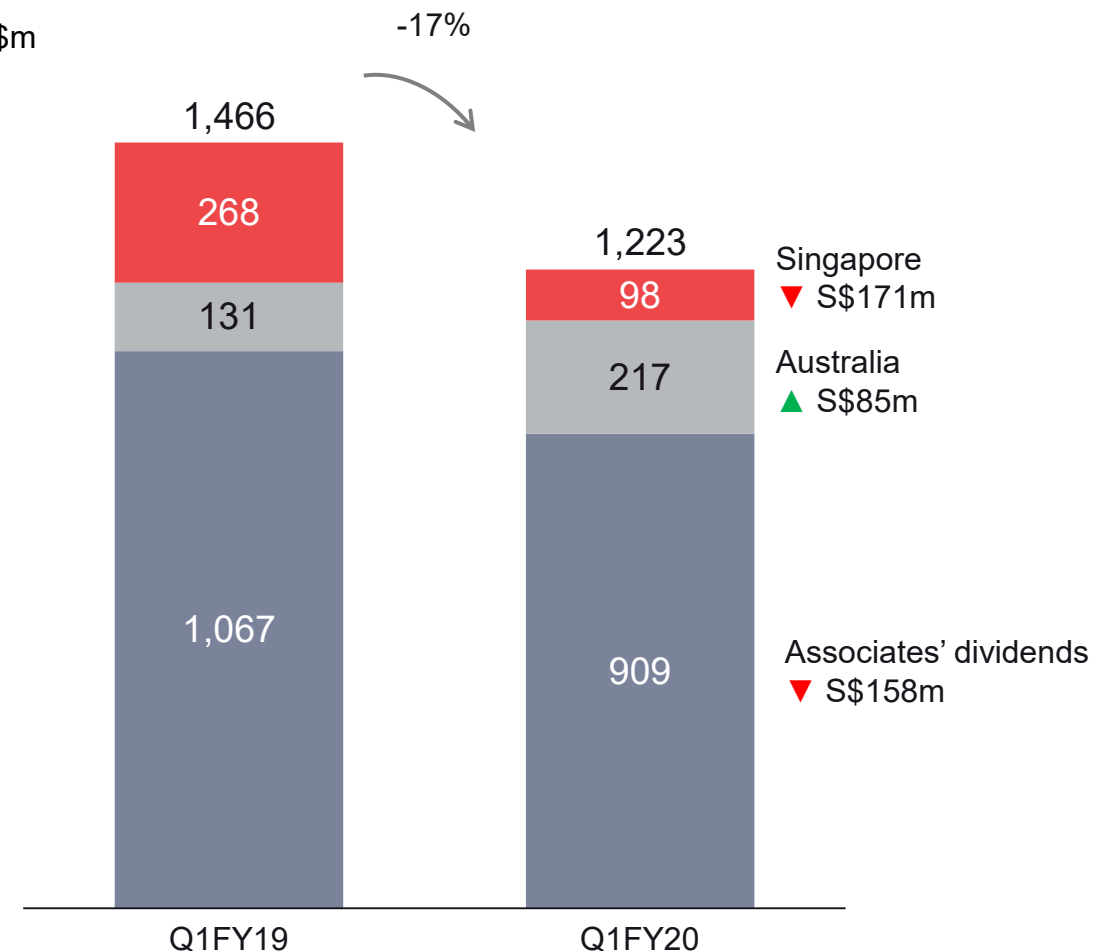
A+ S&P

A1 Moody's

Free cash flow¹

S\$1.2b

S\$m



1. With adoption of SFRS(I) 16 with effect from 1 April 2019, net debt includes lease liabilities representing the Group's obligations to make lease payments. Lease payments are classified as financing cash flows in the cash flow statement.

2. Gross debt less cash and bank balances adjusted for related hedging balances.

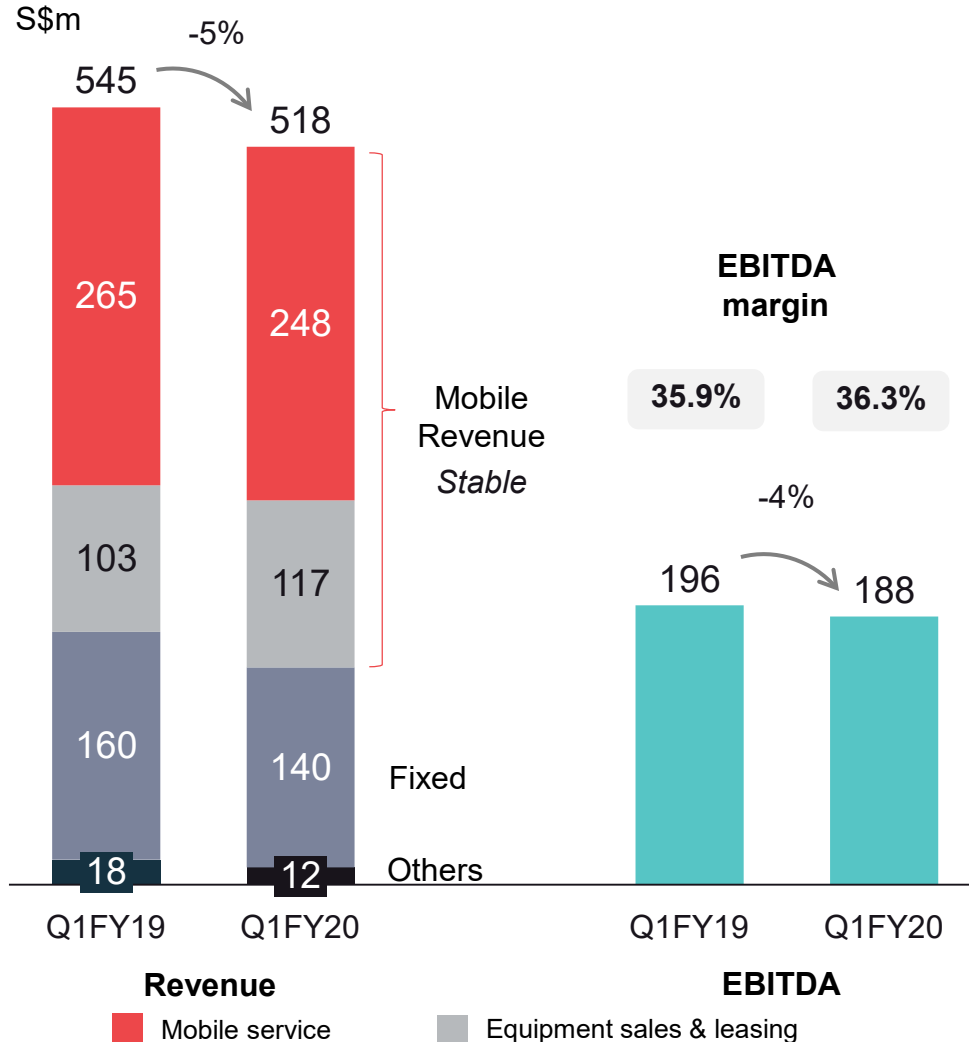
3. The ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.



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Overview • **Business units** • Supplementary information

Singapore Consumer



Mobile revenue stable

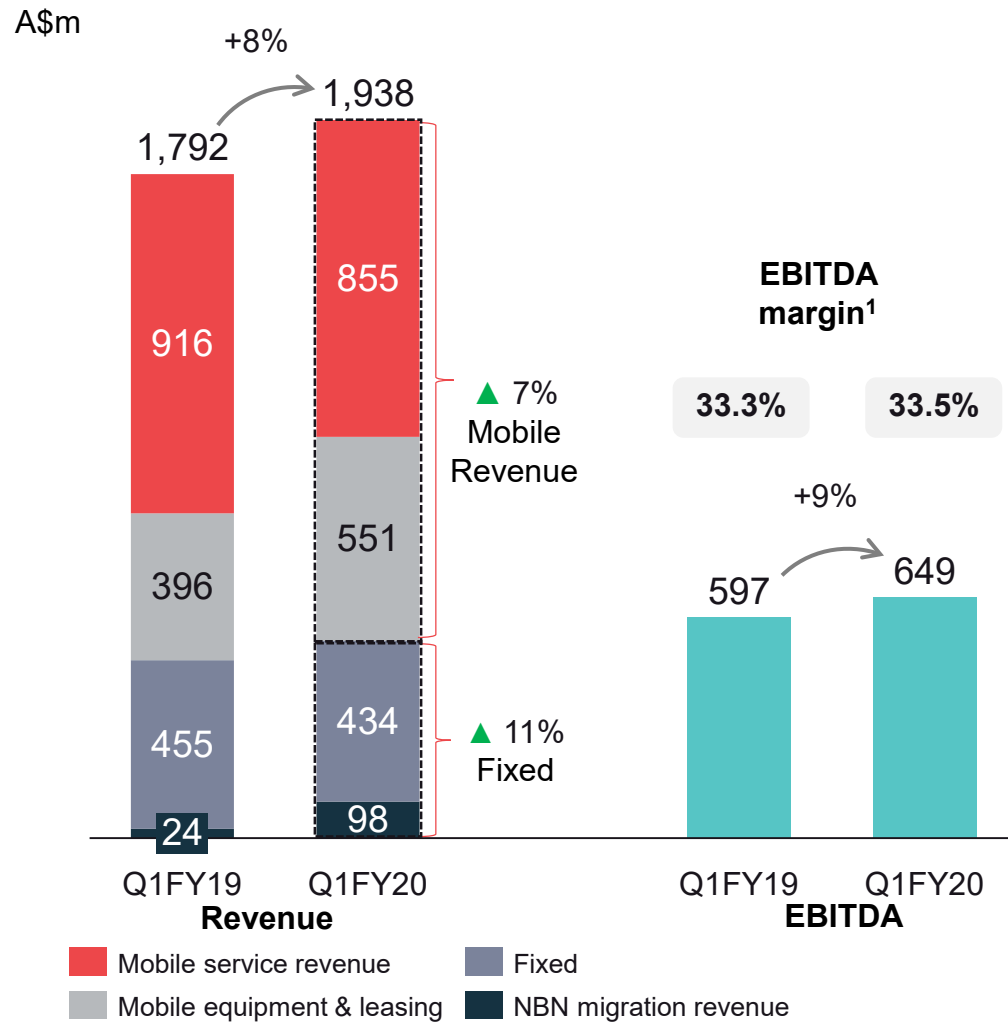
- Increased equipment revenue on higher priced handsets
- Mobile service revenue impacted by lower local & roaming voice & decline in prepaid customer base

Fixed revenue down 12%

- Excluding 2018 FIFA World Cup, fixed revenue would have declined 3%
- TV customer base rose 1k QoQ

EBITDA down 4%

- Lower voice revenue



Revenue increased 8%

- Mobile service revenue down 7%
- Mobile revenue (incl equipment sales) up 7%

Mobile customers

- Postpaid handset up 50k QoQ²
- Prepaid handset down 52k QoQ
- Mobile Broadband up 3k QoQ

Retail fixed

- NBN broadband customers up 49k QoQ
- Higher NBN migration revenue

EBITDA up 9%

1. Excluding NBN migration, EBITDA margin was 32.0% in Q1FY19 and 29.0% in Q1FY20.
 2. Branded postpaid handset net adds up 64k QoQ.

Regional Associates



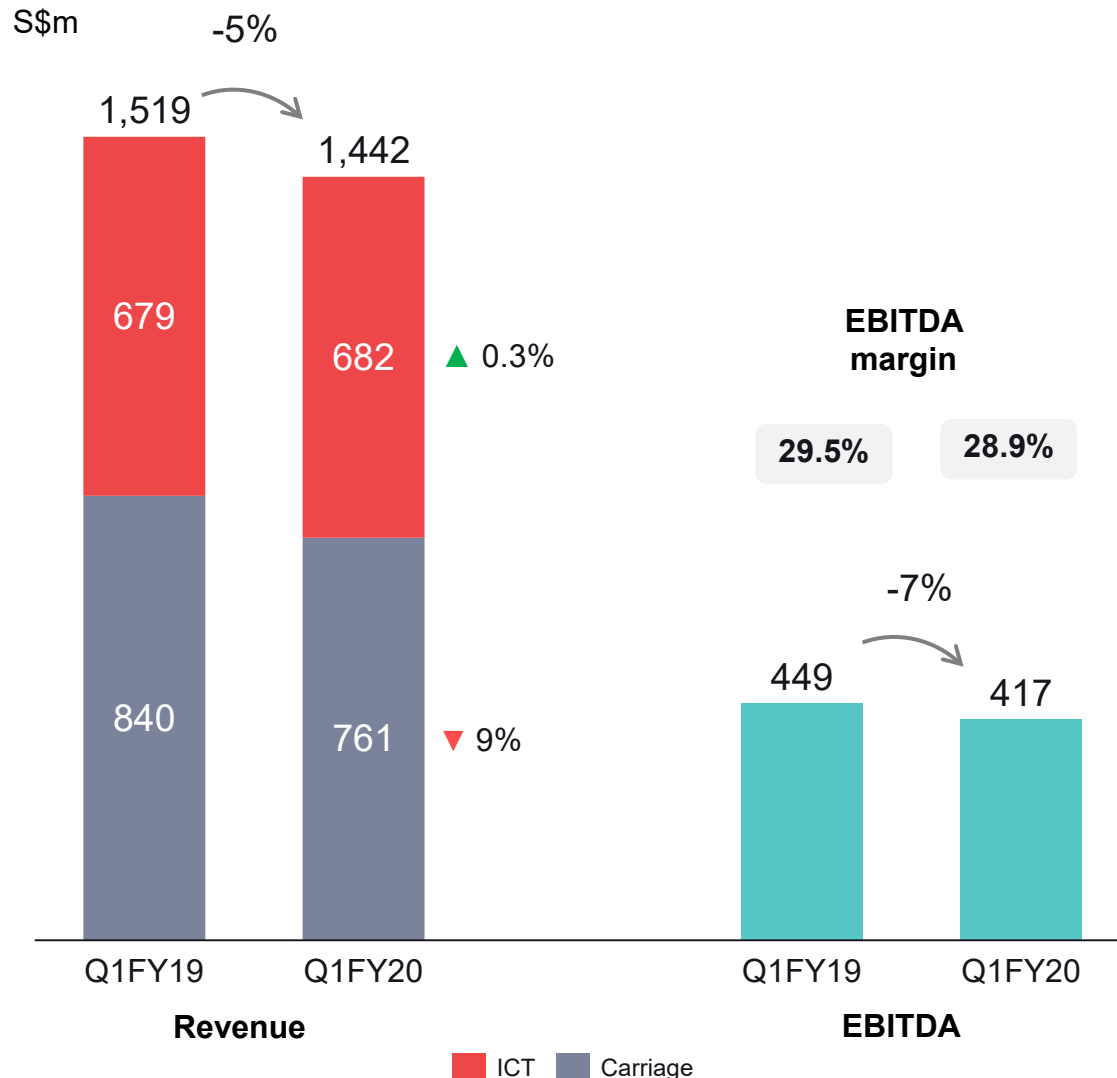
Quarter June 2019	PBT ¹ (S\$m)	% Change (S\$)	% Change (local ccy)	Highlights
Regional Associates Ex-Airtel	335 454	(14%) 10%	N.M. N.M.	<ul style="list-style-type: none"> Investment in network
Telkomsel	280	18%	18%	<ul style="list-style-type: none"> Market recovery Robust data & digital growth
Airtel²	(162)	N.M.	N.M.	<ul style="list-style-type: none"> Second consecutive quarter of mobile service revenue growth in India Increased network costs, depreciation & finance charges Completion of rights issue & IPO of Airtel Africa
AIS	94	Stable	(3%)	<ul style="list-style-type: none"> Strong revenue growth offset by additional staff costs provision³, higher depreciation & amortisation
Intouch	26	(7%)	(10%)	<ul style="list-style-type: none"> Additional staff costs provision³
Globe	98	4%	1%	<ul style="list-style-type: none"> Robust data revenue growth in mobile & broadband Launched 5G fixed-wireless broadband

1. Excludes exceptional items.

2. Includes BTL. Share of Airtel's losses was S\$63m in the prior comparative period.

3. Includes ~S\$6m and S\$3m for Singtel's share of AIS' and Intouch's additional provision for statutory payments under revised Labour Protection Act in Thailand

N.M. – not meaningful



Revenue down 5%

- Decline in carriage from price competition & cautious business environment
- Weaker demand from key government & finance sectors in Australia

Overall ICT stable

- NCS revenue rose 8%
- Robust Asia Pacific growth drove 11%¹ increase in security revenue, partly offset by decline in payment compliance business
- 38% of ICT revenue from Digital technologies² (up from 33% in the prior year)

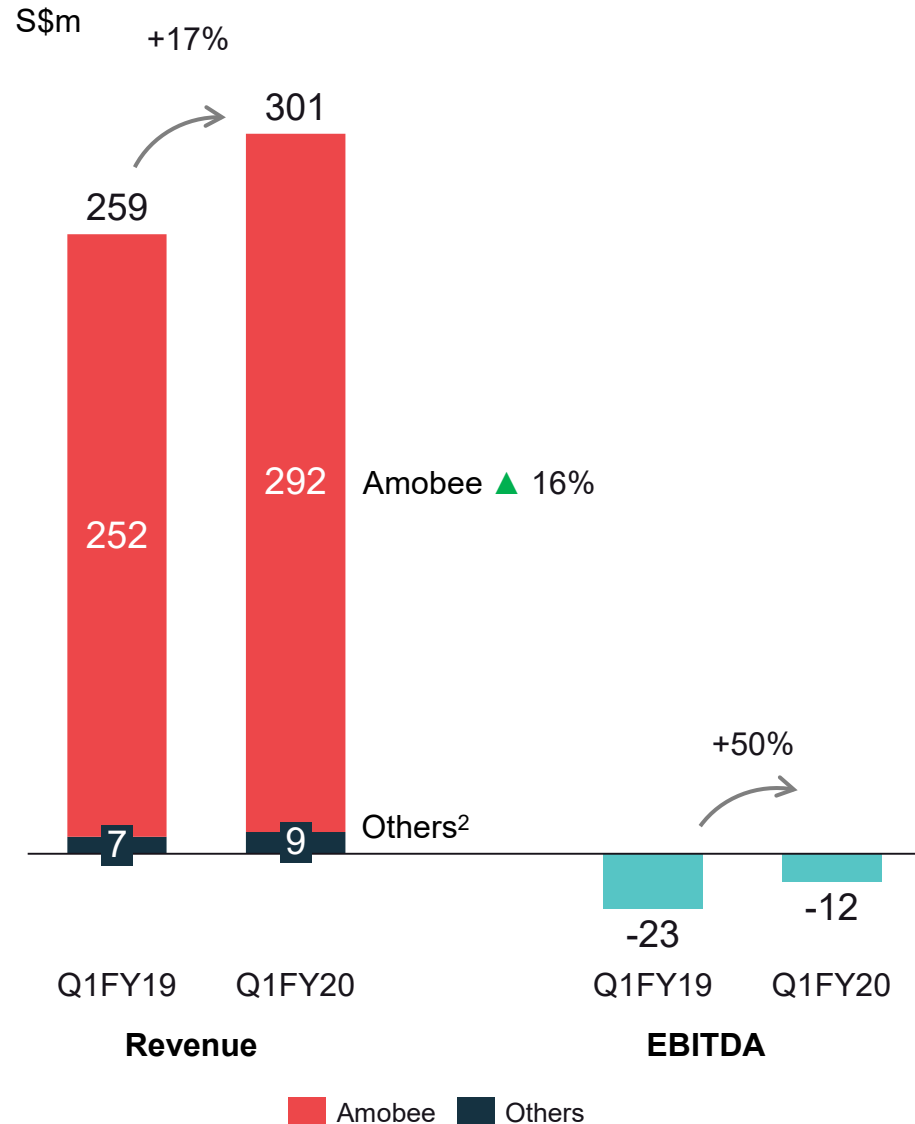
EBITDA down 7%

- Erosion in carriage & pricing pressure on ICT contracts

1. In US\$ terms. Including compliance business, Trustwave revenue rose 5%.

2. Refers to services provided using digitalisation methods and technologies which include cyber, cloud, analytics, mobility, interactive (UI/UX), as well as artificial intelligence (AI), Internet of Things (IoT) and blockchain.

Group Digital Life



1. Videology assets were acquired on August 2018.
 2. Includes revenues from HOOQ and DataSpark.

Amobee

- Revenue growth from expanding programmatic business and the acquisition of Videology¹.
- EBITDA uplifted by technology licensing fee from iTV.



HOOQ

- HOOQ expands into Advertising Video on Demand
- Strategic partnerships in Singapore





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Outlook¹

- Updated for SFRS(I) 16 changes

Group²

- Revenue³ to grow by mid single digit
- EBITDA³ to be grow by high single digit (updated)
- Capital expenditure to be ~S\$2.2b
- Free cash flow, excluding spectrum payments and dividends from associates, to be ~S\$2.4b (updated)
- 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 increase 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.

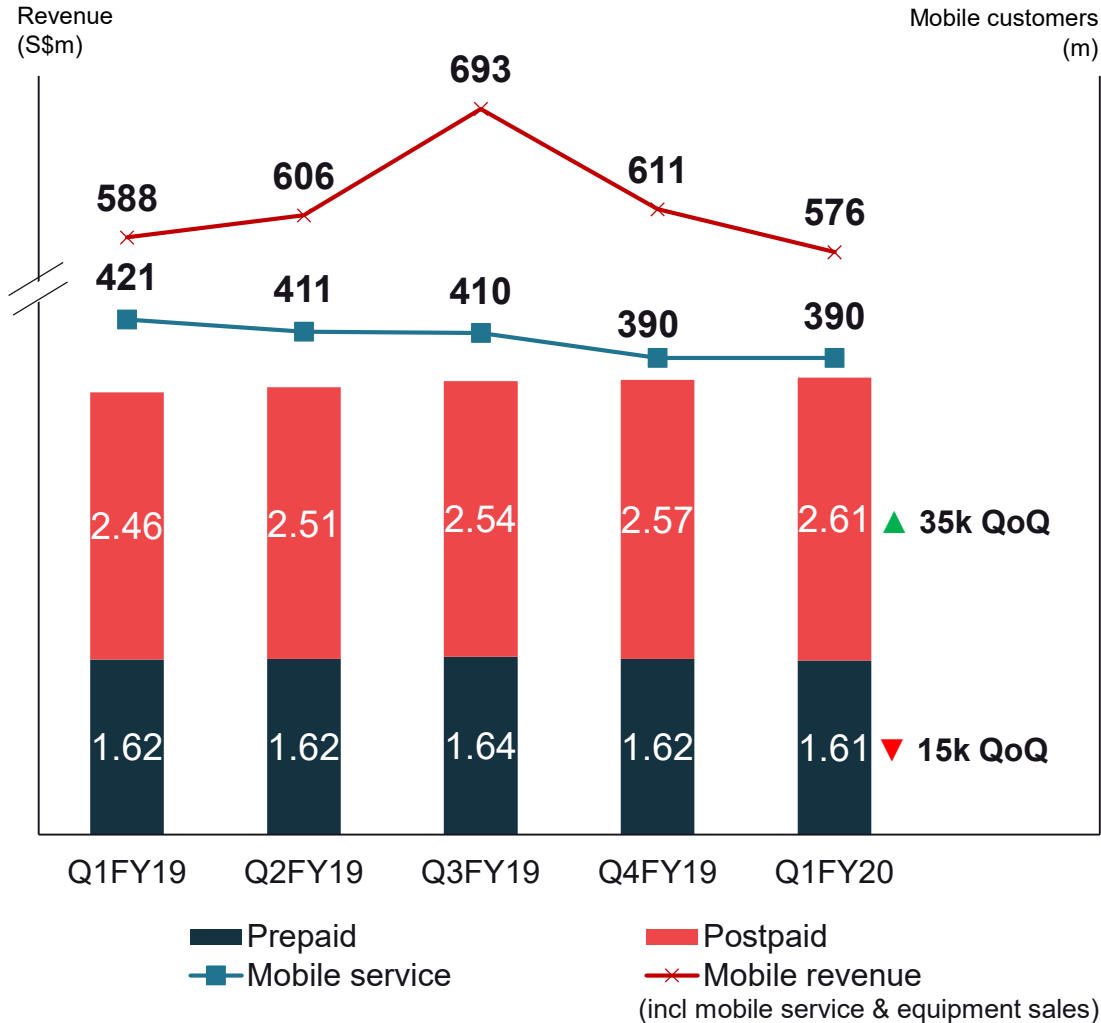
3. Excludes NBN migration revenue in Australia for FY2019 and FY2020.

4. Includes intragroup revenue.

Singapore Mobile

Mobile revenue

S\$576m



4G customers up 30k QoQ

3,183k

- 76% penetration

Average quarterly smartphone data usage

5.2Gb

- Up from 4.2Gb in Jun 2018 quarter
- Up from 4.7Gb in Mar 2019 quarter

Postpaid ARPU down 13%

S\$40

- Decline in voice usage & roaming
- Higher handset subsidy

Prepaid ARPU down 7%

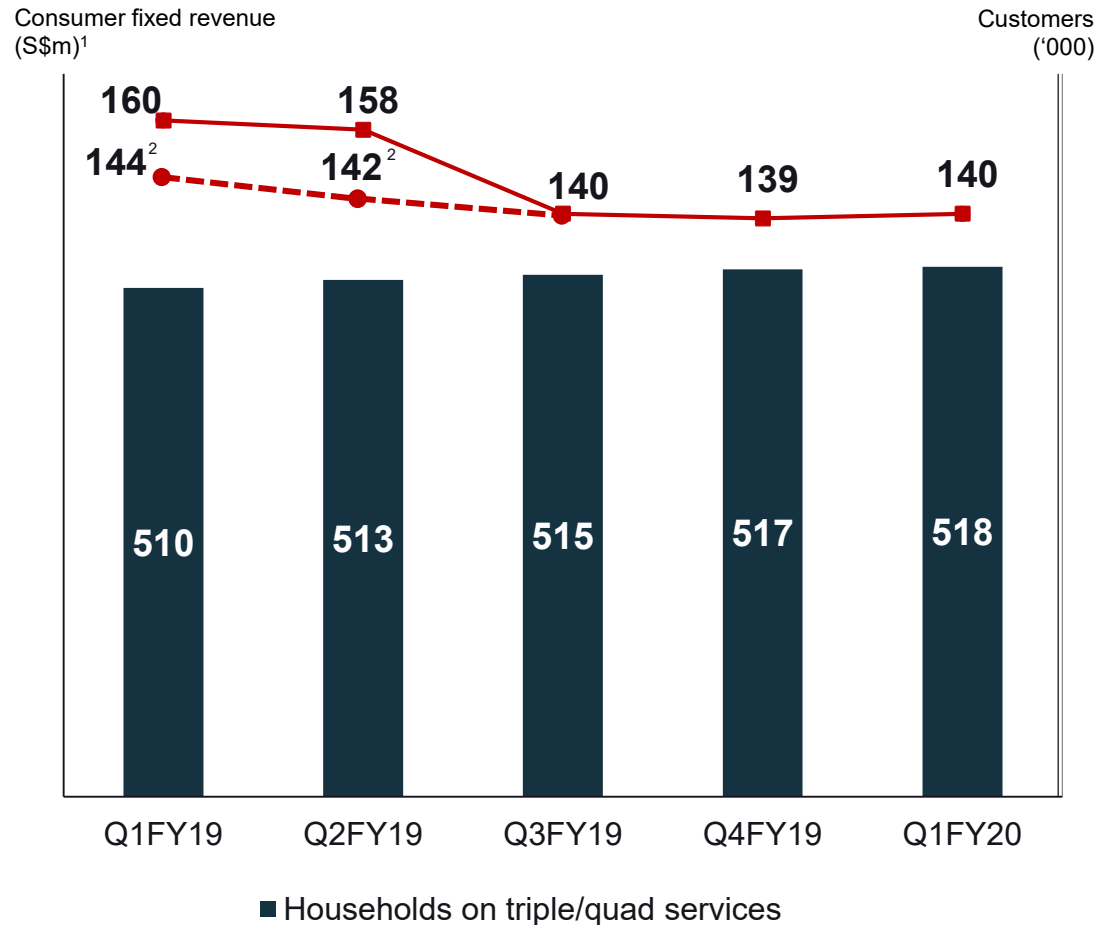
S\$17

- Lower local & IDD voice usage

Singapore Fixed

Consumer fixed revenue¹

S\$140m



Singtel TV revenue

S\$54m

- Down 2% excluding World Cup 2018 revenue in prior period

Singtel TV

- ARPU stable excluding World Cup 2018 revenue in prior period
- Customer base up 1k QoQ

S\$41

382k

Residential fixed broadband revenues

\$59m

- Stable

Singtel Fibre broadband customers

633k

- Up 4k QoQ

Singtel OTT services (CAST & Singtel TV GO)

130k

- Up 12k QoQ

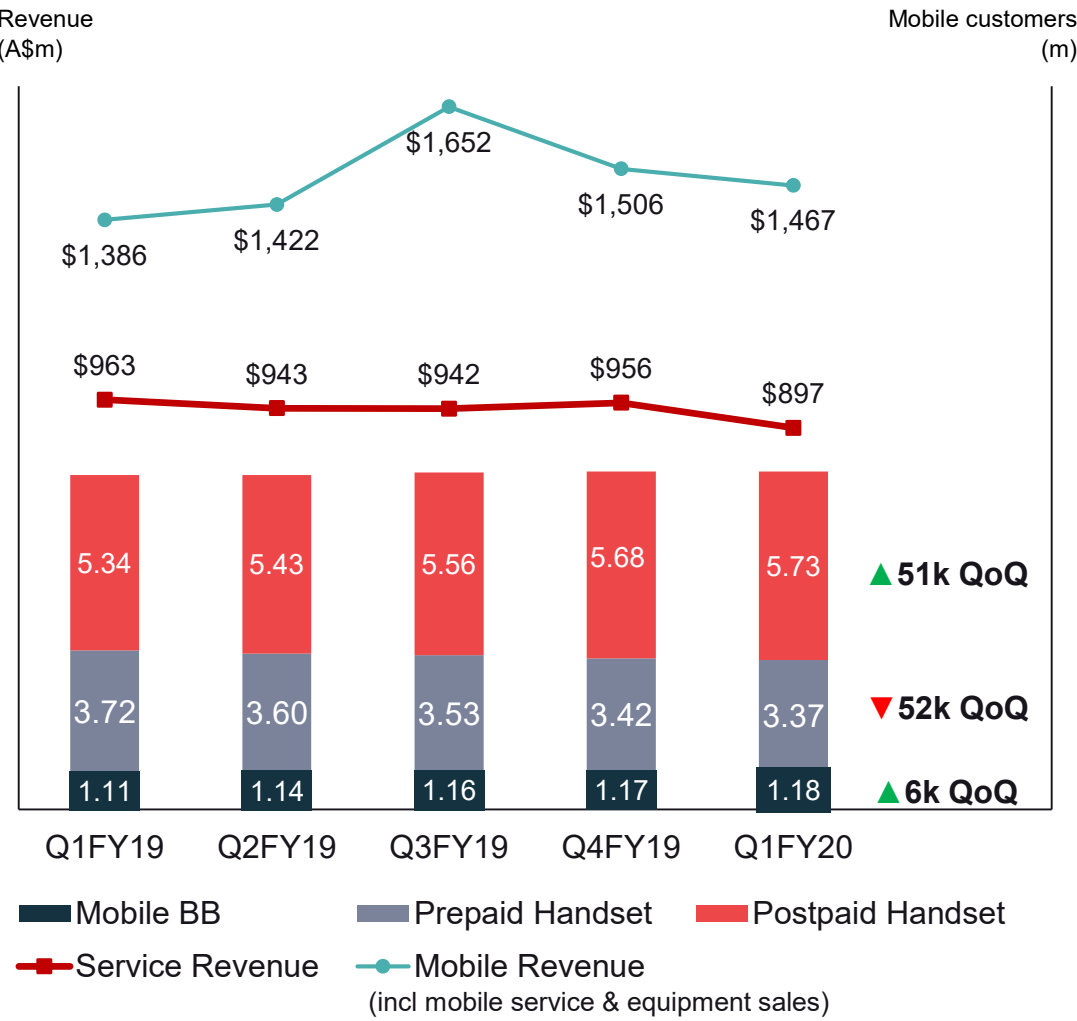
1. Comprises of fixed broadband, fixed voice, Singtel TV and broadband and SmartHome equipment in the residential segment only and does not include mobile.

2. Excludes 2018 World Cup broadcast and advertising revenues.

Australia Mobile

Mobile revenue

A\$1,467m



4G customers¹ down 1k QoQ

- 65% penetration

Postpaid

- Handset ARPU
 - Down 11%
- Churn
 - Down 0.1ppt YoY & QoQ

Prepaid

- Handset ARPU
 - Down 5%

Mobile Broadband

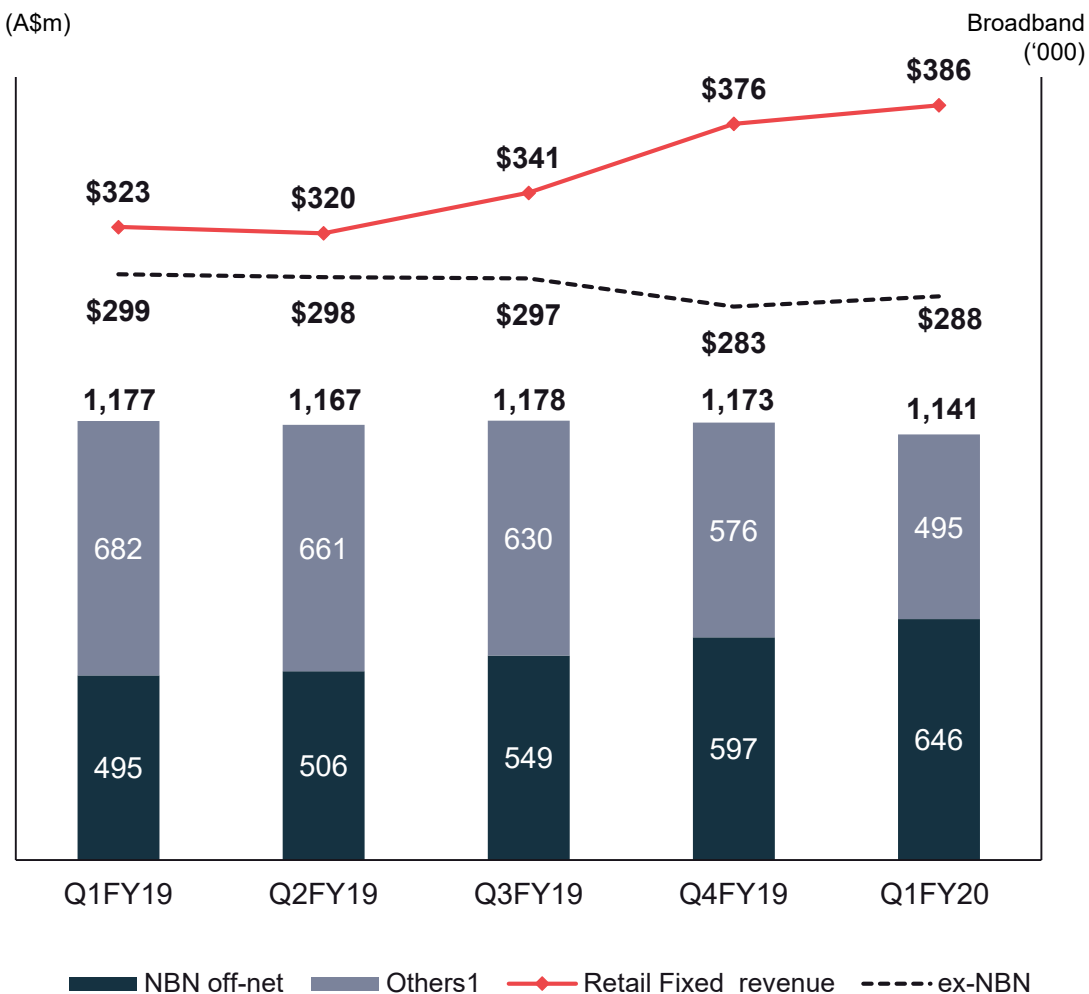
- ARPU
 - Down 11%

1. 4G handsets on the Optus network.

Australia Fixed

Retail Fixed revenue

A\$386m



1. Others – mainly on-net BB customers

Retail Fixed ARPU

A\$78

- Down 2%

NBN Customers

646k

- Up 49k QoQ

TV Customers

416k

- Up 6k QoQ

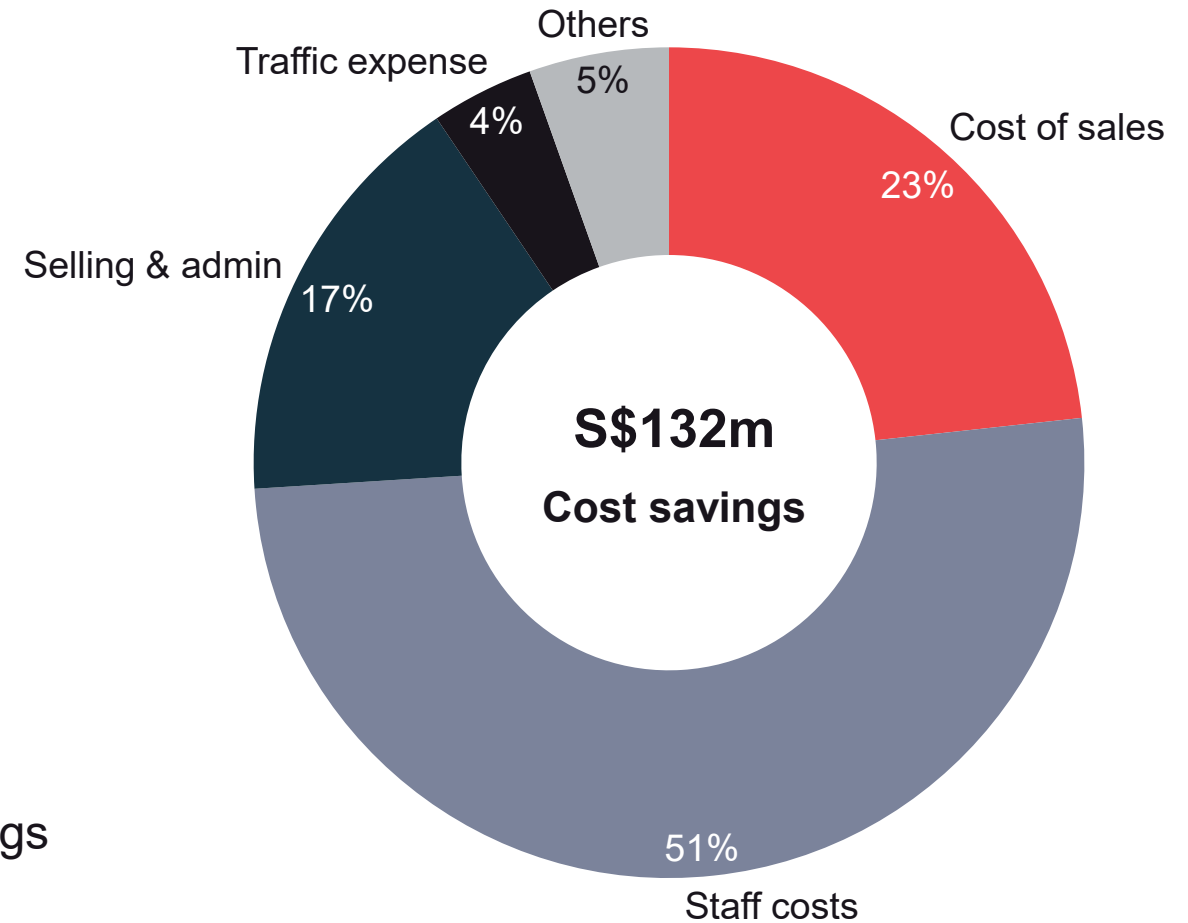
Cost savings

Customer experience

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

Network & operations

- Process re-engineering & automation
- Headcount optimisation
- Leverage Group scale to deliver procurement savings
- Shut-down of legacy networks and systems



Trends in constant currency terms¹

Quarter June 2019	Q1FY20 (reported S\$m)	YoY % Change (reported S\$)	YoY % Change (at constant currency S\$)
Group revenue	4,113	(0.5%)	2.3%
Group reported NPAT	541	(34.9%)	(35.2%)
Group underlying NPAT	575	(21.6%)	(21.5%)
Optus revenue	2,148	(2.3%)	3.3%
Regional associates pre-tax earnings ²	335	(14.1%)	(16.7%)

1. Assuming constant exchange rates from corresponding periods in FY2019.

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

