



Singapore Telecommunications Limited And Subsidiary Companies

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2018

With effect from 1 April 2018, the Group has adopted all applicable new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) and has applied them retrospectively. Accordingly, the comparatives have been restated to take into account adjustments relating to SFRS(I) 1, First-time Adoption of SFRS(I), SFRS(I) 15, Revenue from Contracts with Customers and SFRS(I) 9, Financial Instruments. The financial statements for the periods ended, and as at, 30 September 2018 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 HALF YEAR ENDED 30 SEPTEMBER 2018

- The strong Singapore Dollar reduced operating revenue, EBITDA and underlying net profit by 3 percentage points each.
- Operating revenue was stable and EBITDA declined 6.2% on reduction in NBN migration and voice revenues.
- In constant currency terms¹, operating revenue would have increased 2.8% while EBITDA declined 3.4%.
- The associates' post-tax profit contributions declined 24% mainly from Airtel and Telkomsel.
- Underlying net profit was down 21%.
- Net profit declined 60% with lower exceptional gains.
- Free cash flow grew 6.5% due to timing of receipt of dividend from Telkomsel and lower capital expenditure partially offset by lower EBITDA and working capital movements.

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

- The strong Singapore Dollar adversely impacted the results, reducing operating revenue, EBITDA and underlying net profit by 4 percentage points each.
- Operating revenue was stable and EBITDA declined 9.6% on lower NBN migration revenues in Australia and reduction in voice revenues.
- The associates' post-tax profit contributions declined 23% mainly from Airtel and Telkomsel.
- Underlying net profit fell 22%.
- With exceptional losses compared to a significant gain mainly on sale of units in NetLink Trust, net profit fell 77%.
- In constant currency terms¹, underlying net profit declined 18% and net profit fell 76%.
- Free cash flow declined 5.8% due to lower operating cash partially offset by lower 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 periods ended 30 September 2017.

SECTION 1 : GROUP

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated ⁽¹⁾ 2017 S\$ m		2018 S\$ m	Restated ⁽¹⁾ 2017 S\$ m	
Operating revenue	4,270	4,268	**	8,404	8,423	-0.2
<i>(exclude NBN migration revenues)</i>	4,247	4,209	0.9	8,357	8,321	0.4
EBITDA	1,129	1,249	-9.6	2,336	2,489	-6.2
<i>(exclude NBN migration revenues)</i>	1,106	1,190	-7.0	2,289	2,387	-4.1
- EBITDA margin	26.4%	29.3%		27.8%	29.5%	
Share of associates' pre-tax profits	330	659	-50.0	746	1,389	-46.3
EBITDA and share of associates' pre-tax profits	1,459	1,908	-23.5	3,081	3,878	-20.5
EBIT	905	1,331	-32.1	1,974	2,752	-28.3
<i>(exclude share of associates' pre-tax profits)</i>	575	672	-14.5	1,228	1,363	-9.9
Underlying net profit	715	915	-21.8	1,448	1,823	-20.6
<i>(exclude Airtel and BTL) ⁽²⁾</i>	721	884	-18.5	1,435	1,758	-18.3
Exceptional items (post-tax)	(48)	1,940	nm	51	1,921	-97.4
Net profit	667	2,854	-76.6	1,499	3,744	-60.0
<i>(exclude Airtel and BTL) ⁽²⁾</i>	673	2,824	-76.2	1,469	3,679	-60.1
Free cash flow	676	718	-5.8	2,142	2,011	6.5
Underlying earnings per share (S cents)	4.38	5.60	-21.8	8.87	11.17	-20.6
Basic earnings per share (S cents)	4.09	17.49	-76.6	9.18	22.94	-60.0

	As at		
	30 Sep	30 Jun	Restated ⁽¹⁾ 30 Sep
	2018 S\$ m	2018 S\$ m	2017 S\$ m
Total assets	47,397	47,775	48,137
Shareholders' funds	28,887	30,420	29,954
Net debt ⁽³⁾	9,777	8,473	9,407
Net debt gearing ratio ⁽⁴⁾	25.3%	21.8%	23.9%
Net debt to EBITDA and share of associates' pre-tax profits ⁽⁵⁾	1.59X	1.31X	1.21X
Interest cover:			
- EBITDA and share of associates' pre-tax profits/ net interest expense ⁽⁶⁾	16.6X	18.0X	20.7X

Notes:

- (1) The Group has adopted all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective from 1 April 2018 and has applied them retrospectively. Accordingly, comparatives have been restated to take into account adjustments relating to SFRS(I) 1, *First-time Adoption of SFRS(I)*, SFRS(I) 15, *Revenue from Contracts with Customers* and SFRS(I) 9, *Financial Instruments*.
- (2) The profits were adjusted to exclude the results of Airtel and its shareholder, Bharti Telecom Limited ("BTL").
- (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.

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

SECTION 1 : GROUP**GROUP SUMMARY INCOME STATEMENT**

For The Second Quarter And Half Year Ended 30 September 2018

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Operating revenue	4,270	4,268	**	8,404	8,423	-0.2
Operating expenses	(3,191)	(3,066)	4.1	(6,183)	(6,054)	2.1
	1,079	1,201	-10.2	2,220	2,369	-6.3
Other income	50	47	5.9	115	120	-3.9
EBITDA	1,129	1,249	-9.6	2,336	2,489	-6.2
- EBITDA margin	26.4%	29.3%		27.8%	29.5%	
Share of associates' pre-tax profits	330	659	-50.0	746	1,389	-46.3
EBITDA and share of associates' pre-tax profits	1,459	1,908	-23.5	3,081	3,878	-20.5
Depreciation	(477)	(497)	-4.1	(958)	(973)	-1.6
Amortisation of intangibles	(77)	(79)	-2.8	(150)	(152)	-1.4
	(554)	(576)	-3.9	(1,108)	(1,126)	-1.6
EBIT	905	1,331	-32.1	1,974	2,752	-28.3
Net finance expense						
- net interest expense	(95)	(96)	-1.1	(186)	(187)	-0.7
- other finance income	2	5	-69.2	22	10	118.0
	(94)	(91)	2.7	(164)	(177)	-7.5
Profit before exceptional items and tax	811	1,240	-34.6	1,810	2,575	-29.7
Taxation	(102)	(332)	-69.2	(373)	(764)	-51.1
Profit after tax	709	909	-22.0	1,437	1,812	-20.7
Minority interests	6	6	3.4	11	11	**
Underlying net profit	715	915	-21.8	1,448	1,823	-20.6
Exceptional items (post-tax)	(48)	1,940	nm	51	1,921	-97.4
Net profit	667	2,854	-76.6	1,499	3,744	-60.0
Depreciation as % of operating revenue	11%	12%		11%	12%	

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

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

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, U.S.A., 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 services 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, regional premium OTT video and advanced analytics and intelligence capabilities, 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:

Based on post elimination basis	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Operating revenue						
Group Consumer	2,385	2,350	1.5	4,741	4,664	1.7
Group Enterprise	1,573	1,640	-4.1	3,092	3,209	-3.7
Core Business	3,957	3,991	-0.8	7,832	7,873	-0.5
Group Digital Life	313	277	12.8	571	551	3.8
Group	4,270	4,268	**	8,404	8,423	-0.2
EBITDA						
Group Consumer	745	816	-8.7	1,539	1,620	-5.0
Group Enterprise	440	462	-4.8	889	944	-5.9
Core Business	1,185	1,278	-7.3	2,428	2,564	-5.3
Group Digital Life	(34)	(14)	148.6	(58)	(37)	54.7
Corporate	(22)	(16)	35.8	(34)	(37)	-8.0
Group	1,129	1,249	-9.6	2,336	2,489	-6.2
EBIT (exclude share of associates' pre-tax profits)						
Group Consumer	357	412	-13.5	761	838	-9.2
Group Enterprise	289	308	-6.2	588	642	-8.4
Core Business	646	721	-10.3	1,349	1,480	-8.8
Group Digital Life	(49)	(33)	50.3	(86)	(79)	8.5
Corporate	(22)	(16)	41.4	(36)	(37)	-5.1
Group	575	672	-14.5	1,228	1,363	-9.9

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

SECTION 1 : GROUP

DIVIDENDS

On 7 November 2018, the Directors approved an interim ordinary dividend of 6.8 cents (H1 FY2018: 6.8 cents) per share, totalling approximately S\$1.11 billion and representing a payout ratio of 77% of underlying net profit for the current half year.

The financial statements for the half year ended, and as at, 30 September 2018 do not reflect this interim dividend. The dividend will be accounted for in shareholders' equity as an appropriation of 'Retained Earnings' in the quarter ending 31 December 2018.

In August 2018, Singtel paid a final dividend of 10.7 cents per share totalling S\$1.75 billion in respect of the previous financial year ended 31 March 2018.

REVIEW OF GROUP OPERATING PERFORMANCE

For The Second Quarter Ended 30 September 2018

The Group's results for the quarter were adversely impacted by negative currency movements and various headwinds, including lower NBN migration revenues in Australia, decline in voice revenues and lower associates' contributions from Airtel and Telkomsel on intense competition.

Operating revenue was stable and would have grown 3.9% in constant currency terms with higher equipment sales. EBITDA declined 9.6% but would have declined 5.8% in constant currency terms.

Group Consumer contributed 56% (Q2 FY2018: 55%) and 66% (Q2 FY2018: 65%) to the Group's operating revenue and EBITDA respectively. Operating revenue grew 1.5% while EBITDA declined 8.7%. In constant currency terms, operating revenue would have increased by 7.3% while EBITDA would have declined 3.5%.

Singapore Consumer recorded a resilient performance with reduced churn in the quarter. Operating revenue was up 4.8% propelled by strong increase in equipment sales on launches of higher priced popular handsets in the quarter. Singtel added 41,000 postpaid mobile customers – the strongest in six quarters, and churn was reduced. EBITDA, however, declined 7.4% with lower contribution from the higher margin legacy carriage services and absence of Singtel TV sublicense revenue for Premier League. In Australia, operating revenue grew by 8.0% while EBITDA declined 1.8%. Excluding NBN migration revenues, operating revenue rose a strong 10% and EBITDA increased 4.1% due to postpaid mobile customer growth and cost management. Australia Consumer added a strong 87,000 postpaid handset customers this quarter.

Group Enterprise contributed 37% (Q2 FY2018: 38%) and 39% (Q2 FY2018: 37%) to the Group's operating revenue and EBITDA respectively. Operating revenue fell 4.1% (2.4% in constant currency terms). The decline was attributable to lower ICT sales due to the lumpy nature of ICT deals which saw some major project completions last year and continued declines in traditional legacy services, especially voice. With lower operating revenue, EBITDA fell 4.8% (3.8% in constant currency terms).

SECTION 1 : GROUP

GDL contributed 7% to the Group's operating revenue up from 6% in the same quarter last year. Operating revenue for the quarter grew 13% boosted by first time contribution from Videology (acquired on 22 August 2018) and increased Amobee's programmatic platform and email businesses partially offset by lower media business. Negative EBITDA amounted to S\$34 million on one-off adjustment for accrual of stock option expenses and inclusion of Videology's losses.

Depreciation and amortisation charges declined 3.9% but would have been stable in constant currency terms.

EBIT (before share of results of associates) fell 15% to S\$575 million.

The combined mobile customer base of the Group and its regional associates reached 717 million as at 30 September 2018, down by 18 million or 2.5% from a quarter ago on declines in Airtel and Telkomsel due mainly to churn of inactive customers.

The associates' post-tax underlying profit contributions fell 23%. If the regional currencies had remained stable, the associates' post-tax underlying profit contributions would have declined by 18% mainly from Airtel and Telkomsel. Airtel recorded weaker earnings adversely impacted by lower domestic and international mobile termination rates and sustained pricing pressure in India, partially mitigated by improved performance in Africa. Telkomsel's lower earnings were due to steep decline in voice and SMS revenues partially mitigated by higher data and digital revenues. Compared to the preceding quarter, however, Telkomsel's profit contribution improved by 22% on data price increases in selected regions.

Net finance expense increased 2.7% due mainly to absence of dividend received from Southern Cross.

The Group's tax expense fell 69% on lower earnings and the recognition of deferred tax credits in India by Airtel.

Consequently, underlying net profit declined by 22% (18% in constant currency terms).

The net exceptional loss (post-tax) of S\$48 million (Q2 FY2018: S\$1.94 billion of net gain) in the quarter comprised mainly of staff restructuring costs.

With an exceptional loss compared to a significant exceptional gain including S\$2 billion of gain from sale of units in NetLink Trust in the last corresponding quarter, net profit declined 77%. In constant currency terms, the decline was 76%.

Free cash flow in the quarter was S\$676 million, down 5.8% from the last corresponding quarter mainly on lower operating cash, partially offset by lower capital expenditure.

The Group continued to maintain a healthy capital structure. As at 30 September 2018, net debt gearing ratio was 25.3%, up from 21.8% a quarter ago on higher net debt following payment of final dividends this quarter.

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

For The Half Year Ended 30 September 2018

For the first half year, the strong Singapore Dollar reduced operating revenue, EBITDA and underlying net profit by 3 percentage points each.

Operating revenue was stable and EBITDA declined 6.2%. In constant currency terms, operating revenue would have increased by 2.8% while EBITDA would have declined by 3.4%.

With lower associates' underlying profit contributions of 24% mainly from Airtel and Telkomsel, underlying net profit fell 21% to S\$1.45 billion. In constant currency terms, underlying net profit would have been down 17%.

Exceptional gains were lower given significant gain on sale of units in NetLink Trust in the last corresponding period. Consequently, net profit fell 60% to S\$1.50 billion.

Free cash flow increased 6.5% to S\$2.14 billion due to timing of receipt of dividend from Telkomsel and lower capital expenditure, partly offset by lower EBITDA and working capital movements.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 June 2018 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2018 S\$ m	30 Jun 2018 S\$ m	
Operating revenue	4,270	4,134	3.3
EBITDA - margin	1,129 26.4%	1,207 29.2%	-6.5
Share of associates' post-tax profits	377	383	-1.6
Underlying net profit	715	733	-2.5
Exceptional items (post-tax)	(48)	98	nm
Net profit	667	832	-19.8
Free cash flow	676	1,466	-53.9

Operating revenue rose 3.3% from higher equipment sales and increased ICT revenue. EBITDA declined 6.5%, reflecting change in product mix, higher project provisions, as well as non-recurring gains on disposal of property, plant and equipment recorded in the preceding quarter.

SECTION 1 : GROUP

The lower EBITDA was partly offset by lower withholding taxes from associates' dividends. Consequently, underlying net profit fell 2.5%.

Free cash flow declined on lower associates' dividends and higher cash taxes, partly offset by working capital movements and lower capital expenditure.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2019

The Group affirms its guidance for the group and its core business.

It continues to invest in building capabilities and scale the digital marketing and cyber security businesses. The Group has a strong order book and growing sales pipeline. In Singapore, government spending on Smart Nation and cyber security is projected to increase.

Taking into account the results for the half year ended 30 September 2018, Amobee is expected to grow its operating revenue² by high single digit and be EBITDA² positive, and cyber security revenue is expected to increase by high single digit, for the financial year ending 31 March 2019.

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

² Does not include impact from the acquisition of Videology. The consolidation of Videology's results with effect from 22 August 2018 contributed incrementally to Amobee's revenue and EBITDA losses, but was not material for the Group. An update to the Group's guidance as a result of the acquisition of Videology will be provided in the Q3 FY2019 financial results announcement.

SECTION 1 : GROUP

OPERATING REVENUE

By Products and Services	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Mobile service (includes international call revenue)	1,353	1,465	-7.6	2,746	2,889	-5.0
Sale of equipment	653	454	43.8	1,234	965	27.8
Leasing	24	4	495.1	41	5	@
Mobile	2,030	1,923	5.6	4,021	3,859	4.2
Data and Internet	821	876	-6.3	1,645	1,713	-4.0
<i>Cyber security</i>	138	141	-1.9	252	258	-2.4
<i>Other services</i>	456	502	-9.1	882	959	-7.9
Managed services	595	643	-7.5	1,134	1,217	-6.8
Business solutions	150	140	6.8	290	273	6.3
Infocomm Technology ("ICT")	745	784	-5.0	1,424	1,489	-4.4
Digital businesses ⁽¹⁾	313	285	10.1	584	567	3.1
Fixed voice	242	283	-14.4	488	566	-13.7
Pay television	103	98	5.2	207	191	8.5
Others	16	20	-21.3	34	40	-13.2
Total	4,270	4,268	**	8,404	8,423	-0.2
Operating revenue	4,270	4,268	**	8,404	8,423	-0.2
Associates' proportionate revenue ⁽²⁾	3,335	3,466	-3.8	6,617	7,098	-6.8
Group's proportionate revenue	7,605	7,733	-1.7	15,021	15,521	-3.2

Notes:

(1) Include revenues from Amobee, HOOQ, DataSpark.

(2) Proportionate share of revenue of associates is based on operating revenue of the associate multiplied by Singtel's effective ownership interest.

"@" denotes more than +/-500% and "***" denotes less than +/- 0.05%.

Operating Revenue Mix	Quarter		Half Year	
	30 Sep		30 Sep	
	2018 %	Restated 2017 %	2018 %	Restated 2017 %
Mobile service	31.7	34.3	32.7	34.3
Sale of equipment	15.3	10.6	14.7	11.5
Leasing	0.6	0.1	0.5	0.1
Mobile	47.6	45.1	47.8	45.8
Data and Internet	19.2	20.5	19.6	20.3
<i>Cyber security</i>	3.2	3.3	3.0	3.1
<i>Other services</i>	10.7	11.8	10.5	11.4
Managed services	13.9	15.1	13.5	14.4
Business solutions	3.5	3.3	3.5	3.2
ICT	17.4	18.4	16.9	17.7
Digital businesses	7.3	6.7	7.0	6.7
Fixed voice	5.7	6.6	5.8	6.7
Pay television	2.4	2.3	2.5	2.3
Others	0.4	0.5	0.4	0.5
Total	100.0	100.0	100.0	100.0

SECTION 1 : GROUP

Operating revenue was stable and would have increased 3.9% in constant currency terms.

ICT and digital businesses, the growth engines, contributed a quarter of the Group's revenue. Sales of equipment contributed 15% of Group's revenue, up from 11% in the last corresponding quarter.

With higher equipment sales revenue, total Mobile revenue grew 5.6% (11% in constant currency terms) from the same quarter last year. Mobile service revenue, however, declined 7.6% (2.8% in constant currency terms) reflecting lower voice usage, higher mix of SIM-only plans and price competition.

Data and Internet revenue decreased 6.3% (2.7% in constant currency terms) due mainly to decline in NBN migration revenues from the temporary suspension of migrating customers to NBN's HFC access network in Australia, and pricing pressures. Excluding NBN migration revenues, Data and Internet revenue would have been stable.

Revenue from ICT fell 5.0% (3.4% in constant currency terms) on lower ICT revenue due to its lumpy nature and decline in Trustwave's legacy payment card industry (PCI) data security business.

Revenue from Digital businesses grew 10% with first time contribution from Videology as well as higher revenue from Amobee.

Including the proportionate share of operating revenue from the associates, the Group's enlarged revenue declined 1.7% mainly on lower revenues at Airtel and Telkomsel.

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

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Cost of sales ⁽¹⁾	1,379	1,189	16.0	2,617	2,366	10.6
Staff costs	671	705	-4.7	1,351	1,395	-3.2
Selling & administrative	640	663	-3.4	1,255	1,294	-3.0
Traffic expenses	399	405	-1.7	790	799	-1.1
Repair & maintenance	96	94	2.3	182	187	-2.7
Others	6	11	-44.8	(12)	14	nm
Total	3,191	3,066	4.1	6,183	6,054	2.1

As a percentage of operating revenue	Quarter		Half Year	
	30 Sep		30 Sep	
	2018 %	Restated 2017 %	2018 %	Restated 2017 %
Cost of sales ⁽¹⁾	32.3%	27.9%	31.1%	28.1%
Staff costs	15.7%	16.5%	16.1%	16.6%
Selling & administrative	15.0%	15.5%	14.9%	15.4%
Traffic expenses	9.3%	9.5%	9.4%	9.5%
Repair & maintenance	2.2%	2.2%	2.2%	2.2%
Others	0.1%	0.2%	-0.1%	0.2%
Total	74.7%	71.8%	73.6%	72.0%

Note:

(1) Cost of sales include cost of goods sold and service costs such as costs of content and programming.

Total operating expenses increased 4.1% and would have increased 8.0% in constant currency terms.

The increase in Cost of Sales was mainly due to higher equipment sales and digital services, higher content costs partially offset by lower ICT sales.

SECTION 1 : GROUP**STAFF COSTS**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	Restated			Restated		
	2018 S\$ m	2017 S\$m		2018 S\$ m	2017 S\$m	
Staff costs						
Optus	251	287	-12.7	528	561	-6.0
Singtel and other subsidiaries	421	418	0.7	823	834	-1.3
Group	671	705	-4.7	1,351	1,395	-3.2

	Quarter			YOY Chge %	Half Year		YOY Chge %
	30 Sep	30 Jun	30 Sep		30 Sep	30 Sep	
	2018	2018	2017		2018	2017	
Average number of staff							
Optus	7,666	8,370	8,261	-7.2	8,018	8,579	-6.5
Singtel and other subsidiaries	16,525	16,737	17,326	-4.6	16,631	17,070	-2.6
Group ⁽¹⁾	24,191	25,107	25,587	-5.5	24,649	25,649	-3.9
Headcount as at end of period							
Optus	7,441	8,146	8,278	-10.1	7,441	8,278	-10.1
Singtel and other subsidiaries	16,378	16,611	17,258	-5.1	16,378	17,258	-5.1
Group ⁽¹⁾	23,819	24,757	25,536	-6.7	23,819	25,536	-6.7

Note:

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

Staff costs declined 4.7% and would have declined 2.2% in constant currency terms due to lower headcount.

As at 30 September 2018, Group headcount was 6.7% lower at 23,819 from a year ago on staff restructurings.

SECTION 1 : GROUP**NET FINANCE EXPENSE**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Net interest expense						
- Interest expense	(96)	(97)	-1.2	(187)	(194)	-3.4
- Interest income	2	2	-13.0	4	4	-5.0
	(94)	(95)	-0.9	(184)	(190)	-3.4
- Net interest (expense)/ income NetLink Trust ⁽¹⁾	(1)	(1)	-16.7	(2)	3	nm
	(95)	(96)	-1.1	(186)	(187)	-0.7
Other finance income						
- Dividend income from Southern Cross	-	5	nm	13	11	19.3
- Investment income ⁽²⁾	-	1	nm	*	2	nm
- Other foreign exchange gain/ (loss)	*	(2)	nm	6	(5)	nm
- Net fair value gain ⁽³⁾	1	1	44.4	2	2	37.5
	2	5	-69.2	22	10	118.0
Net finance expense	(94)	(91)	2.7	(164)	(177)	-7.5

Notes:

- (1) Comprise interest earned on the unitholder's loan to NetLink Trust (fully repaid in July 2017), net of the finance lease expenses on the exchange buildings leased from NetLink Trust.
- (2) Comprise mainly dividend income from Fair Value through Other Comprehensive Income investments.
- (3) Comprise mainly adjustments for hedging instruments and other financial instruments including options measured at fair values under SFRS(I) 9, *Financial Instruments*.

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

Interest expense decreased 1.2% but would have increased 2.5% in constant currency terms on higher average interest rates partly offset by lower average borrowings from the last corresponding quarter.

SECTION 1 : GROUP**EXCEPTIONAL ITEMS (POST-TAX) ⁽¹⁾**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Staff restructuring costs	(53)	*	nm	(82)	(26)	211.7
Provision for contingent claims and other charges	(10)	(57)	-82.7	(10)	(57)	-82.7
Impairment of acquired intangibles	-	(77)	nm	-	(77)	nm
Impairment of venture investments	-	(5)	nm	-	(5)	nm
Gain on disposal of units in NetLink Trust	-	2,053	nm	-	2,053	nm
Gain on sale of property	-	-	-	106	-	nm
Others	*	-	nm	*	-	nm
Group exceptional items	(64)	1,914	nm	13	1,887	-99.3
Share of Airtel's one-off net gains (pre-tax)	-	-	-	10	-	nm
Share of associates' exceptional items	-	-	-	10	-	nm
Group net exceptional (losses)/ gains (pre-tax)	(64)	1,914	nm	23	1,887	-98.8
Exceptional tax						
Share of tax credit on associates' exceptional items	-	-	-	7	-	nm
Other tax credit	16	26	-39.5	21	34	-37.7
	16	26	-39.5	28	34	-17.8
Group net exceptional (losses)/ gains (post-tax)	(48)	1,940	nm	51	1,921	-97.4

Note:

(1) Exceptional items are material non-recurring items for which separate disclosure is considered necessary to avoid distortion of reported results of performance.

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

The Group's exceptional losses in the quarter comprised mainly of staff restructuring costs.

SECTION 1 : GROUP**TAX EXPENSE**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	Restated			Restated		
	2018 S\$ m	2017 S\$ m		2018 S\$ m	2017 S\$ m	
Income tax expense						
Optus	64	77	-16.7	137	157	-12.4
Singtel and other subsidiaries	49	57	-14.6	113	116	-2.8
Total (a)	113	134	-15.8	250	273	-8.4
Share of associates' tax (credit)/ expense (b)	(47)	172	nm	(15)	387	nm
Withholding and dividend distribution taxes on associates' dividend income ⁽¹⁾	36	25	41.7	138	104	32.2
Total	102	332	-69.2	373	764	-51.1
Profit before exceptional items and tax	811	1,240	-34.6	1,810	2,575	-29.7
Exclude:						
Share of associates' pre-tax profits	(330)	(659)	-50.0	(746)	(1,389)	-46.3
Adjusted pre-tax profit (c)	481	581	-17.2	1,064	1,186	-10.3
Effective tax rate of Singtel and subsidiaries (a)/(c)	23.4%	23.1%		23.5%	23.0%	
Share of associates' pre-tax profits (d)	330	659	-50.0	746	1,389	-46.3
Effective tax rate of associates (b)/(d)	-14.1%	26.1%		-1.9%	27.8%	

Note:

- (1) 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 Group's tax expense decreased on lower earnings as well as lower associates' taxes mainly from Airtel's recognition of deferred tax credits in respect of its Direct-To-Home business this quarter.

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

	As at		
	30 Sep 2018 S\$ m	30 Jun 2018 S\$ m	Restated 30 Sep 2017 S\$ m
Current assets (excluding cash)	6,078	6,209	6,246
Cash and bank balances	707	625	651
Non-current assets	40,613	40,941	41,240
Total assets	47,397	47,775	48,137
Current liabilities	7,774	7,696	7,107
Non-current liabilities	10,747	9,664	11,087
Total liabilities	18,522	17,360	18,194
Net assets	28,876	30,415	29,942
Share capital	4,127	4,127	4,127
Retained earnings	26,992	28,067	27,079
Currency translation reserve (loss)	(1,964)	(1,413)	(419)
Other reserves	(268)	(361)	(834)
Equity attributable to shareholders	28,887	30,420	29,954
Minority interests and other reserve	(11)	(5)	(12)
	28,876	30,415	29,942

The Group continued to be in a strong financial position as at 30 September 2018. It is rated A1 by Moody's and A+ by S&P Global Ratings. Singtel's ratings continued to be strong among its peers in the global telecommunications industry.

The currency translation reserve (loss) in equity increased by S\$551 million from a quarter ago. This was mainly due to translation losses for Optus, Airtel and Telkomsel partly offset by translation gains for AIS and Intouch.

SECTION 1 : GROUP**LIQUIDITY AND GEARING**

	As at		
	30 Sep	30 Jun	Restated
	2018	2018	2017
	S\$ m	S\$ m	S\$ m
Gross debt			
Current debt	1,537	1,286	933
Non-current debt	9,129	8,029	9,291
Gross debt as reported in statement of financial position	10,665	9,315	10,224
Related net hedging asset ⁽¹⁾	(182)	(217)	(166)
Hedged gross debt	10,484	9,098	10,058
Less: Cash and bank balances	(707)	(625)	(651)
Net debt	9,777	8,473	9,407
Gross debt gearing ratio ⁽²⁾	26.6%	23.0%	25.1%
Net debt gearing ratio	25.3%	21.8%	23.9%

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.

Net debt increased by S\$1.30 billion from a quarter ago to S\$9.78 billion as at 30 September 2018 following payment of final dividends this quarter. Consequently, net debt gearing ratio increased to 25.3% from 21.8% a quarter ago.

SECTION 1 : GROUP

CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			Half Year		YOY Chge %
	Restated			Restated		
	30 Sep 2018 S\$ m	30 Sep 2017 S\$ m	30 Jun 2018 S\$ m	30 Sep 2018 S\$ m	30 Sep 2017 S\$ m	
Net cash inflow from operating activities						
Profit before exceptional items and tax	811	1,240	999	1,810	2,575	-29.7
Non-cash items	268	17	183	451	(98)	nm
Operating cash flow before working capital changes	1,079	1,257	1,182	2,261	2,478	-8.8
Changes in operating assets and liabilities	(31)	38	(260)	(290)	(90)	221.0
Cash paid to employees under performance share plans	1,048	1,295	923	1,971	2,387	-17.5
Tax paid on operating activities	-	-	*	*	(1)	nm
Operating cash flow before dividends from associates	(225)	(187)	(58)	(283)	(258)	9.5
Dividends/ Distributions received from associates	823	1,108	865	1,688	2,129	-20.7
Dividends/ Distributions received from associates	227	247	1,182	1,409	1,208	16.6
Withholding tax paid on dividends received	(20)	(19)	(116)	(136)	(115)	18.0
	1,030	1,336	1,931	2,961	3,222	-8.1
Net cash (outflow)/ inflow for investing activities						
<i>Accrued capital expenditure</i>	(410)	(584)	(375)	(785)	(925)	-15.2
<i>Changes in creditors' balances</i>	56	(34)	(90)	(34)	(285)	-88.0
Cash capital expenditure	(354)	(618)	(465)	(819)	(1,210)	-32.3
Investment in associates	-	(1)	-	-	(1)	nm
Proceeds/ Deferred proceeds from disposal of an associate	-	1,095	4	4	1,095	-99.6
Loan repaid by an associate	-	1,101	-	-	1,101	nm
Payment for purchase of spectrum	(3)	(3)	(35)	(37)	(937)	-96.0
Payment for purchase of other intangibles	(38)	(52)	(21)	(59)	(95)	-37.8
Payment for acquisition of intangibles and other assets	(123)	-	-	(123)	-	nm
Adjustment/ (Payment) for purchase of subsidiaries, net of cash acquired	-	4	-	-	(337)	nm
Investment in venture investments	(15)	(15)	(9)	(24)	(40)	-39.7
Proceeds from disposal of venture investments	4	*	3	7	2	333.3
Proceeds from disposal of property, plant and equipment	20	99	118	138	103	34.3
Withholding tax paid on interest received on inter-company loans	(12)	(14)	-	(12)	(14)	-15.3
Payment for acquisition of non-controlling interests	-	-	(16)	(16)	-	nm
Others	2	12	2	3	14	-75.4
	(520)	1,609	(419)	(938)	(319)	194.4
Net cash outflow for financing activities						
Net increase/ (decrease) in borrowings	1,389	(1,155)	(1,320)	70	(875)	nm
Settlement of swap for bonds repaid	17	61	3	20	61	-66.9
Net interest paid on borrowings and swaps	(81)	(79)	(96)	(178)	(200)	-11.4
Final dividend paid to shareholders	(1,747)	(1,747)	-	(1,747)	(1,747)	**
Purchase of performance shares	(8)	(5)	(7)	(15)	(15)	-3.3
Others	1	*	-	1	*	nm
	(429)	(2,925)	(1,420)	(1,848)	(2,775)	-33.4
Net increase in cash and cash equivalents	82	20	92	175	128	36.9
Exchange effects on cash and cash equivalents	*	(1)	7	8	(10)	nm
Group cash and cash equivalents at beginning	625	632	525	525	534	-1.7
Group cash and cash equivalents at end	707	651	625	707	651	8.5
Group free cash flow						
Singapore	177	202	268	445	508	-12.3
Optus	292	287	131	424	411	3.2
Group free cash flow (before associates' dividends/ distributions)	469	490	400	869	918	-5.4
Dividends/ Distributions received from associates (net of withholding tax)	207	228	1,067	1,273	1,093	16.5
Group free cash flow	676	718	1,466	2,142	2,011	6.5
<i>Optus free cash flow (in A\$)</i>	293	268	130	423	387	9.2
Cash capex to operating revenue	8%	14%	11%	10%	14%	

“*” denotes less than +/- S\$0.5 million and “**” denotes less than +/- 0.05%.

SECTION 1 : GROUP

Net cash inflow from operating activities (before associates' dividend receipts) for the quarter declined 26% to S\$823 million due mainly to lower EBITDA, working capital movements and higher tax payments. Dividends from the associates decreased on absence of dividend from NetLink Trust (Q2 FY2018: S\$51 million), partly offset by higher dividends from Airtel and AIS. Consequently, total cash flow from operations declined 23% to S\$1.03 billion.

Net cash outflow for investing activities was S\$520 million. In the quarter, payment of S\$123 million (US\$90 million) was made for the acquisition of Videology's business. Capital expenditure comprised S\$116 million for Singapore and S\$238 million (A\$238 million) for Australia. In Singapore, major capital investments in the quarter included S\$48 million for fixed and data infrastructure, S\$31 million for mobile network, S\$13 million for ICT investments, and S\$7 million for information systems. In Australia, capital investments in mobile network, and fixed and other core infrastructure were A\$122 million and A\$116 million respectively.

The Group's free cash flow declined 5.8% to S\$676 million on lower operating cash, partially offset by lower capital expenditure.

Net cash financing outflow of S\$429 million in the quarter mainly comprised final dividend payment of S\$1.75 billion in August 2018 and interest payments of S\$81 million, partly offset by net increase in borrowings of S\$1.39 billion.

Overall cash balance increased S\$82 million from a quarter ago and the cash balance was S\$707 million as at 30 September 2018.

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 HALF YEAR ENDED 30 SEPTEMBER 2018

- Operating revenue increased 1.7% while EBITDA and EBIT fell 5.0% and 9.2% respectively, impacted by lower NBN migrations and 5% depreciation of the Australian Dollar.
- In constant currency terms³, operating revenue rose 6.0% while EBITDA was stable and EBIT declined 5.8%.

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

- Operating revenue was up 1.5% while EBITDA and EBIT declined 8.7% and 14% respectively, impacted by lower NBN migrations and 7% depreciation of the Australian Dollar.
- In constant currency terms³, operating revenue rose 7.3% while EBITDA and EBIT decreased 3.5% and 8.9% respectively.

³ Assuming constant exchange rates for the Australian Dollar from the corresponding periods ended 30 September 2017.

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

For The Second Quarter And Half Year Ended 30 September 2018

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Operating revenue	2,385	2,350	1.5	4,741	4,664	1.7
Operating expenses	(1,680)	(1,569)	7.1	(3,283)	(3,144)	4.4
	704	781	-9.9	1,458	1,520	-4.0
Other income	40	35	16.5	81	100	-19.3
EBITDA	745	816	-8.7	1,539	1,620	-5.0
- margin	31.2%	34.7%		32.5%	34.7%	
Depreciation & amortisation	(388)	(404)	-3.9	(778)	(782)	-0.5
EBIT	357	412	-13.5	761	838	-9.2
NBN Migration revenues	23	59	-61.7	47	102	-53.9
Ex-NBN Migration revenues						
Operating revenue	2,362	2,292	3.1	4,694	4,562	2.9
EBITDA	722	757	-4.6	1,492	1,518	-1.7
EBIT	334	354	-5.4	714	736	-3.0

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Cost of sales ⁽²⁾	675	514	31.4	1,297	1,077	20.4
Selling & administrative	449	478	-6.1	884	934	-5.3
Traffic expenses	275	269	2.2	540	529	2.2
Staff costs	219	241	-9.0	462	475	-2.6
Repair & maintenance	53	56	-5.9	95	108	-11.9
Others	10	12	-15.5	5	23	-78.5
Operating expenses	1,680	1,569	7.1	3,283	3,144	4.4

Notes:

- (1) The above figures include the costs of International Group division which have responsibility over the regional associates.
- (2) Cost of sales include costs of content and programming.

SECTION 2 : GROUP CONSUMER

GROUP CONSUMER OPERATING HIGHLIGHTS

For The Second Quarter Ended 30 September 2018

Group Consumer recorded revenue growth of 1.5% while EBITDA declined 8.7%, negatively impacted by a weaker Australian Dollar which depreciated 7% against the Singapore Dollar from the same quarter last year. In constant currency terms, operating revenue would have increased by 7.3% while EBITDA decreased by 3.5%. The strong increase in equipment sales was partly offset by decline in voice due to continued data substitution and lower NBN migration revenues in Australia following NBN's temporary suspension of new orders on its HFC access network. Excluding NBN migration revenues in Australia, Group Consumer's operating revenue would have increased 3.1% (9.0% in constant currency terms) and EBITDA would have declined 4.6% (stable in constant currency terms).

EBIT fell 8.9% in constant currency terms after including higher depreciation and amortisation charges from investments in mobile infrastructure network, spectrum and new billing system.

For The Half Year Ended 30 September 2018

Operating revenue increased by 1.7% while EBITDA and EBIT declined 5.0% and 9.2% respectively. In constant currency terms, operating revenue rose 6.0%, EBITDA was stable and EBIT declined 5.8% after higher depreciation and amortisation charges.

Excluding NBN migration revenues in Australia, Group Consumer's operating revenue would have increased 2.9% (up 7.2% in constant currency terms), EBITDA would have declined 1.7% (up 2.4% in constant currency terms) and EBIT would be down 3.0% (stable in constant currency terms).

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 June 2018 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2018 S\$ m	30 Jun 2018 S\$ m	
Operating revenue	2,385	2,356	1.2
Operating expenses	(1,680)	(1,602)	4.9
EBITDA	745	794	-6.3
- margin	31.2%	33.7%	
EBIT	357	404	-11.7

Compared to the preceding quarter, operating revenue grew on higher equipment sales across Singapore and Australia. EBITDA, however, declined due to lower service revenues which had higher margins.

SECTION 2 : GROUP CONSUMER**SINGAPORE CONSUMER SUMMARY INCOME STATEMENT**
For The Second Quarter And Half Year Ended 30 September 2018

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Operating revenue	555	530	4.8	1,102	1,067	3.2
Operating expenses	(379)	(339)	11.8	(739)	(685)	7.8
Other income ⁽¹⁾	176	191	-7.8	363	382	-5.0
	4	4	13.2	10	11	-2.8
EBITDA	180	195	-7.4	373	393	-5.0
- margin	32.5%	36.7%		33.9%	36.8%	
Depreciation & amortisation	(63)	(59)	6.1	(125)	(116)	7.7
EBIT	118	136	-13.3	248	277	-10.3

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Mobile service ⁽²⁾	259	273	-5.1	524	548	-4.5
Sale of equipment	134	93	44.0	239	193	24.1
Mobile	392	365	7.4	763	741	3.0
Residential Pay TV	66	59	11.5	131	116	12.5
Fixed broadband	58	58	0.2	117	115	2.3
Fixed voice	32	34	-6.8	64	67	-4.6
Others ⁽³⁾	7	14	-46.0	27	28	-6.0
Operating revenue	555	530	4.8	1,102	1,067	3.2
Cost of sales	188	142	32.4	358	292	22.5
Selling & administrative	75	79	-5.1	148	153	-3.2
Staff costs	61	61	-0.5	118	121	-2.3
Traffic expenses	50	51	-1.8	102	106	-3.0
Repair & maintenance	13	14	-5.9	25	25	-0.4
Others	(6)	(7)	-3.0	(13)	(11)	11.6
Operating expenses	379	339	11.8	739	685	7.8

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. The net trade foreign exchange loss amounted to S\$1 million (Q2 FY2018: S\$3 million of loss) for the quarter and S\$1 million (H1 FY2018: S\$3 million of loss) for the half year ended 30 September 2018.
- (2) With effect from 1 July 2018, mobile digital services previously classified under "Others" have been classified under "Mobile service".
- (3) 'Other revenue' include revenues from mobile network cabling works and projects.

SECTION 2 : GROUP CONSUMER

SINGAPORE CONSUMER OPERATING PERFORMANCE

For The Second Quarter Ended 30 September 2018

Singapore Consumer recorded a resilient performance in the quarter. Operating revenue was up 4.8% propelled by strong increase of 44% in equipment sales on launches of higher priced popular handsets in the quarter. EBITDA, however, declined 7.4% with lower contribution from the higher margin legacy carriage services and absence of Singtel TV sublicense revenue for Premier League. Excluding TV sublicense revenue which ceased in December 2017 quarter, operating revenue would have increased 6.3% and EBITDA would have declined 3.6%.

With higher equipment sales revenue, total Mobile revenue grew 7.4% from the same quarter last year. Mobile service revenue declined 5.1% on steep declines in international voice and roaming call usage as well as higher handset subsidies taken against mobile service revenue⁴ due to increased volume of connections as well as higher mix of premium handset sales.

The postpaid customer base grew by 41,000⁵ from a quarter ago mainly from SIM-only and Mobile Share plans, and churn was reduced. Prepaid ARPU for Singapore Consumer grew this quarter on higher data add-ons from strong adoption of content and app bundles, despite the decline in voice and IDD usage.

During the quarter, Singtel continued to bundle postpaid services with various data add-on packs for customers. It launched a market-first travel insurance add-on to the roaming plans, complementing its existing ReadyRoam plans by offering customers greater peace of mind on their travels.

Consumer Home Services which comprise fixed broadband, residential pay TV and voice revenues grew by 3.6%. The increase was driven by higher pay TV revenue from 2018 FIFA World Cup in July despite the cessation of TV sublicense revenue of S\$8 million. Broadband revenue was stable. To meet the needs of online gamers, various plans were introduced in the quarter. These included a 1+1Gbps Fibre Pro Gamer bundle that comes with 1 Gbps of shared bandwidth for regular internet use. Singtel also provided 1 Gbps of dedicated bandwidth for gaming through the Razer Sila router optimised for gaming.

The number of customers who signed up for 'on-the-go' services, namely the Cast OTT and Singtel TV Go companion apps, grew by 5,000 in the quarter to 114,000 as at 30 September 2018. As Singtel continues to excite customers with new content, a new Asian Entertainment channel, e-Le was launched and made available to all Singtel subscribers via CAST, Singtel TV and Singtel TV Go.

Excluding Cost of sales which increased due to higher equipment sales and TV content costs, operating expenses fell 2.9% on strong cost management.

EBIT declined 13% after including depreciation and amortisation charges which rose on investments in mobile infrastructure network and a new billing system. The decline was 8.1% excluding TV sublicense revenue.

⁴ Under new revenue standard applied retrospectively to FY2018, equipment sales revenue for bundled mobile contracts is recorded based on fair value from allocation of mobile service revenue at point of sales. The increase in equipment sales revenue is offset against mobile service revenue over the customer contract term.

⁵ Based on total product view (i.e. included Enterprise mobile).

SECTION 2 : GROUP CONSUMER

During the quarter, Singtel won the prestigious “Retail Concept of the Year” award at the Singapore Retail Association Ball in recognition of the introduction of digital tools that enhance customer experience such as Live Bots and Self-Serve Kiosks at the flagship Comcentre Singtel Shop.

For The Half Year Ended 30 September 2018

Operating revenue for the half year grew 3.2% on higher equipment sales offset by lower voice services (local, international and roaming) with increased data substitution.

Mobile services fell 4.5% on declines in both local and roaming voice revenues partially offset by strong growth in mobile data. Including equipment sales which grew a robust 24%, total mobile revenue rose 3.0% from the last corresponding period.

Consumer Home Services revenue grew from robust growth in fixed broadband as well as inclusion of World Cup revenues.

With lower service revenue, EBITDA declined 5.0%. EBIT fell 10% after including higher depreciation and amortisation charges from increased network and spectrum investments, and the new billing system.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 June 2018 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2018 S\$ m	30 Jun 2018 S\$ m	
Operating revenue	555	547	1.5
Operating expenses	(379)	(360)	5.3
EBITDA	180	193	-6.5
- margin	32.5%	35.3%	
EBIT	118	131	-10.2

Operating revenue increased from higher equipment sales. EBITDA declined on lower service revenues which had higher margins.

SECTION 2: GROUP CONSUMER**AUSTRALIA CONSUMER SUMMARY INCOME STATEMENT**
For The Second Quarter And Half Year Ended 30 September 2018

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 A\$ m	Restated 2017 A\$ m		2018 A\$ m	Restated 2017 A\$ m	
Operating revenue	1,830	1,694	8.0	3,622	3,394	6.7
Operating expense	(1,292)	(1,139)	13.5	(2,519)	(2,311)	9.0
	538	556	-3.2	1,103	1,082	1.9
Other income	36	28	27.3	68	82	-17.7
EBITDA	574	584	-1.8	1,170	1,164	0.5
- margin	31.3%	34.5%		32.3%	34.3%	
Depreciation & amortisation	(325)	(320)	1.4	(649)	(627)	3.6
EBIT	249	264	-5.7	521	537	-3.1
NBN Migration revenues	23	55	-58.8	47	96	-51.3
Ex-NBN Migration revenues						
Operating revenue	1,808	1,639	10.2	3,575	3,298	8.4
EBITDA	551	529	4.1	1,124	1,068	5.2
EBIT	227	209	8.2	474	441	7.4

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 A\$ m	Restated 2017 A\$ m		2018 A\$ m	Restated 2017 A\$ m	
Incoming	54	51	4.2	107	102	4.5
Outgoing	844	862	-2.1	1,707	1,709	-0.1
Total Mobile Service	898	914	-1.8	1,814	1,811	0.2
Equipment	433	269	60.6	813	588	38.2
Leasing Revenue ⁽¹⁾	24	4	@	41	4	@
Total Mobile Revenue	1,355	1,187	14.1	2,668	2,403	11.0
Voice	76	84	-9.7	152	173	-12.1
Broadband	88	107	-17.5	183	219	-16.6
Pay TV	29	29	-0.1	59	57	3.2
Mass Market Fixed On-net	193	220	-12.2	394	449	-12.4
Mass Market Fixed Off-net ⁽²⁾	142	141	0.5	281	255	10.4
Total Mass Market Fixed	336	362	-7.2	675	704	-4.1
Data & IP	56	55	2.8	114	110	3.5
Voice	23	25	-10.8	45	50	-10.4
Satellite	60	65	-7.2	120	125	-4.5
Total Wholesale Fixed	139	145	-4.1	279	286	-2.4
Operating revenue	1,830	1,694	8.0	3,622	3,394	6.7

"@" denotes more than +/- 500%.

SECTION 2 : GROUP CONSUMER**Notes:**

- (1) Comprise revenue from lease of handsets to mobile customers under 2-year contracts.
 (2) Include NBN migration and site preparation revenues of A\$23 million (Q2 FY2018: A\$55 million) for the quarter and A\$47 million (H1 FY2018: A\$96 million) for the half year ended 30 September 2018.

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 A\$ m	Restated 2017 A\$ m		2018 A\$ m	Restated 2017 A\$ m	
Cost of sales	488	346	41.0	935	741	26.2
Selling & administrative	369	369	-0.2	725	733	-1.2
Traffic expenses	225	203	10.8	436	399	9.3
Staff costs	154	164	-5.7	337	329	2.6
Repair & maintenance	40	39	1.7	69	77	-10.3
Others	16	17	-3.3	18	33	-45.7
Operating expenses	1,292	1,139	13.5	2,519	2,311	9.0

AUSTRALIA CONSUMER OPERATING PERFORMANCE**For The Second Quarter Ended 30 September 2018**

Australia Consumer reported strong growth in operating revenue of A\$136 million or 8.0% this quarter. The growth was driven by higher mobile equipment sales revenue while fixed revenues declined due to NBN's temporary suspension of migrating customers to the NBN's HFC network. Excluding NBN migration and site preparation revenues, operating revenue increased 10%.

Total mobile revenue grew a solid 14% in the quarter primarily due to customer growth and higher equipment sales. Mobile service revenue declined 1.8% impacted by lower blended ARPU which declined 6% due mainly to the increased mix of SIM-only plans and data price competition.

Postpaid handset customer base grew by 87,000⁶, with branded handset customer base increasing by 103,000, and mobile broadband grew 18,000. Prepaid handset customer base declined 120,000 this quarter impacted by seasonality and intense competition.

Continued investments in networks, technology and content have allowed the Australia Consumer business to differentiate and grow.

As at 31 October 2018, Optus' 4G network population coverage was 97.2% in Australia, with 7,011 sites upgraded to 4G of which over 5,990 have been upgraded to 700 MHz spectrum. The total 4G customer base reached 6.39 million⁷ as at 30 September 2018. During the quarter, Optus launched the 50th Federal Government Blackspot.

In addition, Optus successfully concluded "live" 5G network trial in Sydney, paving the way for the commercial launch of Fixed Wireless Access services in Canberra and Brisbane in January 2019, and other capital cities by March 2019.

⁶ Including Enterprise customers, Optus' total postpaid handset customer base grew 93,500.

⁷ Including Enterprise customers, Optus' total number of 4G customers reached 6.48 million.

SECTION 2 : GROUP CONSUMER

Optus Sports now broadcasts the UEFA and Champions League, which together with Premier League, cements Optus as the home of elite football in Australia delivering over 1,000 live games per year and hundreds of hours of original programming.

In Mass Market Fixed, operating revenue declined 7.2% due to the temporary suspension of NBN's HFC connections. Excluding NBN migration revenues, Mass Market Fixed revenue increased 1.9% mainly driven by NBN customer growth of 165,000 from a year ago. NBN Co is progressively lifting its HFC stop sell.

Wholesale Fixed revenue declined 4.1% due to declines in satellite and voice revenues partially offset by growth in Data & IP.

Total operating expenses were higher by 14% driven by higher cost of sales. This was due to higher equipment and leasing costs in line with higher equipment sales. A shift in revenue mix to NBN has led to higher traffic expenses. Excluding traffic expenses and cost of sales, total operating expenses would have decreased 1.7%.

EBITDA declined by 1.8% while EBIT declined 5.7% due to lower NBN migration payments from the temporary NBN suspension. Excluding NBN migration revenues, EBITDA and EBIT increased 4.1% and 8.2% respectively.

For The Half Year Ended 30 September 2018

For the first half year, operating revenue grew 6.7%, EBITDA was stable and EBIT declined 3.1%. Excluding NBN migration revenues, EBITDA and EBIT increased 5.2% and 7.4% respectively.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 June 2018 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2018 A\$ m	30 Jun 2018 A\$ m	
Operating revenue	1,830	1,792	2.1
Operating expenses	(1,292)	(1,227)	5.4
EBITDA	574	597	-3.9
- margin	31.3%	33.3%	
EBIT	249	272	-8.4
NBN migration revenues	23	24	-7.2
Exclude NBN migration revenues			
Operating revenue	1,808	1,768	2.3
EBITDA	551	572	-3.7
EBIT	227	248	-8.5

Against the preceding quarter, operating revenue increased due mainly to higher equipment sales. EBITDA, however, declined 3.9% on lower mobile service revenue. EBIT was lower due to 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.

In this section, “Singapore” refers to all geographies that Singtel has operations other than Australia.

FINANCIAL HIGHLIGHTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

- **Operating revenue down 3.7% to S\$3.09 billion.**
- **EBITDA down 5.9% to S\$889 million.**
- **EBIT fell 8.4% to S\$588 million.**
- **In constant currency terms⁸, operating revenue, EBITDA and EBIT declined 2.3%, 5.2% and 8.2% respectively.**

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

- **Operating revenue down 4.1% to S\$1.57 billion.**
- **EBITDA down 4.8% to S\$440 million.**
- **EBIT fell 6.2% to S\$289 million.**
- **In constant currency terms⁸, operating revenue, EBITDA and EBIT declined 2.4%, 3.8% and 5.6% respectively.**

⁸ Assuming constant exchange rates for the Australian Dollar and United States Dollar from the corresponding periods ended 30 September 2017.

SECTION 3 : GROUP ENTERPRISE

GROUP ENTERPRISE SUMMARY INCOME STATEMENT
For The Second Quarter And Half Year Ended 30 September 2018

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Operating revenue	1,573	1,640	-4.1	3,092	3,209	-3.7
Operating expenses	(1,143)	(1,188)	-3.8	(2,238)	(2,283)	-2.0
	430	452	-4.9	854	926	-7.8
Other income ⁽¹⁾	10	11	-1.9	35	18	92.7
EBITDA	440	462	-4.8	889	944	-5.9
- margin	28.0%	28.2%		28.7%	29.4%	
Depreciation & amortisation	(151)	(154)	-2.2	(300)	(302)	-0.6
EBIT	289	308	-6.2	588	642	-8.4
Global Cyber Security business						
Managed Security & Tech Services	120	112	6.7	213	201	6.1
Payment Card Industry Compliance	19	29	-35.3	39	57	-32.3
Operating revenue	138	141	-1.9	252	258	-2.4
EBITDA	(7)	2	nm	(25)	(9)	170.3

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Cyber security	138	141	-1.9	252	258	-2.4
Other services ⁽²⁾	456	502	-9.1	882	959	-7.9
Managed services	595	643	-7.5	1,134	1,217	-6.8
Business solutions ⁽³⁾	150	140	6.8	290	273	6.3
ICT	745	784	-5.0	1,424	1,489	-4.4
Data and Internet ⁽⁴⁾	410	420	-2.3	815	841	-3.1
Mobile service	197	210	-6.1	399	420	-5.0
Sale of equipment	86	70	23.4	178	148	20.1
Mobile	284	280	1.3	577	568	1.5
Fixed voice	120	139	-13.4	244	275	-11.4
Others ⁽⁵⁾	14	18	-21.7	32	36	-9.8
Operating revenue	1,573	1,640	-4.1	3,092	3,209	-3.7

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 loss amounted to S\$1 million (Q2 FY2018: S\$2 million of loss) for the quarter and S\$0.4 million (H1 FY2018: S\$5 million of loss) for the half year ended 30 September 2018.
- (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) 'Other revenue' include TV and digital business revenues.

SECTION 3 : GROUP ENTERPRISE

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	Restated			Restated		
	2018 S\$ m	2017 S\$ m		2018 S\$ m	2017 S\$ m	
Cost of sales	454	465	-2.5	867	867	**
Staff costs	375	395	-5.0	742	778	-4.7
Selling & administrative	158	155	1.7	311	302	3.1
Traffic expenses	124	136	-9.2	251	270	-7.2
Repair, maintenance and others	33	37	-10.9	67	66	1.8
Operating expenses	1,143	1,188	-3.8	2,238	2,283	-2.0

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

GROUP ENTERPRISE OPERATING HIGHLIGHTS**For the Second Quarter Ended 30 September 2018**

Singapore contributed 77% (Q2 FY2018: 74%) and 87% (Q2 FY2018: 86%) to Group Enterprise's operating revenue and EBITDA respectively.

Group Enterprise's operating revenue fell 4.1%, and 2.4% in constant currency terms. The declines were mainly attributable to lower ICT sales due to the lumpy nature of ICT deals which saw some major project completions last year as well as continued declines in traditional legacy services, especially voice. Trustwave was also impacted by decline in traditional licence maintenance and commoditisation of the payment card industry (PCI) data security business.

Cyber security revenue was stable in constant currency terms, with business in the Asia Pacific region maintaining its momentum at above market growth⁹. However, overall cyber security revenue was impacted by lower sales in the United States due to commoditisation in the traditional PCI compliance business.

Operating expenses decreased 3.8%. In constant currency terms, operating expenses would have declined 1.9%. The decrease in Cost of Sales was in line with lower ICT business partially offset by higher project provisions. Staff costs fell from a reduction in average headcount and lower staff incentive accruals. Traffic expenses declined on lower call and roaming traffic and unit cost.

With lower operating revenue, EBITDA and EBIT declined 4.8% and 6.2% respectively, and would have declined 3.8% and 5.6% respectively in constant currency terms.

⁹ Gartner Forecast: Information Security, Worldwide, 2016-2022, 2Q18 Update, 25 July 2018 (Mature Asia/Pacific YOY growth rate of security services for FY16 to FY22 : 8.62%).

SECTION 3 : GROUP ENTERPRISE

In this quarter, Singtel strengthened its position as a global managed security service leader with deep capabilities with the establishment of the Trustwave SpiderLabs Fusion Centre, a state-of-art cyber security command center. Trustwave's cyber capabilities across Australia and the Asia Pacific was further reinforced with Optus Cyber Security's acquisition of Hivint, an award-winning cyber security consulting company in Australia.

Singtel exemplified continued excellence in performance and provision of comprehensive enterprise cloud services and solutions. Singtel was recognised with Best Practices awards for Asia-Pacific Telecom Group of the Year as well as Asia-Pacific Managed Cloud Services Competitive Strategy, Innovation & Leadership at Frost & Sullivan ICT Awards 2018. Several other awards were conferred as testaments to Singtel pushing the boundary of excellence:

- Virtualisation & Cloud Infrastructure Award (Singtel Software Defined Networking (SDN) services) at Telecoms World Awards 2018; and
- SMF Collaborative Partnership Award (Distinguished winner) at Singapore Manufacturing Federation Awards 2018.

Based on IDC's Asia-Pacific Telecom Services Database for 2H 2017¹⁰ published recently, Singtel achieved a sustained leadership position in its Asia-Pacific core carriage business with an extended market share of 22.6% in the International IPVPN market, 16.3% in the IPLC market, 23.7% in the International E-Line market and 17.8% in the International E-VPN market.

For The Half Year Ended 30 September 2018

For the first half year, Group Enterprise's operating revenue declined 3.7%. In constant currency terms, operating revenue would have declined 2.3% primarily from lower ICT revenue and decline in legacy services especially voice and PCI compliance.

EBITDA and EBIT fell 5.9% and 8.4% respectively due to pricing pressures in traditional products and investment in new growth platforms.

In constant currency terms, operating revenue, EBITDA and EBIT declined 2.3%, 5.2% and 8.2% respectively.

¹⁰ IDC Telecom Services Database Asia-Pacific 2H 2017, September 2018.

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

Results for the current quarter compared to the preceding quarter ended 30 June 2018 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2018 S\$ m	30 Jun 2018 S\$ m	
Operating revenue	1,573	1,519	3.5
Operating expenses	(1,143)	(1,095)	4.4
EBITDA	440	449	-2.0
<i>- margin</i>	28.0%	29.5%	
EBIT	289	299	-3.1

Operating revenue grew 3.5% on higher ICT revenue. EBITDA and EBIT, however, declined 2.0% and 3.1% respectively from higher project provisions in the quarter. In the preceding quarter, non-recurring gains on disposal of property, plant and equipment were recorded.

SECTION 3 : GROUP ENTERPRISE

SINGAPORE ENTERPRISE

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Managed services ⁽¹⁾	433	449	-3.7	798	869	-8.2
Business solutions ⁽²⁾	150	140	6.8	290	273	6.3
ICT	583	590	-1.2	1,088	1,142	-4.7
Data and Internet ⁽³⁾	334	337	-1.1	660	676	-2.4
Mobile service	153	161	-5.3	309	323	-4.5
Sale of equipment	64	50	26.8	128	108	18.5
Mobile	217	212	2.3	437	432	1.2
Fixed voice	57	62	-8.0	116	123	-5.9
Others ⁽⁴⁾	14	18	-21.7	32	36	-9.8
Operating revenue	1,204	1,219	-1.2	2,333	2,409	-3.2
EBITDA - margin	383 31.8%	396 32.5%	-3.3	771 33.1%	810 33.6%	-4.7

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) 'Other revenue' include TV and digital business revenues.

Operating revenue was down 1.2% this quarter from lower ICT and traditional legacy services. Consequently, EBITDA declined 3.3%, coupled with continued investments in digital and cyber security capabilities and product development.

ICT revenue fell as Managed services was impacted by completion of a major infrastructure project last year as well as decline in Trustwave's legacy business from traditional licence maintenance and commodisation of the payment card industry (PCI) data security business.

NCS' order book remained stable at S\$2.9 billion as at 30 September 2018.

Data and Internet revenue declined 1.1%. Despite lower revenue from pricing pressures, Singtel grew its market share in international data and achieved a sustained leadership position in its Asia-Pacific core carriage business.¹¹

Mobile service revenue fell 5.3% due to price competition, lower domestic and international voice and roaming call usage partly offset by continued growth in mobile data. Including equipment sales, total mobile revenue grew 2.3%.

Fixed voice revenue fell 8.0% on lower call usage on continued mobile data substitution. The impact of the decline was partially mitigated by lower outpayment costs.

¹¹ IDC Telecom Services Database Asia-Pacific 2H 2017, September 2018.

SECTION 3 : GROUP ENTERPRISE**AUSTRALIA ENTERPRISE**

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 A\$ m	Restated 2017 A\$ m		2018 A\$ m	Restated 2017 A\$ m	
ICT and Managed Services	162	180	-10.2	334	327	2.3
Data and IP	76	77	-0.5	154	156	-1.0
Mobile ⁽¹⁾	67	64	4.9	139	129	8.0
Voice	64	72	-11.0	127	143	-10.9
Operating revenue ⁽²⁾	369	392	-6.0	755	755	0.1
EBITDA - margin	57 15.5%	62 15.8%	-7.9	117 15.4%	127 16.9%	-8.4

Notes:

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

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

Operating revenue was stable for the half year ended 30 September 2018, however, it declined by 6.0% this quarter. The decline was driven by lower ICT deals and voice usage decline in line with market movements¹². EBITDA declined 7.9% due lower ICT revenue and margin pressures from the declines in voice revenue, partly mitigated by lower operating costs.

Voice revenue fell 11%. The decrease was due to price erosion and declines in switched voice as businesses migrated to lower cost IP-based voice solutions.

With expanding network coverage, Optus Business continued to connect more enterprise customers compared to the same quarter last year, with strong growth in mobile net adds. Mobile revenue increased 4.9% due to higher mobile service revenue and equipment sales.

During the quarter, Optus Business was appointed by the Australian Department of Health as its whole-of-department telecommunications provider following a competitive tender process. In a three-year deal worth A\$6 million, Optus Business will consolidate the Department of Health telecommunication products and services under a single service agreement to improve service delivery and ongoing contract management. With Optus Business' recent addition to the supplier panel for Department of Defence, Optus Business is now involved in supporting three of the four largest Government departments in Australia.

¹² 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 HALF YEAR ENDED 30 SEPTEMBER 2018

- **Operating revenue grew 3.8% to S\$571 million. In constant currency terms¹³, operating revenue increased 5.7%.**
- **Negative EBITDA at S\$58 million and negative EBIT at S\$86 million.**

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

- **The acquisition of Videology was completed on 22 August 2018.**
- **Including first time contribution from Videology, operating revenue grew 13% to S\$313 million.**
- **Negative EBITDA at S\$34 million and negative EBIT at S\$49 million after including depreciation and amortisation charges.**

¹³ Assuming constant exchange rates for the United States Dollar from the corresponding period ended 30 September 2017.

SECTION 4 : GROUP DIGITAL LIFE**GROUP DIGITAL LIFE SUMMARY INCOME STATEMENT**
For The Second Quarter And Half Year Ended 30 September 2018

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	2017 S\$ m		2018 S\$ m	2017 S\$ m	
Digital ⁽¹⁾	322	294	9.2	591	585	1.1
Others ⁽²⁾	7	4	80.5	15	8	97.3
Operating revenue	329	299	10.2	606	592	2.3
Intercompany eliminations	(16)	(21)	-23.5	(35)	(42)	-15.7
Operating revenue	313	277	12.8	571	551	3.8
Operating expenses	(347)	(292)	18.9	(630)	(588)	7.1
	(34)	(15)	136.6	(59)	(37)	57.0
Other income	-	1	nm	1	*	nm
EBITDA	(34)	(14)	148.6	(58)	(37)	54.7
Depreciation	(8)	(7)	13.4	(14)	(15)	-9.3
Amortisation of intangibles	(7)	(12)	-39.8	(14)	(27)	-46.4
	(15)	(19)	-21.1	(28)	(42)	-32.9
EBIT	(49)	(33)	50.3	(86)	(79)	8.5
Amobee group						
Operating revenue	322	294	9.2	591	585	1.1
Intercompany eliminations	(16)	(21)	-23.3	(33)	(40)	-16.7
Operating revenue	306	274	11.7	558	544	2.4
EBITDA	(10)	11	nm	(10)	11	nm
EBIT	(21)	(2)	@	(31)	(18)	66.7

Notes:

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

(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 and "@" denotes more than +/- 500%.

SECTION 4 : GROUP DIGITAL LIFE

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	2017 S\$ m		2018 S\$ m	2017 S\$ m	
Cost of sales	251	210	19.3	453	422	7.4
Staff costs	65	53	22.8	120	110	8.9
Selling & administrative	26	25	3.6	48	49	-2.4
Others	5	3	50.0	9	7	30.9
Operating expenses	347	292	18.9	630	588	7.1

GROUP DIGITAL LIFE OPERATING HIGHLIGHTS**For The Second Quarter Ended 30 September 2018**

Operating revenue increased 13% boosted by first time contribution from Videology (acquired on 22 August 2018) and increase in Amobee's programmatic platform and email businesses. Revenue from media business, however, fell due to customers shifting their spend from managed to self-served platforms. HOOQ doubled its revenue from the same quarter last year as it continued to ramp up its business through new distribution partnerships in India and Indonesia.

Negative EBITDA amounted to S\$34 million on one-off adjustment for accrual of stock option expenses and inclusion of Videology's losses.

With the acquisition of Videology, Amobee will expand its omni-channel suite to include the high growth segments of advanced TV and video advertising.

Amobee continued to gain industry recognition for its excellence in digital marketing. It received two prestigious Digiday Technology Award wins for Best Data Management Platform and Best Marketing Dashboard Software. The Digiday Technology Awards recognised the technology which bring transparency, efficiency, and effectiveness to the media and marketing processes for brands, agencies and publishers.

Amobee also achieved client wins from Southwest Airlines, Del Monte, Jameson, Constellation Brands, Honda, Intel, and Kraft in the quarter.

In the quarter, HOOQ entered into a landmark distribution partnership with Hotstar in India. The partnership gives HOOQ access to Hotstar's 150 million monthly active users base and offers Hotstar's premium customers over 6,000 hours of premium Hollywood content, including the exclusive United States TV series on the same day as the US telecast. HOOQ also released a six-part series crime thriller, Brata, which is co-produced with Telkomsel.

SECTION 4 : GROUP DIGITAL LIFE

For The Half Year Ended 30 September 2018

Operating revenue for the half year increased 3.8% to S\$571 million (up 5.7% in constant currency terms) mainly contributed by Amobee and HOOQ. Amobee's revenue was impacted by lower media business.

Negative EBITDA was S\$58 million and negative EBIT was S\$86 million for the half year.

SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 30 June 2018 were as follows:

	Quarter		QOQ Chge %
	30 Sep 2018 S\$ m	30 Jun 2018 S\$ m	
Operating revenue (before intercompany eliminations)	329	277	18.8
Intercompany eliminations	(16)	(18)	-10.4
Operating revenue	313	259	20.9
Operating expenses	(347)	(283)	22.6
EBITDA	(34)	(23)	46.6
EBIT	(49)	(36)	35.8

Operating revenue grew on inclusion of videology's revenue and higher revenue from Amobee. However, higher losses were recorded this quarter due to one-off adjustment for accrual of stock option expenses and inclusion of Videology's losses.

SECTION 5: ASSOCIATES / JOINT VENTURES

FINANCIAL HIGHLIGHTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

- Pre-tax and post-tax underlying profit¹⁴ contributions from associates declined 46% and 24% respectively, mainly from Airtel and Telkomsel.
- If the regional currencies had remained stable from last corresponding period, the pre-tax and post-tax underlying profit¹⁴ contributions from associates would have declined 44% and 20% respectively.

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

- The contributions from the associates were negatively impacted by the strong Singapore Dollar.
- Pre-tax and post-tax underlying profit¹⁴ contributions from associates fell 50% and 23% respectively, mainly from Airtel and Telkomsel.
- If the regional currencies had remained stable from last corresponding quarter, the pre-tax and post-tax underlying profit¹⁴ contributions from associates would have declined by 48% and 18% respectively.
- The Group's combined mobile customer base¹⁵ declined by 18 million or 2.5% in the quarter to 717 million on declines in Airtel and Telkomsel.

¹⁴ Exclude one-off items of the associates classified as exceptional items of the Group.

¹⁵ 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 %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	2017 S\$ m		2018 S\$ m	2017 S\$ m	
Regional associates						
Telkomsel						
- operating results	289	371	-22.0	525	754	-30.3
- fair value gain	1	*	nm	3	*	nm
	291	371	-21.7	528	754	-30.0
AIS						
- operating results	79	82	-4.3	171	164	4.4
- fair value gain	*	*	nm	1	1	140.0
	79	83	-4.5	173	165	4.8
Bharti Telecom ("BTL")/ Bharti Airtel ("Airtel")						
Airtel ⁽²⁾						
- operating results (India and South Asia) ⁽³⁾	(35)	191	nm	8	389	-98.0
- operating results (Africa) ⁽³⁾	99	65	52.2	177	108	63.6
- operating results (Others)	2	2	-34.8	(6)	1	nm
- net finance costs	(191)	(147)	30.2	(355)	(287)	23.5
- fair value loss	(39)	(31)	26.5	(41)	(32)	28.8
	(165)	81	nm	(217)	178	nm
BTL ⁽⁴⁾	(11)	2	nm	(22)	8	nm
	(176)	83	nm	(240)	186	nm
Globe						
- operating results	87	61	42.5	180	141	27.9
- fair value gain/ (loss)	1	(2)	nm	2	(1)	nm
	88	59	49.6	183	140	30.6
Intouch ⁽⁵⁾						
- operating results	29	30	-2.4	64	60	6.7
- fair value (loss)/ gain	*	*	nm	*	*	nm
- amortisation of acquired intangibles	(7)	(6)	9.7	(14)	(12)	10.5
	22	24	-7.6	50	48	5.5
	303	620	-51.1	694	1,292	-46.3
Other Singtel associates						
NetLink NBN Trust/ NetLink Trust ("NLT") ⁽⁶⁾	12	12	5.1	25	57	-56.5
Other associates ⁽⁷⁾	15	17	-14.2	27	32	-14.9
Singtel share of ordinary results (pre-tax)	330	648	-49.1	746	1,382	-46.0
Optus share of ordinary results (pre-tax)	*	*	nm	*	*	nm
Group share of ordinary results (pre-tax)	330	648	-49.1	746	1,382	-46.0
Exceptional items ("EI")						
Globe's one off items	-	24	nm	-	24	nm
Airtel's one off items	-	(13)	nm	-	(16)	nm
Group share of EI	-	11	nm	-	7	nm
Singtel share of pre-tax profit ⁽²⁾	330	659	-50.0	746	1,389	-46.3
Optus share of pre-tax profit	*	*	nm	*	*	nm
Group share of pre-tax profit ⁽²⁾	330	659	-50.0	746	1,389	-46.3
<i>(excluding Airtel and BTL)</i>	<i>506</i>	<i>589</i>	<i>-14.0</i>	<i>985</i>	<i>1,219</i>	<i>-19.2</i>
Group share of tax (credit)/ expense ⁽²⁾	(47)	172	nm	(15)	387	nm
Effective tax rate	-14%	26%		-2%	28%	

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Post-tax profit contribution ⁽¹⁾	Quarter				YOY Chge %	Half Year				YOY Chge %
	30 Sep					30 Sep				
	2018		2017			2018		2017		
	S\$ m	% ⁽⁸⁾	S\$ m	% ⁽⁸⁾		S\$ m	% ⁽⁸⁾	S\$ m	% ⁽⁸⁾	
Regional associates										
Telkomsel	216	30	279	31	-22.8	393	27	565	31	-30.5
AIS	66	9	71	8	-7.2	144	10	139	8	3.3
Airtel ⁽²⁾										
- ordinary results (India and South Asia) ⁽³⁾	(104)		50		nm	(154)		109		nm
- ordinary results (Africa) ⁽³⁾	39		(15)		nm	74		(40)		nm
- ordinary results (Others)	2		2		-34.8	(6)		1		nm
	(64)		37		nm	(86)		70		nm
- exceptional items (deferred tax credits etc)	69		(10)		nm	121		(13)		nm
	5		27		-80.6	35		57		-38.6
BTL ⁽⁴⁾	(11)		4		nm	(22)		9		nm
	(6)	(1)	30	3	nm	13	1	66	4	-80.6
Globe										
- ordinary results	60		39		53.7	126		96		30.8
- exceptional items	-		22		nm	-		22		nm
	60	8	62	7	-2.1	126	9	119	6	6.1
Intouch ⁽⁵⁾										
- ordinary results	24		25		-6.0	53		50		6.1
- amortisation of acquired intangibles	(6)		(5)		10.0	(11)		(10)		11.1
	18	3	20	2	-10.0	42	3	40	2	4.8
	354	49	462	51	-23.5	716	49	928	51	-22.8
Other Singtel associates										
NLT ⁽⁶⁾	12	2	11	1	7.5	23	2	48	3	-52.0
Other associates ⁽⁷⁾	11	2	14	2	-19.3	21	1	26	1	-21.2
Singtel share of post-tax profit ⁽²⁾	377	53	487	53	-22.7	760	53	1,002	55	-24.1
Optus share of post-tax profit	*	**	*	**	nm	*	**	*	**	nm
Group share of post-tax profit ⁽²⁾	377	53	487	53	-22.7	760	53	1,002	55	-24.1
<i>(excluding Airtel and BTL)</i>	383		457		-16.2	748		937		-20.2

Post-tax profit contribution (in constant currency) ⁽⁹⁾	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	2017 S\$ m		2018 S\$ m	2017 S\$ m	
Regional associates						
- operating results	365	658	-44.4	783	1,336	-41.4
- fair value losses	(40)	(32)	25.7	(38)	(32)	19.7
- amortisation of acquired intangibles	(7)	(6)	8.1	(13)	(12)	8.1
	319	620	-48.6	732	1,292	-43.4
Other associates	27	29	-6.3	52	89	-41.5
Group share of ordinary results	345	648	-46.7	784	1,382	-43.3
Group share of exceptional items	-	11	nm	-	7	nm
Group share of pre-tax profit	345	659	-47.6	784	1,389	-43.5
Group share of tax credit/ (expense)	55	(172)	nm	21	(387)	nm
Group share of post-tax profit	400	487	-17.9	805	1,002	-19.7
Excluding Airtel and BTL						
Group share of pre-tax profit	536	589	-9.0	1,043	1,219	-14.4
Group share of tax expense	(132)	(132)	-0.2	(254)	(282)	-10.1
Group share of post-tax profit	404	457	-11.5	789	937	-15.7

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 excluded the Group's share of the associates' one-off items which have been classified as exceptional items of the Group.
- (3) With effect from 1 April 2018, borrowings for acquisition of Africa operations and the associated finance costs previously included under 'India and South Asia' have been included under 'Africa'. Comparatives have accordingly been restated.
- (4) As at 30 September 2018, Bharti Telecom Limited ("**BTL**") holds an equity interest of 50.1% in Airtel. In BTL's standalone books, its loss mainly comprised of interest charges on debt arising from acquisition of additional equity interest in Airtel in FY2018.
- (5) Singtel holds an equity interest of 21.0% in Intouch which has an equity interest of 40.5% in AIS.
- (6) Singtel ceased to own units in NetLink Trust following the sale to NetLink NBN Trust in July 2017 but continues to have an interest of 24.79% in NetLink NBN Trust, the holding company of NetLink Trust. The share of results included Singtel's amortisation of deferred gain of S\$5 million (Q2 FY2018: S\$5 million) for the current quarter and S\$10 million (H1 FY2018: S\$22 million) for the half year ended 30 September 2018 on assets previously transferred to NetLink Trust, but excluded the fair value adjustments recorded by NetLink NBN Trust in respect of its acquisition of units in NetLink Trust.
- (7) Include the share of results of Singapore Post Limited.
- (8) Shows the post-tax underlying profit contribution of the associates to the Group's underlying net profit.
- (9) Assuming constant exchange rates for the regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding periods ended 30 September 2017.

*** denotes less than +/- S\$0.5 million and *** denotes less than +/- 0.05%.*

Adverse currency movements had negatively impacted the contributions from the associates this quarter. Pre-tax and post-tax underlying profit contributions from the associates fell 50% and 23% respectively. If the regional currencies had remained stable from last corresponding quarter, the associates' pre-tax and post-tax underlying profit contributions would have declined by 48% and 18% respectively. The declines were mainly from Airtel and Telkomsel in the key markets of India and Indonesia respectively.

The associates' underlying profit contributions contributed 53% to the Group's underlying net profit, stable from the same quarter last year.

Year-on-year, Telkomsel reported lower earnings due to steep decline in voice and SMS revenues mitigated by higher data and digital revenues. Compared to the preceding quarter, however, Telkomsel's earnings improved on data price increases in selected regions. Airtel recorded weaker earnings adversely impacted by the lower domestic and international mobile termination rates and sustained pricing pressure in India, partially mitigated by improved performance in Africa. AIS recorded higher revenue and EBITDA but earnings declined due to higher depreciation charges from network investments. Globe also reported higher revenue and EBITDA but its profit contribution to the Group was impacted by the 5% depreciation of the Philippine Peso and the one-off fair value gain recorded in September 2017 quarter.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

PT Telekomunikasi Selular (“Telkomsel”)

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with 183,300 radio base stations (of which 73% 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 7,600 4G radio base stations.

Operating revenue for the quarter declined 2% year-on-year due to the steep 24% decline in voice and SMS revenues partly offset by 24% increase in data and digital services. With lower revenue, higher operation and maintenance costs from accelerated deployment of 4G network and increased frequency fees for 2300 MHz spectrum acquired in October 2017, EBITDA declined 9%.

Compared to the preceding quarter, however, operating revenue grew 10% on data price increases in selected regions, with the growth in data and digital services revenue mitigating the decline in legacy revenue. With higher revenue and stable operating expenses, EBITDA rose a strong 21%.

Year-on-year, Telkomsel's pre-tax profit declined 14% in Indonesian Rupiah terms. After accounting for the 9% depreciation of the Indonesian Rupiah, the Group's share of Telkomsel's pre-tax profit fell 22%.

On a post-tax basis, Telkomsel's profit contribution for the quarter declined 23% and constituted 30% of the Group's underlying net profit, down from 31% in the same corresponding quarter.

Telkomsel's total mobile customer base fell 10 million from a quarter ago, and 23 million from a year ago, to 168 million (including 113 million of data customers) as at 30 September 2018 on churns as a result of the SIM card registration exercise. The decline was mostly from the non-revenue generating base.

Advanced Info Service (“AIS”)

AIS, the largest mobile communications operator in Thailand, is listed on the Stock Exchange of Thailand. It provides mobile services on 2G, 3G and 4G networks. AIS continues to maintain its mobile market leadership position and is the largest network coverage operator in Thailand.

In August 2018, the National Broadcasting and Telecommunications Commission (NBTC) held auctions for both 900 MHz and 1800 MHz spectrums. Advanced Wireless Network Co., Ltd., a subsidiary of AIS, participated and won additional 2X5 MHz of 1800 MHz at the bid price of THB12.51 billion.

In the current quarter, AIS' service revenue (excluding interconnect and equipment rental) rose 2% on increase in fixed broadband, as well as consolidation of CS Loxinfo acquired in January 2018.

EBITDA grew 1% on service revenue growth and lower marketing spend.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Including higher depreciation charges from network investments, AIS' pre-tax profit declined 6% in Thai Baht terms. With 2% appreciation of the Thai Baht against the Singapore Dollar, the Group's share of AIS' pre-tax profit declined by 4.5% to S\$79 million.

On a post-tax basis, AIS' profit contribution for the quarter fell 7.2% to S\$66 million and contributed 9% to the Group's underlying net profit, up 1 percentage point from the last corresponding quarter.

Against the preceding quarter, EBITDA declined 6% despite stable service revenue (excluding interconnect and equipment rental) due to higher marketing spend.

AIS continued to focus on the acquisition and retention of quality customers in its postpaid segment. As at 30 September 2018, its mobile customer base grew 0.6 million from a quarter ago, or 0.5 million from a year ago, to 41 million. The number of postpaid customers increased by 0.8 million from a year ago as AIS pushed for migration from prepaid to postpaid.

Airtel Group

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 16 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 Money extends its product portfolio to offer convenience of payments and money transfers on mobile phones. Airtel also owns telecom tower infrastructure through its subsidiary and joint venture company.

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")

During the quarter, Airtel continued to be adversely impacted by the mandatory reduction in domestic mobile termination rates from October 2017 and international mobile termination rates from February 2018. Its performance was further aggravated by sustained pricing pressure from a new operator intent on aggressive market share expansion.

Operating revenue in India fell 11% primarily led by a drop of 16% in mobile revenue on continued ARPU contraction partly mitigated by growth in other segments. With continued rise in penetration of bundled offers which offered unlimited voice calls and more generous data allowance, voice usage grew a robust 59% while data volume rose steeply by more than 3 times. The higher usage, however, could not offset the impact of the reduction in mobile termination rates and sustained pricing pressure. Consequently, mobile ARPU declined to Rs.100 this quarter from Rs.145 in the same quarter last year. The rate of ARPU decline, however, was slower on a sequential quarter basis despite seasonality as Airtel implemented higher value customer retention initiatives.

With lower operating revenue, EBITDA correspondingly declined 33%.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

After accounting for higher depreciation and amortisation charges on higher capex spend mainly on enhancing 4G capabilities, and the 9% depreciation of the Indian Rupee against the Singapore Dollar, the Group's share of pre-tax operating results (before finance costs and fair value adjustments) from India and South Asia turned into a loss at S\$35 million, compared to a profit of S\$191 million in the same quarter last year.

Compared to the preceding quarter, Airtel's revenue from its India and South Asia operations was stable while EBITDA declined 14% on seasonality and increase in network expenses on accelerated 4G rollout.

Airtel's mobile customer base declined 12 million this quarter largely on account of alignment of customer base definition for ex-Telenor base post integration. As at 30 September 2018, Airtel had 333 million of mobile customers, an increase of 51 million from a year ago. The number of data customers increased by 2.9 million this quarter, bringing the total number of data customers to 98 million as at 30 September 2018. The data customer base represented 29% of Airtel's total mobile customer base in India, up from 23% a year ago.

In September 2018, Airtel completed the sale of 15% equity stake in Bharti Telemedia Limited, the Direct-To-Home ("DTH") arm of Airtel.

Africa

As at 30 September 2018, 'Airtel Money' and 3G services were available across all the 14 African countries¹⁶ that Airtel has presence in, while 4G services were available in 10 African countries.

Airtel Africa continued to report strong growth momentum this quarter.

In reported US Dollar terms, operating revenue was stable while EBITDA grew a robust 15%.

In constant US Dollar terms, Africa's operating revenue grew 7% and EBITDA was up 23%. Excluding the divested operations, operating revenue in the 14 African countries¹⁶ grew 11% due to continued strong growth in data and increased penetration of Airtel Money. EBITDA was up 24% on continued strong cost control initiatives and efficiency gains. Its margin rose to another record high of 37.1% this quarter.

Compared to the preceding quarter, in constant currency terms, Airtel Africa's revenue and EBITDA grew 4% and 6% respectively.

With lower depreciation charges, the Group's share of Airtel Africa's pre-tax operating profit (before finance costs and fair value adjustments) grew 52% to S\$99 million.

As at 30 September 2018, the mobile customer base was 94 million, up 2.9 million from a quarter ago and 12.2 million¹⁷ from a year ago. The number of data customers was 27 million, representing 29% of total mobile customer base, up from 26% a year ago.

¹⁶ Namely Nigeria, Chad, Congo B, DRC, Gabon, Madagascar, Niger, Kenya, Malawi, Seychelles, Tanzania, Uganda, Zambia and Rwanda.

¹⁷ Adjusting for the divestment of operations in Ghana and acquisition of Tigo Rwanda, the number of mobile subscribers grew 15.4 million from a year ago.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

In October 2018, Singtel, together with five other leading global investors including Warburg Pincus, Temasek and Softbank, have agreed to invest a total of USD 1.25 billion in Airtel Africa.

Airtel Group excluding Bharti Telecom Ltd (“BTL”)’s standalone results

At the consolidated level, with lower operational performance in India, Airtel’s operating revenue, EBITDA and EBIT declined 6%, 21% and 67% respectively. Including higher net finance costs mainly on increase in interest and finance charges and higher fair value losses, the Group’s share of overall pre-tax operating results from Airtel was a loss of S\$165 million compared to a profit of S\$81 million in the same quarter last year.

After including deferred tax credits mainly from its Direct-To-Home business, the Group’s share of Airtel Group’s post-tax profit was S\$5 million, down from S\$27 million in the last corresponding quarter.

Airtel’s total mobile customer base across all geographies in India, Sri Lanka and Africa fell 9 million in the quarter but grew 63 million from a year ago to 429 million as at 30 September 2018.

Airtel Group combined with BTL

The Group’s share of BTL’s net loss of S\$11 million comprised mainly of net finance expense. When combined, the Group’s share of post-tax loss of Airtel Group and BTL amounted to S\$6 million, compared to a post-tax profit contribution of S\$30 million in the same quarter last year.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Globe Telecom, Inc (“Globe”)

Globe is listed on the Philippine Stock Exchange.

Globe’s service revenue grew by 9% mainly driven by sustained growth in data revenue from increased demand for internet services and continued expansion of mobile networks. With lower interconnect traffic expenses, Globe registered a double-digit growth of 24% in EBITDA.

After including higher depreciation charges and finance costs from its network infrastructure investments, Globe’s pre-tax ordinary profit grew 52% in Philippine Peso terms. With 5% depreciation of the Philippine Peso, the Group’s share of Globe’s pre-tax ordinary profit contribution was up 50% to S\$88 million.

In the corresponding quarter last year, Globe recorded exceptional fair value gain on its retained 45% equity interest in Globe Fintech Innovations, Inc. (a former 100% owned subsidiary). With no exceptional gain this quarter, total pre-tax contribution was up 6.8%.

On a post-tax basis, Globe contributed S\$60 million or 8% of the Group’s underlying net profit, up 1 percentage point from the comparative quarter.

Against the preceding quarter, Globe’s service revenue grew 1% but EBITDA declined 2% on higher staff costs.

With a focus on acquisition of high-value subscribers, Globe’s total mobile customer base expanded by 0.2 million in the quarter to 65 million as at 30 September 2018. Compared to a year ago, its mobile customer base grew 6.0 million.

Intouch Holdings (“Intouch”)

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 net profit for the quarter declined 6.0% to S\$24 million on lower contribution from AIS. After including amortisation of acquired intangibles of S\$6 million (Q2 FY2018: S\$5 million), Intouch’s post-tax contribution fell 10% to S\$18 million which constituted 3% (Q2 FY2018: 2%) of the Group’s underlying net profit.

Against the preceding quarter, Intouch’s net profit declined on lower contribution from AIS.

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 (International) (“**SFRS(I)**”) and is not intended to replace the financial statements prepared in accordance with SFRS(I). 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 %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Group operating revenue						
Optus	2,198	2,242	-1.9	4,398	4,397	**
Singapore	1,626	1,598	1.7	3,178	3,180	-0.1
Other overseas subsidiaries (incl. Amobee & Trustwave)	446	428	4.3	828	847	-2.3
	4,270	4,268	**	8,404	8,423	-0.2
Proportionate share of associates' revenue						
Regional associates	3,206	3,341	-4.0	6,347	6,769	-6.2
Singapore associates ⁽¹⁾	117	114	2.9	247	306	-19.3
Other overseas associates	12	11	12.8	23	23	0.9
	3,335	3,466	-3.8	6,617	7,098	-6.8
Enlarged revenue	7,605	7,733	-1.7	15,021	15,521	-3.2
% of overseas revenue to enlarged revenue	77%	78%		77%	78%	

Note:

(1) Contribution impacted by the reduction in Singtel’s economic interest in NetLink NBN Trust in July 2017.

“***” denotes less than +/- 0.05%.

Overseas revenue contributed 77% (Q2 FY2018: 78%) to the Group’s enlarged revenue, with lower contributions from Airtel and Telkomsel.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Proportionate EBITDA	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	Restated 2017 S\$ m		2018 S\$ m	Restated 2017 S\$ m	
Group EBITDA						
Optus	631	694	-9.1	1,293	1,369	-5.5
Singapore	568	603	-5.9	1,183	1,244	-4.9
Other overseas subsidiaries (incl. Amobee & Trustwave)	(70)	(49)	42.7	(141)	(124)	13.3
	1,129	1,249	-9.6	2,336	2,489	-6.2
Proportionate share of associates' EBITDA ⁽¹⁾						
Regional associates	1,309	1,505	-13.0	2,628	3,029	-13.2
Singapore associates ⁽²⁾	28	32	-10.4	57	112	-48.9
Other overseas associates	11	8	29.8	24	19	30.8
	1,349	1,545	-12.7	2,709	3,159	-14.2
Total proportionate EBITDA ⁽¹⁾	2,477	2,793	-11.3	5,045	5,648	-10.7
Overseas as a % to total proportionate EBITDA	76%	77%		75%	76%	
Contributions to total proportionate EBITDA						
Regional associates	53%	54%		52%	54%	
Australia	25%	25%		26%	24%	
Singapore	24%	23%		25%	24%	
Others	-2%	-1%		-2%	-2%	
	100%	100%		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) Contribution impacted by the reduction in Singtel's economic interest in NetLink NBN Trust in July 2017.

Through its investments in key market overseas, the Group has diversified its earnings base. Overseas operations contributed 76% (Q2 FY2018: 77%) to the Group's total proportionate EBITDA.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

Number of mobile customers (000s)	Total Number			Proportionate Share ⁽¹⁾		
	30 Sep 2018	30 Jun 2018	30 Sep 2017	30 Sep 2018	30 Jun 2018	30 Sep 2017
Singtel	4,126	4,081	4,098	4,126	4,081	4,098
Optus	10,171	10,172	9,827	10,171	10,172	9,827
	14,297	14,253	13,925	14,297	14,253	13,925
Regional Associates						
Airtel						
- India	332,764	344,564	282,047	131,475	136,137	102,834
- Africa	94,096	91,193	81,927	37,177	36,030	29,871
- South Asia	2,427	2,283	2,086	959	903	761
	429,287	438,040	366,060	169,611	173,070	133,466
Telkomsel	167,809	177,888	190,362	58,733	62,261	66,627
AIS	40,647	40,095	40,186	9,479	9,350	9,371
Intouch's share of AIS	NM	NM	NM	3,451	3,406	3,414
Globe	65,360	65,142	59,331	30,771	30,675	27,964
	703,103	721,165	655,939	272,045	278,762	240,842
Group	717,400	735,418	669,864	286,342	293,015	254,767

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 717 million as at 30 September 2018, down by 18 million or 2.5% from a quarter ago on declines in India and Indonesia. Compared to a year ago, the combined mobile customer base rose 48 million or 7.1%.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

OTHER INFORMATION

Singtel Group is building ecosystems with our regional associates and other partners to grow mobile payments and gaming services in the region.

On 2 October 2018, Singtel Group launched VIA, Asia's first cross-border mobile payment alliance, with AIS, Rabbit Line Pay and Kasikornbank, Thailand's largest digital bank. The VIA alliance is the first initiative of its kind to connect both telco and non-telco mobile wallets across borders to create a region-wide payment network that will enable consumers to use their local mobile wallets for payments when travelling overseas. This payment alliance will progressively expand to include other regional associates and non-telcos.

On 5 October 2018, Singtel Group successfully launched its inaugural PVP Esports Championship, a multi-title and regional league. The sold-out-crowd in Singapore and sizeable online audience in China and Southeast Asia is a testimonial to the vibrant esports ecosystem.

On 7 October 2018, Singtel Group also signed a memorandum of understanding (MOU) with Optus, Airtel, AIS, Globe and Telkomsel to cooperate and jointly leverage their strengths to grow the gaming and esports ecosystem in Southeast Asia, Australia and India.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

CASH DIVIDENDS/ DISTRIBUTIONS FROM ASSOCIATES/ JOINT VENTURES ⁽¹⁾

	Quarter		YOY Chge %	Half Year		YOY Chge %
	30 Sep			30 Sep		
	2018 S\$ m	2017 S\$ m		2018 S\$ m	2017 S\$ m	
Telkomsel ⁽²⁾ - final dividend FY 2017 / 2016	-	-	-	954	724	31.8
AIS ⁽³⁾ - interim dividend FY 2018 / FY 2017 - final dividend FY 2017 / 2016	109	99	10.6	109	99	10.6
	-	-	-	102	119	-13.8
Globe ⁽⁴⁾ - quarterly dividend FY 2017/ FY 2016	109	99	10.6	211	217	-2.7
Intouch ⁽⁵⁾ - interim dividend FY 2018 / FY 2017 - final dividend FY 2017/ FY 2016	36	39	-7.5	72	79	-8.8
	38	34	10.8	43	34	26.3
Airtel ⁽⁶⁾ - final dividend FY 2017/ FY 2016	-	-	-	35	44	-19.0
	38	34	10.8	79	78	0.9
Airtel ⁽⁶⁾ - final dividend FY 2018 / FY 2017	30	13	137.0	30	13	137.0
Regional associates	213	184	15.6	1,346	1,111	21.2
Other associates						
NetLink NBN Trust/ NetLink Trust ⁽⁷⁾	-	51	nm	31	76	-58.7
Southern Cross ⁽⁸⁾	-	5	nm	10	11	-4.6
Others	14	6	120.6	21	11	97.2
	14	63	-77.8	63	98	-35.4
Total	227	247	-8.1	1,409	1,208	16.6

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 ordinary dividend of 95% on net profit for FY2017 (FY2016: 95%).
- (3) AIS declared a full year dividend of 70% on net profit for FY2017 (FY2016: 98%). 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 interim dividend for FY2018 of S\$109 million in August 2018.
- (4) Globe paid its third quarterly dividend of PHP 22.75 per common share for FY2017 in September 2018. The Group's share of this dividend was S\$36 million. Globe will pay its next quarterly dividend of PHP 22.75 per common share in December 2018. The Group's share of this dividend is approximately S\$36 million. In November 2018, Globe changed its dividend policy from 75%-90% to 60%-75% of prior year's core net profit for its FY2019 dividend declaration.
- (5) Intouch's 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. The Group received its share of interim dividend for FY2018 of S\$38 million in August 2018.
- (6) Airtel does not have a fixed dividend policy. The Group received its share of the final dividend from its direct stake of 15.01% of S\$30 million in August 2018. On 25 October 2018, Airtel declared an interim dividend of INR 2.5 per common share in respect of its net profit for FY2019. The Group's share of this dividend is approximately S\$28 million, which is expected to be received in November 2018.

SECTION 5 : ASSOCIATES/ JOINT VENTURES

- (7) NetLink NBN Trust's policy is to distribute 100% of its cash available for distribution (CAFD), which includes distributions from its wholly-owned subsidiary NetLink Trust ("NLT"). NLT's distribution policy is to distribute at least 90% of its distributable income to NetLink NBN Trust after setting aside reserves and provisions for, amongst others, future capital expenditure, debt repayment and working capital as may be required. Distributions by NetLink NBN Trust will be made on a semi-annual basis determined for the six month period ending September and March.
- (8) Southern Cross Cables Holdings Limited, part of the Southern Cross consortium, does not have a fixed dividend policy.

The total dividends from the associates decreased 8.1% to S\$227 million in the absence of dividend from NetLink Trust (Q2 FY2018: S\$51 million), partly offset by higher dividends from Airtel and AIS.

KEY OPERATIONAL DATA

	Airtel ⁽¹⁾	Telkomsel	AIS	Intouch	Globe
Singtel's investment:					
Year of initial investment	2000	2001	1999	2016	1993
Effective economic interest (%)	39.5%	35.0%	23.3% ⁽²⁾	21.0%	47.1% ⁽³⁾
Investment to date	S\$4.33 bil	S\$1.93 bil	S\$1.20 bil	S\$1.59 bil	S\$1.02 bil
Closing market share price ⁽⁴⁾	INR 338	NA	THB 201 ⁽⁵⁾	THB 54 ⁽⁵⁾	PHP 2,200
Market capitalisation					
- Total	S\$25.50 bil	NA	S\$25.28 bil	S\$7.33 bil	S\$7.41 bil
- Singtel holding	S\$10.07 bil	NA	S\$5.90 bil	S\$1.54 bil	S\$3.49 bil
Operational Performance :					
Mobile penetration rate ⁽⁶⁾	91%	124%	136%	NM	118%
Market share, 30 September 2018 ⁽⁶⁾	29.9%	50.7%	45.1%	NM	52.7%
Market share, 30 June 2018 ⁽⁷⁾	30.1%	50.1%	44.7%	NM	52.7%
Market position ⁽⁸⁾	#2	#1	#1	NM	#1
Mobile customers ('000)					
- Aggregate	429,287	167,809	40,647	NM	65,360
- Proportionate	169,611	58,733	9,479	3,451	30,771
Growth in mobile customers (%) ⁽⁹⁾	17%	-12%	1.1%	NM	10%
Credit ratings					
- Sovereign (Moody's/ S&P Global)	Baa2/BBB-	Baa2/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 September 2018.
- (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 September 2018.
- (7) Based on actual data.
- (8) Based on number of mobile customers and based on actual data or latest data available as of 30 September 2018.
- (9) Compared against 30 September 2017 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 (PRODUCT VIEW)

	Quarter			Half Year		YOY Chge %
	30 Sep 2018	30 Jun 2018	Restated 30 Sep 2017	30 Sep 2018	Restated 30 Sep 2017	
Mobile revenue (S\$'M) ⁽¹⁾	609	591	577	1,200	1,172	2.3
Mobile service revenue (S\$'M) ⁽²⁾	411	421	434	832	872	-4.5
Number of mobile subscribers (000s)						
Prepaid	1,620	1,616	1,675	1,620	1,675	-3.3
Postpaid	2,506	2,465	2,423	2,506	2,423	3.4
Total	4,126	4,081	4,098	4,126	4,098	0.7
Number of 4G mobile subscribers (000s)	3,014	2,905	2,656	3,014	2,656	13.5
Average revenue per subscriber per month ⁽³⁾⁽⁴⁾ (S\$ per month)						
Prepaid	18	18	18	18	18	0.5
Postpaid	43	46	48	45	49	-8.4
Blended	33	35	36	34	36	-5.3
<i>Postpaid (pre SFRS(I) 15 basis)</i>	<i>60</i>	<i>62</i>	<i>64</i>	<i>61</i>	<i>65</i>	<i>-5.9</i>
Data services as % of ARPU						
- total data ⁽⁵⁾	62%	64%	60%	63%	60%	
- non-SMS data	56%	57%	53%	57%	53%	
Postpaid external churn per month ⁽⁶⁾	0.8%	0.9%	0.8%	0.9%	0.8%	
Singapore mobile penetration rate ⁽⁷⁾	147%	148%	149%	147%	149%	
Market share ⁽⁷⁾						
Prepaid	53.1%	51.7%	50.7%	53.1%	50.7%	
Postpaid	47.7%	47.6%	47.9%	47.7%	47.9%	
Overall	49.7%	49.2%	49.0%	49.7%	49.0%	

Notes:

- (1) This comprises mobile service revenue and sales of equipment.
- (2) This is determined net of bill rebates and prepaid sales discount, and includes mobile revenue earned from international telephone calls and broadband bundles.
- (3) Based on average number of subscribers, calculated as the simple average of opening and closing number of subscribers.
- (4) ARPU includes revenue earned from international telephone calls. For prepaid, ARPU is computed net of sales discounts. For this quarter, postpaid ARPU included a one-off reversal relating to prior periods.
- (5) Includes revenue from SMS, *SEND, MMS and other data services.
- (6) 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.
- (7) The market share data as at 30 September 2018 was based on management's estimates. The other market statistics were based on IMDA's latest available published statistics as of 31 August 2018.

SECTION 6 : PRODUCT INFORMATION

AUSTRALIA MOBILE (PRODUCT VIEW)

	Quarter			Half Year		YOY Chge %
	30 Sep 2018	30 Jun 2018	Restated 30 Sep 2017	30 Sep 2018	Restated 30 Sep 2017	
Optus' mobile revenue (A\$'M) ⁽¹⁾	1,422	1,386	1,252	2,808	2,534	10.8
Optus' mobile service revenue (A\$'M)	943	963	960	1,905	1,904	0.1
Optus' mobile outgoing service revenue (A\$M)	888	909	908	1,796	1,800	-0.2
Number of mobile subscribers (000s)						
Prepaid Handset	3,604	3,724	3,701	3,604	3,701	-2.6
Postpaid Handset	5,428	5,335	5,076	5,428	5,076	6.9
Mobile Broadband ⁽²⁾	1,139	1,113	1,050	1,139	1,050	8.4
Total	10,171	10,172	9,827	10,171	9,827	3.5
Number of 4G mobile subscribers (000s) ⁽³⁾	6,483	6,363	6,056	6,483	6,056	7.0
Mobile penetration rate ⁽⁴⁾	ND	1.4	ND	ND	ND	
ARPU per month (A\$) ⁽⁵⁾						
Prepaid Handset	19	19	21	19	21	-9.1
Postpaid Handset	41	42	44	41	44	-6.4
Mobile Broadband ⁽²⁾	21	22	20	21	20	1.8
Blended	31	32	33	31	33	-5.5
<i>Postpaid Handset (pre SFRS(I) 15 & DRP service credit basis)</i>	57	58	60	57	60	-3.9
Data revenue as a % of service revenue						
- total data	79%	80%	80%	79%	80%	
- non-SMS data	71%	71%	71%	71%	71%	
Market share ⁽⁴⁾	ND	27.8%	ND	ND	ND	
Retail postpaid churn rate per month ⁽⁶⁾	1.3%	1.5%	1.5%	1.4%	1.5%	

Notes:

- (1) This comprises mobile service revenue (both outgoing and incoming), sales of equipment and handset leasing in Optus.
- (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. Excludes equipment revenue.
- (6) 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			Half Year		YOY Chge %
	30 Sep 2018	30 Jun 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017	
Singtel TV revenue ⁽¹⁾ (S\$'M)	72	72	64	144	127	13.4
Average revenue per residential TV customer per month ⁽¹⁾ (S\$ per month)	45	44	41	44	41	7.2
Number of residential TV customers (000s)	383	387	404	383	404	-5.1

Note:

(1) Excluding 2018 FIFA World Cup revenue, Singtel TV revenue would be S\$56 million for the current quarter and S\$111 million for the half year ended 30 September 2018. ARPU would be S\$41 for both the current quarter and half year ended 30 September 2018.

SINGAPORE CONSUMER HOME

	Quarter			Half Year		YOY Chge %
	30 Sep 2018	30 Jun 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017	
Singapore Consumer home revenue (S\$'M) ⁽¹⁾⁽²⁾	148	149	143	298	283	5.3
Number of households on triple/ quad play services (000s) ⁽³⁾	509	507	505	509	505	0.9

Notes:

- (1) This comprises fixed broadband, fixed voice and Singtel TV in the residential segment only and does not include mobile.
- (2) Excluding 2018 FIFA World Cup revenue, Consumer home revenue would be S\$134 million for the current quarter and S\$270 million for the half year ended 30 September 2018.
- (3) 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			Half Year		YOY Chge %
	30 Sep 2018	30 Jun 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017	
Internet						
Number of fixed broadband lines (000s) ⁽¹⁾	624	621	617	624	617	1.2
<i>Singapore fixed broadband penetration rate</i> ⁽²⁾	92.3%	92.3%	94.5%	92.3%	94.5%	
<i>Fixed broadband market share</i> ⁽³⁾⁽⁴⁾	42.6%	42.2%	42.2%	42.6%	42.2%	
Number of fibre broadband lines (000s)	616	609	580	616	580	6.2
<i>Fibre broadband market share</i> ⁽⁴⁾	47.5%	47.0%	47.4%	47.5%	47.4%	
International Telephone (for both fixed and mobile calls)						
International telephone outgoing minutes (m mins) (excl Malaysia)	483	527	563	1,010	1,153	-12.4
Average collection rate - net basis (S\$/ min) (excl Malaysia)	0.087	0.086	0.093	0.087	0.092	-5.4
National Telephone						
Fixed working lines (000s) ⁽⁵⁾						
Residential	758	764	776	758	776	-2.3
Business	621	632	663	621	663	-6.3
Total	1,379	1,396	1,439	1,379	1,439	-4.2
<i>Singapore fixed line penetration rate</i> ⁽⁶⁾	35.2%	35.2%	35.5%	35.2%	35.5%	
<i>Singapore fixed working lines ('000s)</i> ⁽⁶⁾	1,986	1,987	1,990	1,986	1,990	
<i>Fixed line market share</i> ⁽⁶⁾	69.5%	70.3%	72.3%	69.5%	72.3%	

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 September 2018 was based on IMDA's latest available published statistics as of 31 August 2018.
- (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 September 2018 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 September 2018 was based on management's estimates. The other market statistics as at 30 September 2018 were based on IMDA's latest available published statistics as of 30 June 2018.

SECTION 6 : PRODUCT INFORMATION

Australia	Quarter			Half Year		YOY Chge %
	30 Sep 2018	30 Jun 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017	
Enterprise Fixed						
Business voice minutes (m min)	1,275	1,275	1,309	2,549	2,559	-0.4
Wholesale Fixed						
Wholesale domestic voice minutes (m min)	941	920	1,047	1,860	2,058	-9.6
Mass Market Fixed						
On-net ARPU (A\$) ⁽¹⁾						
Voice ⁽²⁾	31	30	32	31	33	-5.4
Broadband ⁽²⁾⁽³⁾	55	56	56	55	56	-1.1
Telephony customers ('000)						
HFC ⁽⁴⁾	399	402	425	399	425	-6.2
ULL ⁽⁵⁾	293	310	359	293	359	-18.5
On-net	692	713	784	692	784	-11.8
Resale	34	39	52	34	52	-34.1
NBN	520	488	350	520	350	48.5
Off-net	555	527	403	555	403	37.8
TV customers (000s)	515	513	469	515	469	10.0
<i>HFC bundling rate ⁽⁶⁾</i>	100%	100%	98%	100%	98%	
HFC penetration	29%	29%	30%	29%	30%	
Broadband customers (000s)						
On-net						
HFC broadband	391	395	418	391	418	-6.3
ULL broadband ⁽⁵⁾	303	322	373	303	373	-18.9
Business grade broadband	24	24	25	24	25	-3.6
	719	741	816	719	816	-12.0
Off-net						
Broadband	23	25	39	23	39	-41.6
NBN	516	483	351	516	351	46.9
Total Broadband customers	1,257	1,249	1,206	1,257	1,206	4.2

Notes:

- (1) Per month, based on average number of HFC and ULL customers.
- (2) Comparatives have been restated to be consistent with the current quarter/ period.
- (3) Includes Optus TV with Fetch.
- (4) 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.
- (5) Include wholesale ULL subscribers.
- (6) 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 Standards (International).
“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.
“SFRS(I)”	Singapore Financial Reporting Standards (International).
“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.
“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.
“SFRS”	Singapore Financial Reporting Standard,
“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 and 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 Second Quarter Ended 30 September 2018

	Quarter							YOY Chge %
	30 Sep							
	2018			2018		2018	2017	
	Singapore S\$ m	Asso/JV S\$ m	Corp S\$ m	Singtel S\$ m	Optus S\$ m	Group S\$ m	Restated Group S\$ m	
Operating revenue	2,072	-	-	2,072	2,198	4,270	4,268	**
Operating expenses	(1,585)	-	-	(1,585)	(1,606)	(3,191)	(3,066)	4.1
	487	-	-	487	592	1,079	1,201	-10.2
Other income	11	-	-	11	39	50	47	5.9
EBITDA	498	-	-	498	631	1,129	1,249	-9.6
- <i>EBITDA margin</i>	24.0%	-	-	24.0%	28.7%	26.4%	29.3%	
Share of associates' pre-tax profits								
<i>Regional associates</i>	-	303	-	303	-	303	620	-51.1
<i>Other associates</i>	-	27	-	27	*	27	29	-6.3
- ordinary operations	-	330	-	330	*	330	648	-49.1
- exceptional items	-	-	-	-	-	-	11	nm
	-	330	-	330	*	330	659	-50.0
EBITDA and share of associates' pre-tax profits	498	330	-	828	631	1,459	1,908	-23.5
Depreciation & amortisation	(186)	-	-	(186)	(368)	(554)	(576)	-3.9
EBIT	312	330	-	642	263	905	1,331	-32.1
Net finance expense								
- net interest expense	(46)	-	-	(46)	(50)	(95)	(96)	-1.1
- other finance income	1	-	-	1	1	2	5	-69.2
	(45)	-	-	(45)	(49)	(94)	(91)	2.7
Profit before EI and tax	267	330	-	597	214	811	1,240	-34.6
Taxation								
- current and deferred taxes	(49)	-	-	(49)	(64)	(113)	(134)	-15.8
- share of taxes of associates	-	47	-	47	-	47	(172)	nm
- withholding taxes ⁽¹⁾	-	-	(36)	(36)	-	(36)	(25)	41.7
	(49)	47	(36)	(38)	(64)	(102)	(332)	-69.2
Profit/ (Loss) after tax	219	377	(36)	559	150	709	909	-22.0
Minority interests	6	-	-	6	-	6	6	3.4
Underlying net profit/ (loss)	225	377	(36)	565	150	715	915	-21.8
(exclude Airtel and BTL) ⁽²⁾	225	383	(36)	572	150	721	884	-18.5
Exceptional items (post-tax)	(4)	-	1	(3)	(45)	(48)	1,940	nm
Net profit/ (loss)	221	377	(35)	563	104	667	2,854	-76.6
(exclude Airtel and BTL) ⁽²⁾	221	383	(35)	569	104	673	2,824	-76.2

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) The profits were adjusted to exclude results of Airtel and BTL.

“**” denotes less than +/- S\$0.5 million and “***” denotes more than +/- 0.05%

GROUP SUMMARY INCOME STATEMENTS

For The Half Year Ended 30 September 2018

	Half Year							YOY Chge %
	30 Sep							
	2018			2018		2018	2017	
	Singapore S\$ m	Asso/JV S\$ m	Corp S\$ m	Singtel S\$ m	Optus S\$ m	Group S\$ m	Restated Group S\$ m	
Operating revenue	4,006	-	-	4,006	4,398	8,404	8,423	-0.2
Operating expenses	(3,002)	-	-	(3,002)	(3,181)	(6,183)	(6,054)	2.1
	1,003	-	-	1,003	1,217	2,220	2,369	-6.3
Other income	39	-	-	39	76	115	120	-3.9
EBITDA	1,042	-	-	1,042	1,293	2,336	2,489	-6.2
- EBITDA margin	26.0%	-	-	26.0%	29.4%	27.8%	29.5%	
Share of associates' pre-tax profits								
Regional associates	-	694	-	694	-	694	1,292	-46.3
Other associates	-	52	-	52	*	52	89	-41.5
- ordinary operations	-	746	-	746	*	746	1,382	-46.0
- exceptional items	-	-	-	-	-	-	7	nm
	-	746	-	746	*	746	1,389	-46.3
EBITDA and share of associates' pre-tax profits	1,042	746	-	1,788	1,293	3,081	3,878	-20.5
Depreciation & amortisation	(366)	-	-	(366)	(742)	(1,108)	(1,126)	-1.6
EBIT	677	746	-	1,422	551	1,974	2,752	-28.3
Net finance expense								
- net interest expense	(87)	-	-	(87)	(99)	(186)	(187)	-0.7
- other finance income	8	-	13	21	1	22	10	118.0
	(79)	-	13	(66)	(98)	(164)	(177)	-7.5
Profit before EI and tax	597	746	13	1,356	454	1,810	2,575	-29.7
Taxation								
- current and deferred taxes	(113)	-	-	(113)	(137)	(250)	(273)	-8.4
- share of taxes of associates	-	15	-	15	-	15	(387)	nm
- withholding taxes ⁽¹⁾	-	-	(138)	(138)	-	(138)	(104)	32.2
	(113)	15	(138)	(236)	(137)	(373)	(764)	-51.1
Profit/ (Loss) after tax	485	760	(125)	1,120	317	1,437	1,812	-20.7
Minority interests	11	-	-	11	-	11	11	**
Underlying net profit/ (loss)	496	760	(125)	1,131	317	1,448	1,823	-20.6
(exclude Airtel and BTL) ⁽²⁾	496	748	(125)	1,119	317	1,435	1,758	-18.3
Exceptional items (post-tax)	89	17	1	107	(57)	51	1,921	-97.4
Net profit/ (loss)	585	777	(124)	1,239	260	1,499	3,744	-60.0
(exclude Airtel and BTL) ⁽²⁾	585	748	(124)	1,209	260	1,469	3,679	-60.1

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) The profits were adjusted to exclude results of Airtel and BTL.

“**” denotes less than +/- S\$0.5 million and “***” denotes more than +/- 0.05%

GROUP SUMMARY INCOME STATEMENTS

For The Second Quarter And Half Year Ended 30 September 2018

	Quarter	YOY		Half Year	YOY	
	30 Sep	Change	Change in constant currency ⁽¹⁾	30 Sep	Change	Change in constant currency ⁽¹⁾
	2018			2018		
	S\$ m	%	%	S\$ m	%	%
Operating revenue	4,270	**	3.9	8,404	-0.2	2.8
Operating expenses	(3,191)	4.1	8.0	(6,183)	2.1	5.3
	1,079	-10.2	-6.5	2,220	-6.3	-3.5
Other income	50	5.9	12.2	115	-3.9	-0.3
EBITDA	1,129	-9.6	-5.8	2,336	-6.2	-3.4
-EBITDA margin	26.4%			27.8%		
Share of associates' pre-tax profits						
- <i>Telkomsel</i>	291	-21.7	-14.5	528	-30.0	-23.3
- <i>Airtel</i>	(176)	<i>nm</i>	<i>nm</i>	(240)	<i>nm</i>	<i>nm</i>
- <i>AIS</i>	79	-4.5	-6.2	173	4.8	2.3
- <i>Globe</i>	88	49.6	56.9	183	30.6	40.6
- <i>Intouch</i>	22	-7.6	-9.3	50	5.5	2.8
Regional associates	303	-51.1	-48.6	694	-46.3	-43.4
Other associates	27	-6.3	-6.3	52	-41.5	-41.5
- ordinary operations	330	-49.1	-46.7	746	-46.0	-43.3
- exceptional items	-	<i>nm</i>	<i>nm</i>	-	<i>nm</i>	<i>nm</i>
	330	-50.0	-47.6	746	-46.3	-43.5
EBITDA and share of associates' pre-tax profits	1,459	-23.5	-20.2	3,081	-20.5	-17.8
Depreciation & amortisation	(554)	-3.9	0.9	(1,108)	-1.6	2.1
EBIT	905	-32.1	-29.4	1,974	-28.3	-25.9
Net finance expense	(94)	2.7	6.5	(164)	-7.5	-4.5
Profit before EI and tax	811	-34.6	-32.0	1,810	-29.7	-27.4
Taxation	(102)	-69.2	-69.7	(373)	-51.1	-50.8
Profit after tax	709	-22.0	-18.3	1,437	-20.7	-17.5
Minority interests	6	3.4	3.0	11	**	3.3
Underlying net profit	715	-21.8	-18.1	1,448	-20.6	-17.4
<i>(exclude Airtel and BTL)</i> ⁽²⁾	721	-18.5	-14.9	1,435	-18.3	-14.3
EI (post-tax)	(48)	<i>nm</i>	<i>nm</i>	51	-97.4	-97.5
Net profit	667	-76.6	-75.6	1,499	-60.0	-58.5
<i>(exclude Airtel and BTL)</i> ⁽²⁾	673	-76.2	-75.2	1,469	-60.1	-58.6

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 periods ended 30 September 2017.
- (2) The profits were adjusted to exclude results of Airtel and BTL.

BUSINESS SEGMENTS

For The Second Quarter And Half Year Ended 30 September 2018

	Quarter	YOY		Half Year	YOY	
	30 Sep	Change	Change in constant currency ⁽¹⁾	30 Sep	Change	Change in constant currency ⁽¹⁾
	2018			2018		
	S\$ m	%	%	S\$ m	%	%
Operating revenue						
Group Consumer	2,385	1.5	7.3	4,741	1.7	6.0
Group Enterprise	1,573	-4.1	-2.4	3,092	-3.7	-2.3
Core Business	3,957	-0.8	3.3	7,832	-0.5	2.6
Group Digital Life	313	12.8	12.7	571	3.8	5.7
Group	4,270	**	3.9	8,404	-0.2	2.8
EBITDA						
Group Consumer	745	-8.7	-3.5	1,539	-5.0	-1.0
Group Enterprise	440	-4.8	-3.8	889	-5.9	-5.2
Core Business	1,185	-7.3	-3.6	2,428	-5.3	-2.6
Group Digital Life	(34)	148.6	147.3	(58)	54.7	56.6
Corporate	(22)	35.8	35.8	(34)	-8.0	-8.0
Group	1,129	-9.6	-5.8	2,336	-6.2	-3.4
EBIT (exclude share of associates' pre-tax profits)						
Group Consumer	357	-13.5	-8.9	761	-9.2	-5.8
Group Enterprise	289	-6.2	-5.6	588	-8.4	-8.2
Core Business	646	-10.3	-7.5	1,349	-8.8	-6.9
Group Digital Life	(49)	50.3	50.2	(86)	8.5	10.2
Corporate	(22)	41.4	41.4	(36)	-5.1	-5.1
Group	575	-14.5	-11.5	1,228	-9.9	-7.9
Group (exclude NBN migration revenues)						
Operating revenue	4,247	0.9	4.8	8,357	0.4	3.5
EBITDA	1,106	-7.0	-3.2	2,289	-4.1	-1.3
EBIT	552	-10.0	-6.9	1,181	-6.4	-4.4
Core Business (exclude NBN migration revenues)						
Operating revenue	3,935	0.1	4.2	7,785	0.2	3.3
EBITDA	1,162	-4.7	-0.9	2,381	-3.3	-0.5
EBIT	624	-5.8	-3.0	1,302	-5.5	-3.6
Group Consumer (exclude NBN migration revenues)						
Operating revenue	2,362	3.1	9.0	4,694	2.9	7.2
EBITDA	722	-4.6	0.8	1,492	-1.7	2.4
EBIT	334	-5.4	-0.7	714	-3.0	0.5

Note:

(1) Assuming constant exchange rates for the Australian Dollar and United States Dollar from the corresponding periods ended 30 September 2017.

GROUP STATEMENTS OF FINANCIAL POSITION

	As at		
	30 Sep 2018 S\$ million	30 Jun 2018 S\$ million	Restated 30 Sep 2017 S\$ million
Current assets			
Cash and cash equivalents	707	625	651
Trade and other receivables	5,699	5,757	5,862
Inventories	344	403	359
Derivative financial instruments	35	48	25
	6,785	6,833	6,897
Non-current assets			
Property, plant and equipment	11,120	11,314	11,348
Intangible assets	14,075	14,048	14,215
Associates	2,028	1,990	1,953
Joint ventures	11,736	11,967	12,011
Fair value through other comprehensive income ("FVOCI") investments	243	218	232
Deferred tax assets	345	365	436
Derivative financial instruments	452	437	432
Other non-current receivables	614	602	612
	40,613	40,941	41,240
Total assets	47,397	47,775	48,137
Current liabilities			
Trade and other payables	5,142	5,086	4,970
Advance billings	720	786	844
Current tax liabilities	303	462	318
Borrowings (unsecured)	1,516	1,268	865
Borrowings (secured)	21	18	68
Derivative financial instruments	53	55	24
Net deferred gain ⁽¹⁾	20	20	19
	7,774	7,696	7,107
Non-current liabilities			
Borrowings (unsecured)	9,040	7,949	9,156
Borrowings (secured)	89	80	135
Derivative financial instruments	244	229	299
Advance billings	225	233	237
Net deferred gain ⁽¹⁾	364	376	352
Deferred tax liabilities	511	513	558
Other non-current liabilities	275	285	351
	10,747	9,664	11,087
Total liabilities	18,522	17,360	18,194
Net assets	28,876	30,415	29,942
Share capital and reserves			
Share capital	4,127	4,127	4,127
Reserves	24,760	26,293	25,827
Equity attributable to shareholders of the Company	28,887	30,420	29,954
Minority interests and other reserve	(11)	(5)	(12)
Total equity	28,876	30,415	29,942

Note:

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

SINGAPORE CASH FLOW STATEMENT

For The Second Quarter And Half Year Ended 30 September 2018

	Quarter			Half Year		YOY Chge %
	Restated			Restated		
	30 Sep 2018 S\$ m	30 Sep 2017 S\$ m	30 Jun 2018 S\$ m	30 Sep 2018 S\$ m	30 Sep 2017 S\$ m	
Net cash inflow from operating activities						
Profit before exceptional items and tax	267	322	330	597	658	-9.2
Non-cash items	237	239	204	441	471	-6.3
Operating cash flow before working capital changes	504	560	534	1,038	1,128	-8.0
Changes in operating assets and liabilities	(92)	(27)	(75)	(167)	(134)	24.9
	412	533	459	871	995	-12.4
Cash paid to employees under performance share plans	-	-	*	*	(1)	nm
Tax paid on operating activities	(119)	(118)	(2)	(122)	(120)	1.2
Operating cash flow	293	415	456	749	874	-14.2
Net cash (outflow)/ inflow for investing activities						
Accrued capital expenditure	(91)	(164)	(101)	(192)	(224)	-14.3
Changes in creditors' balances	(26)	(48)	(87)	(112)	(142)	-20.9
Cash capital expenditure	(116)	(213)	(188)	(304)	(366)	-16.9
Net repayment of loan to Optus from STAI ⁽¹⁾	118	138	-	118	138	-14.4
Withholding tax paid on interest received on inter-company loans	(12)	(14)	-	(12)	(14)	-15.3
Payment for acquisition of intangibles and other assets	(123)	-	-	(123)	-	nm
Adjustment/ (Payment) for purchase of subsidiaries, net of cash acquired	-	4	-	-	(337)	nm
Payment for acquisition of non-controlling interests	-	-	(16)	(16)	-	nm
Investment in venture investments	(15)	(15)	(9)	(24)	(40)	-39.7
Proceeds from disposal of venture investments	4	*	3	7	2	333.3
Proceeds from disposal of property, plant and equipment	20	99	118	138	103	34.3
Loan repaid by an associate	-	1,101	-	-	1,101	nm
Proceeds/ Deferred proceeds from disposal of an associate	-	1,095	4	4	1,095	-99.6
Payment for purchase of spectrum	-	-	-	-	(188)	nm
Payment for purchase of other intangibles	(14)	(13)	(8)	(22)	(27)	-21.0
Others	7	10	*	7	12	-38.3
	(131)	2,193	(96)	(227)	1,478	nm
Net cash outflow for financing activities						
Net increase/ (decrease) in borrowings	1,502	(1,079)	(1,279)	222	(1,481)	nm
Net interest paid on borrowings and swaps	(38)	(36)	(46)	(84)	(101)	-16.4
Settlement of swap for bonds repaid	17	61	3	20	61	-66.9
Final dividend paid to shareholders	(1,747)	(1,747)	-	(1,747)	(1,747)	**
Purchase of performance shares	(7)	(5)	(2)	(9)	(8)	6.0
Others	1	*	-	1	*	nm
	(273)	(2,805)	(1,324)	(1,597)	(3,276)	-51.3
Net decrease in cash balance from Singapore	(111)	(197)	(964)	(1,074)	(924)	16.3
Net decrease in cash balance from Singapore	(111)	(197)	(964)	(1,074)	(924)	16.3
Dividends/ Distributions received from associates	227	247	1,182	1,409	1,208	16.6
Withholding tax paid	(20)	(19)	(116)	(136)	(115)	18.0
Net dividends/ distributions received from associates	207	228	1,067	1,273	1,093	16.5
Net increase in cash and cash equivalents	96	31	103	199	169	17.5
Singtel cash and cash equivalents at beginning	516	527	406	406	397	2.4
Exchange effects on cash and cash equivalents	*	(3)	7	7	(11)	nm
Singtel cash and cash equivalents at end	612	555	516	612	555	10.3
Singapore free cash flow	177	202	268	445	508	-12.3
Free cash flow from associates' dividends/ distributions	207	228	1,067	1,273	1,093	16.5
Cash capex to operating revenue	6%	11%	10%	8%	9%	

Note:

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

** denotes less than +/- S\$0.5 million and *** denotes less than +/- 0.05%.

OPTUS CASH FLOW STATEMENT

For The Second Quarter And Half Year Ended 30 September 2018

	Quarter			Half Year		YOY Chge %
	30 Sep 2018 A\$ m	Restated		30 Sep 2018 A\$ m	Restated	
		30 Sep 2017 A\$ m	30 Jun 2018 A\$ m		30 Sep 2017 A\$ m	
Net cash inflow from operating activities						
Profit before exceptional items and tax	214	237	238	452	489	-7.6
Non-cash items	361	412	404	765	784	-2.5
Operating cashflow before working capital changes	575	649	642	1,216	1,273	-4.5
Changes in operating assets and liabilities	62	61	(183)	(121)	41	nm
Tax paid	(105)	(65)	(55)	(160)	(130)	23.5
Operating cash flow	531	645	404	935	1,184	-21.0
Net cash outflow for investing activities						
Accrued capital expenditure	(319)	(390)	(271)	(590)	(661)	-10.7
Changes in creditors' balances	81	13	(3)	78	(136)	nm
Cash capital expenditure	(238)	(377)	(274)	(512)	(797)	-35.7
Loan to STAI ⁽¹⁾	(117)	(127)	-	(117)	(127)	-8.1
Payment for purchase of spectrum	(3)	(3)	(34)	(37)	(715)	-94.8
Payment for purchase of other intangibles	(24)	(36)	(13)	(37)	(64)	-41.6
Others	1	1	1	1	1	10.0
	(381)	(543)	(321)	(702)	(1,701)	-58.7
Net cash (outflow for)/ inflow from financing activities						
Net (decrease)/ increase in borrowings	(111)	(71)	(40)	(151)	579	nm
Net interest paid on borrowings and swaps	(44)	(41)	(49)	(93)	(94)	-1.2
Purchase of Singtel shares	*	*	(5)	(5)	(6)	-12.9
Others	(6)	-	1	(5)	-	nm
	(161)	(111)	(94)	(255)	479	nm
Net decrease in cash balance from Optus	(11)	(9)	(10)	(22)	(38)	-42.7
Net decrease in cash and cash equivalents	(11)	(9)	(10)	(22)	(38)	-42.7
Optus cash and cash equivalents at beginning	108	100	118	118	128	-8.1
Optus cash and cash equivalents at end	96	91	108	96	91	6.3
Optus free cash flow	293	268	130	423	387	9.3
Cash capex to operating revenue	11%	18%	13%	12%	19%	

Note:

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

OPTUS FINANCIALS IN AUSTRALIAN DOLLARS

	Quarter		Half Year		YOY
	30 Sep		30 Sep		
	2018 A\$ m	Restated 2017 A\$ m	2018 A\$ m	Restated 2017 A\$ m	Chge %
Operating revenue	2,199	2,087	4,377	4,148	5.5
Operating expenses	(1,607)	(1,470)	(3,166)	(2,942)	7.6
Other income	39	30	76	85	-10.8
EBITDA	631	646	1,287	1,292	-0.4
- margin	28.7%	31.0%	29.4%	31.1%	
Share of results of joint ventures	*	*	*	*	nm
EBITDA and share of results of joint ventures	631	646	1,287	1,292	-0.4
Depreciation & amortisation	(368)	(363)	(738)	(711)	3.8
EBIT	263	284	549	581	-5.5
Net finance expense	(49)	(47)	(97)	(92)	6.0
Profit before exceptional items and tax	214	237	452	489	-7.6
Taxation	(64)	(72)	(137)	(148)	-7.9
Underlying net profit	150	165	315	341	-7.5
Exceptional items (post-tax)	(45)	-	(57)	(16)	247.6
Net profit	105	165	259	325	-20.3

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

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

	As at		
	30 Sep	30 Jun	Restated 30 Sep
	2018 A\$ m	2018 A\$ m	2017 A\$ m
Property, plant and equipment (net)	7,825	7,793	7,560
Gross debt			
Current debt	825	575	550
Non-current debt	3,450	3,767	3,667
Gross debt as reported in the statement of financial position	4,275	4,342	4,217
Related net hedging assets	(295)	(275)	(161)
	3,980	4,067	4,056
Less: Cash and bank balances	(96)	(108)	(91)
Net debt	3,884	3,959	3,965

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	H1	Full Year
Derived weighted average exchange rate ⁽¹⁾ for:						
Operating revenue						
<u>SGD</u>						
FY2019	1.0099	0.9997	<input type="checkbox"/>	<input type="checkbox"/>	1.0048	<input type="checkbox"/>
FY2018	1.0455	1.0744	1.0403	1.0364	1.0601	1.0489
Change (last corresponding period)	-3.4%	-7.0%	<input type="checkbox"/>	<input type="checkbox"/>	-5.2%	<input type="checkbox"/>
Underlying net profit						
<u>SGD</u>						
FY2019	1.0103	0.9980	<input type="checkbox"/>	<input type="checkbox"/>	1.0044	<input type="checkbox"/>
FY2018	1.0453	1.0736	1.0386	1.0346	1.0590	1.0466
Change (last corresponding period)	-3.3%	-7.0%	<input type="checkbox"/>	<input type="checkbox"/>	-5.2%	<input type="checkbox"/>

1 United States Dollar buys:	Q1	Q2	Q3	Q4	H1	Full Year
Derived weighted average exchange rate ⁽²⁾ for:						
Operating revenue						
<u>SGD</u>						
FY2019	1.3346	1.3644	<input type="checkbox"/>	<input type="checkbox"/>	1.3507	<input type="checkbox"/>
FY2018	1.3919	1.3615	1.3560	1.3070	1.3764	1.3565
Change (last corresponding period)	-4.1%	0.2%	<input type="checkbox"/>	<input type="checkbox"/>	-1.9%	<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	H1	Full Year
<u>Rupiah</u>						
FY2019	10,417	10,638	<input type="checkbox"/>	<input type="checkbox"/>	10,526	<input type="checkbox"/>
FY2018	9,554	9,770	10,003	10,309	9,661	9,901
Change (last corresponding period)	9.0%	8.9%	<input type="checkbox"/>	<input type="checkbox"/>	9.0%	<input type="checkbox"/>
<u>Indian Rupee</u>						
FY2019	50.3	51.3	<input type="checkbox"/>	<input type="checkbox"/>	50.8	<input type="checkbox"/>
FY2018	46.4	47.3	47.6	48.8	46.8	47.6
Change (last corresponding period)	8.4%	8.5%	<input type="checkbox"/>	<input type="checkbox"/>	8.5%	<input type="checkbox"/>
<u>Baht</u>						
FY2019	23.9	24.1	<input type="checkbox"/>	<input type="checkbox"/>	24.0	<input type="checkbox"/>
FY2018	24.6	24.5	24.3	23.9	24.6	24.3
Change (last corresponding period)	-2.8%	-1.6%	<input type="checkbox"/>	<input type="checkbox"/>	-2.4%	<input type="checkbox"/>
<u>Peso</u>						
FY2019	39.4	39.2	<input type="checkbox"/>	<input type="checkbox"/>	39.2	<input type="checkbox"/>
FY2018	35.8	37.3	37.6	39.1	36.4	37.5
Change (last corresponding period)	10.1%	5.1%	<input type="checkbox"/>	<input type="checkbox"/>	7.7%	<input type="checkbox"/>

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2019

- **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 FY2018:

Australian Dollar	AUD 1	SGD 1.0489
United States Dollar	USD 1	SGD 1.3565
Indonesian Rupiah	SGD 1	IDR 9,901
Indian Rupee	SGD 1	INR 47.6
Thailand Baht	SGD 1	THB 24.3
Philippine Peso	SGD 1	PHP 37.5

- **Operating revenue¹ from the Core Business (comprising Group Consumer and Group Enterprise) to grow by low single digit and EBITDA¹ to be stable.**
- **Mobile service revenue from Australia to grow by low single digit.**
- **Mobile service revenue from Singapore to decline by mid single digit.**
- **Group ICT revenue (comprising Managed Services and Business Solutions) to increase by mid single digit. This includes Cyber security revenue, which is expected to increase by high single digit.**
- **Excluding acquisitions, operating revenue (including intragroup revenue) at Amobee Group to grow by high single digit and its EBITDA to be positive.**
- **Excluding acquisitions, consolidated revenue¹ for the Group to grow by low single digit and EBITDA¹ to be stable.**
- **Cash capital expenditure and accrued capital expenditure for the Group are expected to approximate S\$2.2 billion each, with A\$1.4 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\$1.9 billion.**
- **Dividends from the regional associates are expected to be around S\$1.4 billion.**

¹ Excluding the impact of NBN migration revenues in Australia for both FY2018 and FY2019.