

Q2FY19 Financial Results Presentation

For the quarter ended 30 Sep 2018

Chua Sock Koong, Group CEO

8 November 2018



Forward looking statement – Important note

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

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

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



Agenda

Overview

Business Units

Outlook

Supplementary Information

H1FY19

Resilient core despite headwinds; ICT revenue expected to grow in H2FY19

		Q2FY19 (S\$M)	H1FY19 (S\$M)	% change (reported)	% change (constant currency) ¹
Resilient revenue despite carriage erosion					
› Strong growth in mobile postpaid customers	Revenue	4,270	8,404	Stable	3%
› Higher equipment sales					
› ICT decline due to lumpy nature of projects; revenue expected to grow in H2FY19					
EBITDA declined on lower NBN migration revenues in Australia	EBITDA	1,129	2,336	(6%)	(3%)
				<i>Ex-NBN migration revenue (4%)</i>	<i>(1%)</i>
Intense competition in India and Indonesia	Regional Associates' PBT²	303	694	(46%)	(43%)
Price recovery in Indonesia drove QoQ earnings growth					
One-off gain from divestment of NetLink Trust (S\$2.0b) in prior period	Underlying NPAT	715	1,448	(21%)	(17%)
	NPAT	667	1,499	(60%)	(59%)
Higher associates' dividends & lower capital expenditure	Free Cashflow	676	2,142	7%	N.M.

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

2. Excludes exceptional items.

N.M. – not meaningful







Q2FY19 and H1FY19 Performance



(S\$M)	Quarter			Half Year		
	Sep 18	Sep 17	YoY %	Sep 18	Sep 17	YoY %
Operating revenue	4,270	4,268	-	8,404	8,423	-
EBITDA	1,129	1,249	(10%)	2,336	2,489	(6%)
- margin	26.4%	29.3%		27.8%	29.5%	
Associates pre-tax earnings ¹	330	648	(49%)	746	1,382	(46%)
EBITDA & share of associates' pre-tax earnings	1,459	1,908	(24%)	3,081	3,878	(21%)
Depreciation & amortisation	(554)	(576)	(4%)	(1,108)	(1,126)	(2%)
Net finance expense	(94)	(91)	3%	(164)	(177)	(8%)
Profit before EI and tax	811	1,240	(35%)	1,810	2,575	(30%)
Tax	(102)	(332)	(69%)	(373)	(764)	(51%)
Underlying net profit	715	915	(22%)	1,448	1,823	(21%)
Exceptional Items (post tax)	(48)	1,940	N.M.	51	1,921	(97%)
Net profit	667	2,854	(77%)	1,499	3,744	(60%)

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

Foreign Exchange Movements

Currency	Quarter Sep 2018			Half year Sep 2018	
	Exchange rate ¹	Increase/ (decrease) against S\$		Exchange rate ¹	Increase/ (decrease) against S\$
		YoY	QoQ		
1 AUD ² 	0.9997	(7.0%)	(1.0%)	1.0048	(5.2%)
1 USD ³ 	1.3644	0.2%	2.2%	1.3507	(1.9%)
IDR 	10,638	(8.9%)	(2.1%)	10,526	(9.0%)
INR 	51.3	(8.5%)	(2.0%)	50.8	(8.5%)
PHP 	39.2	(5.1%)	0.5%	39.2	(7.7%)
THB 	24.1	1.6%	(0.8%)	24.0	2.4%

1. Average exchange rates for the quarter and half year ended 30 September 2018.

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

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

Group Q2FY19 Highlights

Group

- › Interim dividend of 6.8 cents per share

Group Consumer



- › SG: Launched new Chinese entertainment & lifestyle channel



- › SG: Won Best Retail Concept of the Year Award¹



- › AU: On track for commercial launch of 5G Fixed Wireless Access in Jan 2019

- › AU: Home of elite football with Premier League, UEFA and Champions League broadcasts

Group Enterprise

- › Acquired Hivint, an Australian award-winning cyber security consulting company
- › Trustwave SpiderLabs launched new global cyber threat identification capabilities
- › Best Telecom Group and Managed Cloud Services provider in APAC²



Group Digital Life



- › HOOQ widens distribution with Hotstar partnership

International Group

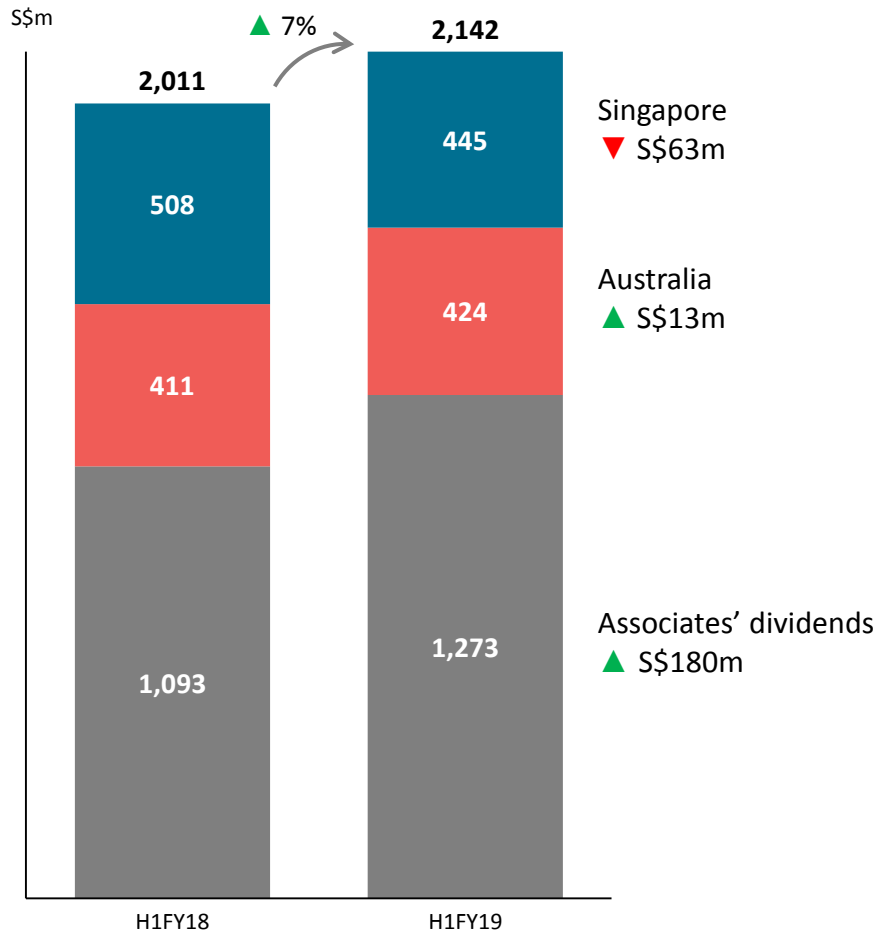
- › Launched VIA - Asia's first cross-border mobile payment alliance
- › Grow gaming and Esports ecosystems



Solid Financial Position

Free Cash Flow

S\$676m



Balance Sheet

Net debt¹ S\$9.8b

Net debt gearing² 25.3%

Net debt: EBITDA & share of associates' pre-tax profits 1.59x

Credit Ratings:
 One of the strongest among global telcos

A+	S&P
A1	Moody's

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

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



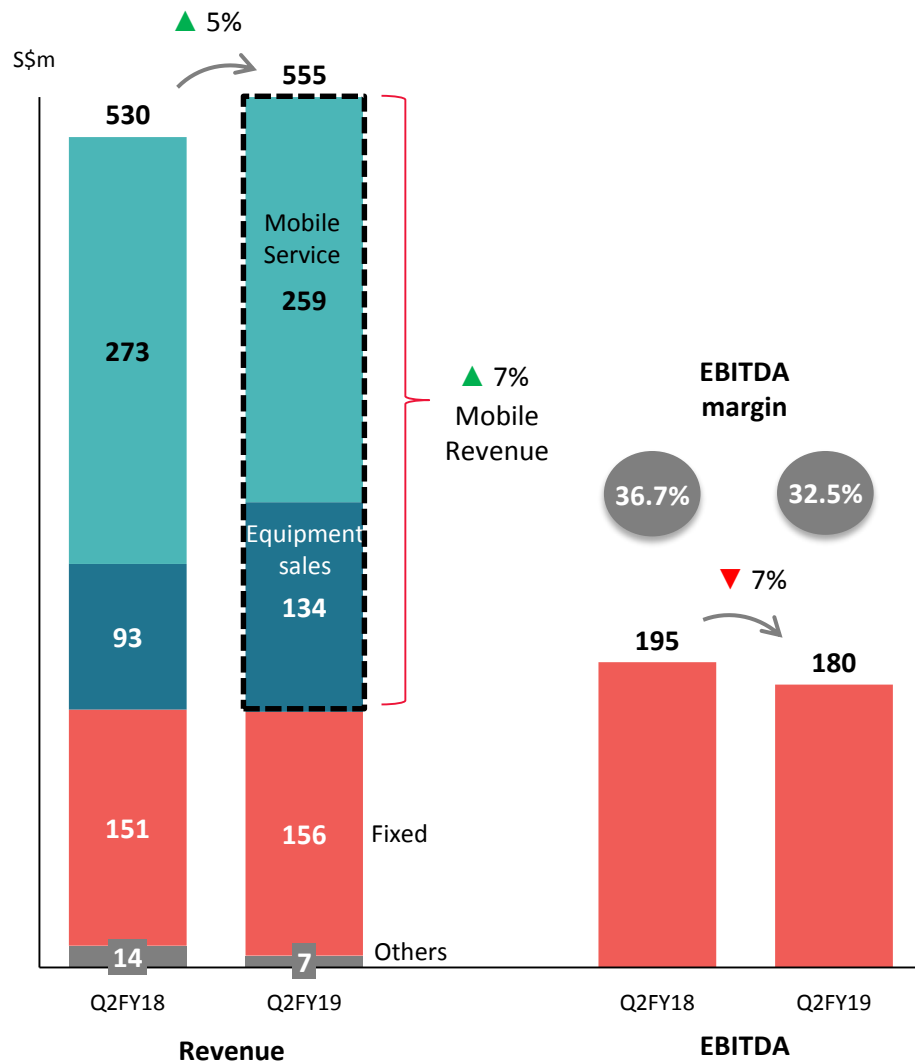
Agenda

Overview

Business Units

Outlook

Supplementary Information



Mobile revenue (incl equipment sales) up 7%

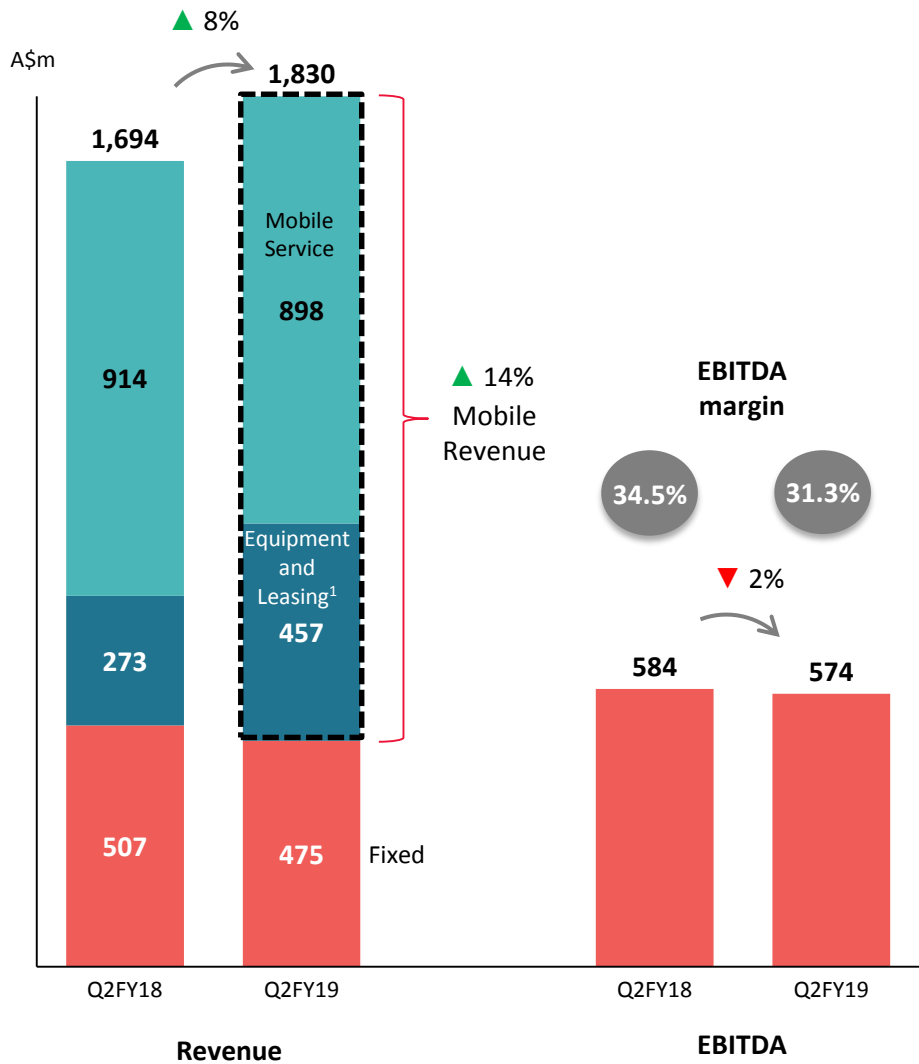
- › Equipment sales up 44% on increased volume of connections & higher mix of premium handsets
- › Lower service revenue impacted by ongoing voice erosion, mitigated by growth in data & digital services

Home service revenue up 4%

- › Includes S\$16m 2018 FIFA World Cup revenue

EBITDA down 7%

- › Lower voice revenue
- › Cessation of Premier League sub-licensing revenue (S\$8m in Q2FY18)



Mobile revenue (incl equipment sales) up 14%

- › Equipment sales up 61% on higher takeup of premium handsets
- › Lower service revenue on data price competition and increased mix of SIM-only plans

Mobile customers

- › Postpaid handset up 87k QoQ²
- › Prepaid handset down 120k QoQ
- › Mobile Broadband up 18k QoQ

Mass market fixed revenue down 7%

- › Up 2% excl NBN migration revenues
- › NBN customers up 33k QoQ

EBITDA up 4% excl NBN migration revenues

1. Includes leasing revenue of A\$24m in Q2FY19.
 2. Branded postpaid handset net adds up 103k QoQ

Regional Associates



Q2FY19	PBT ¹ (S\$m)	% Change (S\$)	% Change (local ccy)	Business Highlights
Regional Associates	303	(51%)	N.M.	› Lower contribution from Airtel and Telkomsel
Telkomsel	291	(22%)	(15%)	› Intense competition during sim-card registration exercise › Price recovery since July 2018 drove 22% QoQ earnings growth
Airtel	(176)	N.M.	N.M.	› India: Mobile revenue declined YoY on strong competition and mobile termination rate cuts but stabilised QoQ
- India & South Asia	(35)	N.M.	N.M.	› Africa:
- Africa	99	52%	66%	<ul style="list-style-type: none"> • Continued strong revenue growth and cost management • Pre-IPO funding of US\$1.25b from 6 global investors
- Others ²	2	(35%)	(25%)	› Increase in net finance costs for infrastructure investments
- Net finance costs & fair value losses	(230)	30%	40%	
- BTL ³	(11)	N.M.	N.M.	
AIS	79	(5%)	(6%)	› Lower earnings on higher network investment
Intouch	22	(8%)	(9%)	› Impacted by AIS' lower earnings
Globe	88	50%	57%	› Strong growth in data revenue & cost management

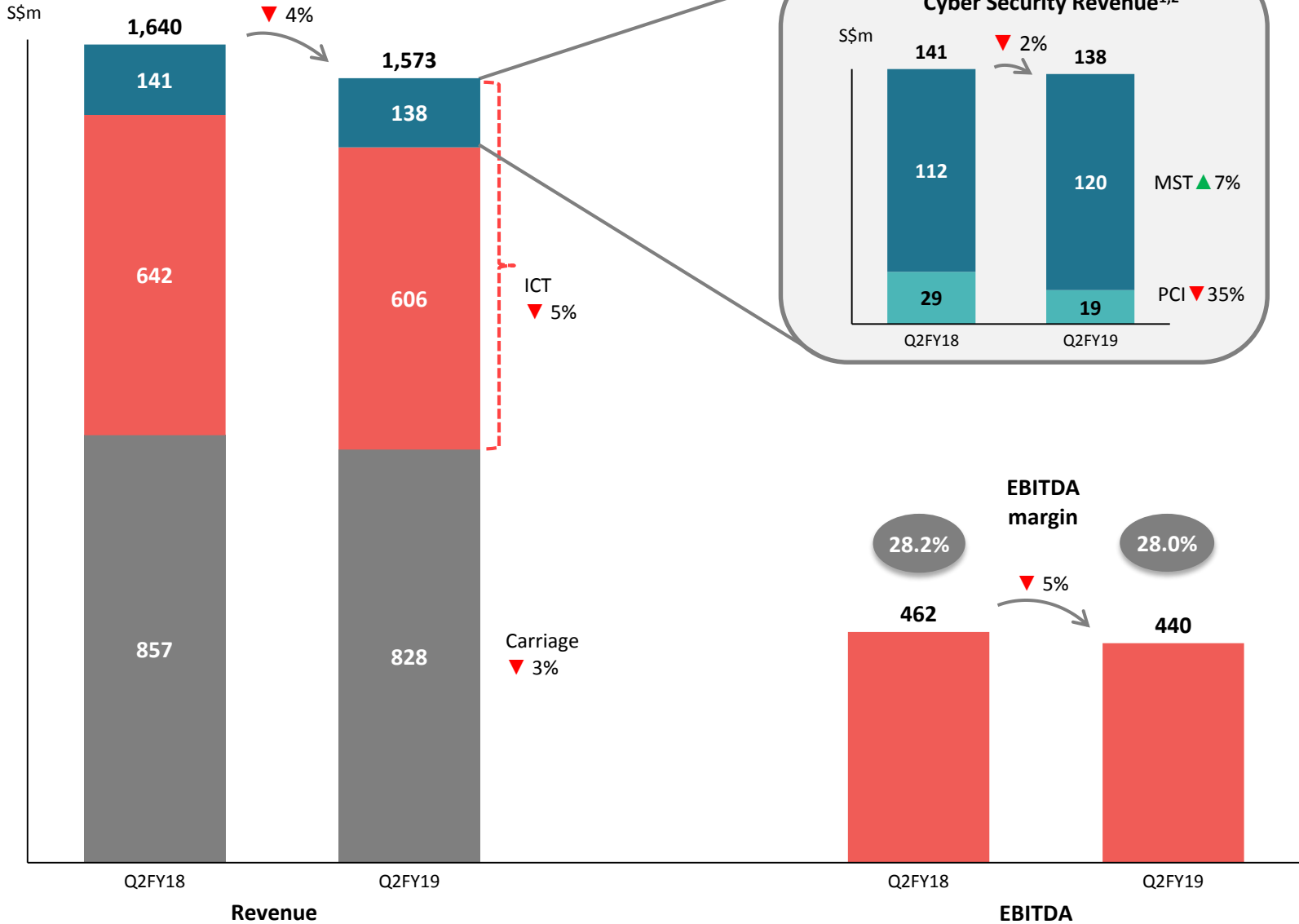
1. Excludes exceptional items.

2. Bharti's share of Associates / Joint Ventures' profits / (losses).

3. BTL, in its standalone books, recorded net losses due to higher interest charges arising from its upstake in Airtel.

N.M. – Not Meaningful

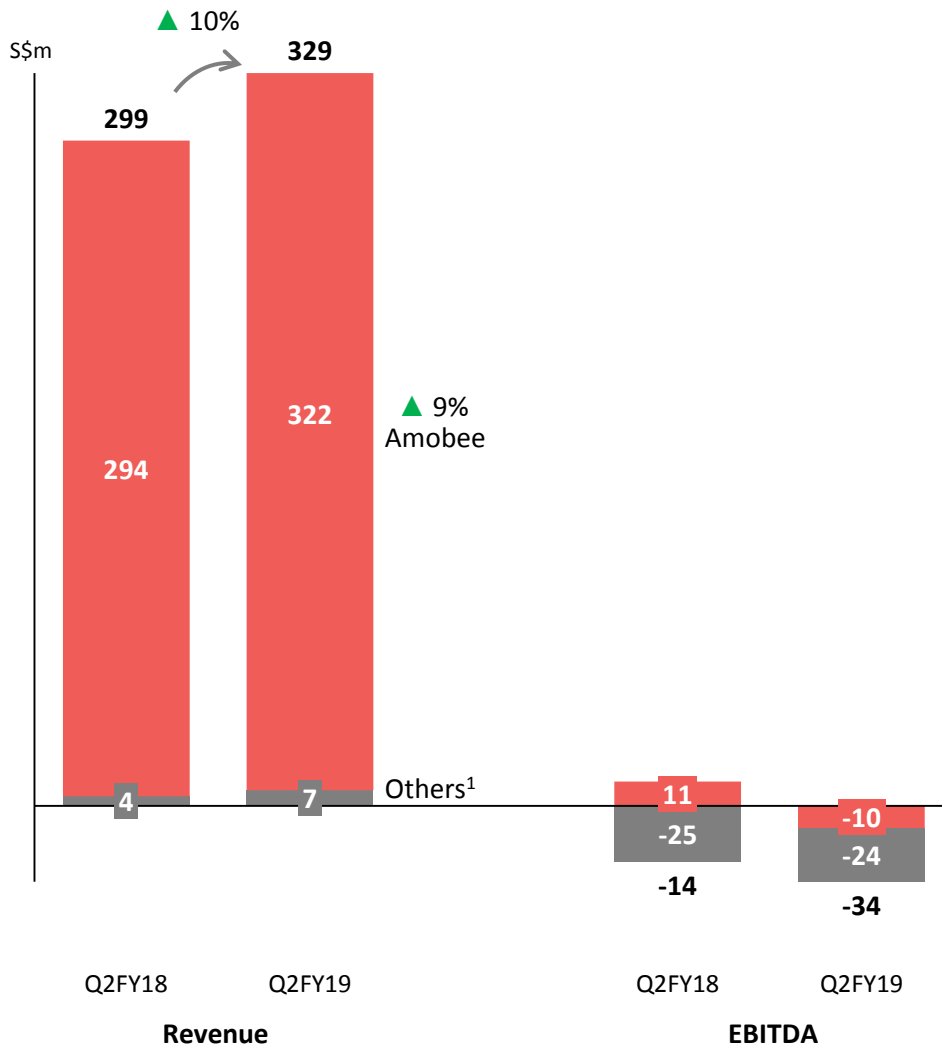
Group Enterprise



1. Cyber security revenue stable in constant currency terms.
 2. Comprises Managed Security & Technology services (MST) and Payment Card Industry (PCI) compliance revenues.

Group Digital Life

Group Digital Life



1. Includes revenues from HOOQ and DataSpark.

Amobee

- › Completed Veeva acquisition



- › Industry recognition for excellence in digital marketing



HOOQ

- › Releases first original Indonesian series





Agenda

Overview

Business Units

Outlook

Supplementary Information

Group

- › Revenue³ to grow by low single digit
- › EBITDA³ to be stable
- › Cash and accrued capital expenditure to be ~S\$2.2b
- › Free cash flow⁴ to be ~S\$1.9b
- › Dividends from regional associates to be ~S\$1.4b

Core Business

- › Revenue³ to grow by low single digit
- › EBITDA³ to be stable
- › Australia Mobile Service revenue to grow by low single digit
- › Singapore Mobile Service revenue to decline by mid single digit
- › Group ICT revenue to increase by mid single digit
- › Cyber Security revenue to increase by high single digit **(updated)**

Group Digital Life

- › Amobee revenue⁵ to grow by high single digit **(updated)**
- › Amobee EBITDA to be positive **(updated)**

1. Based on average exchange rates during FY2018.

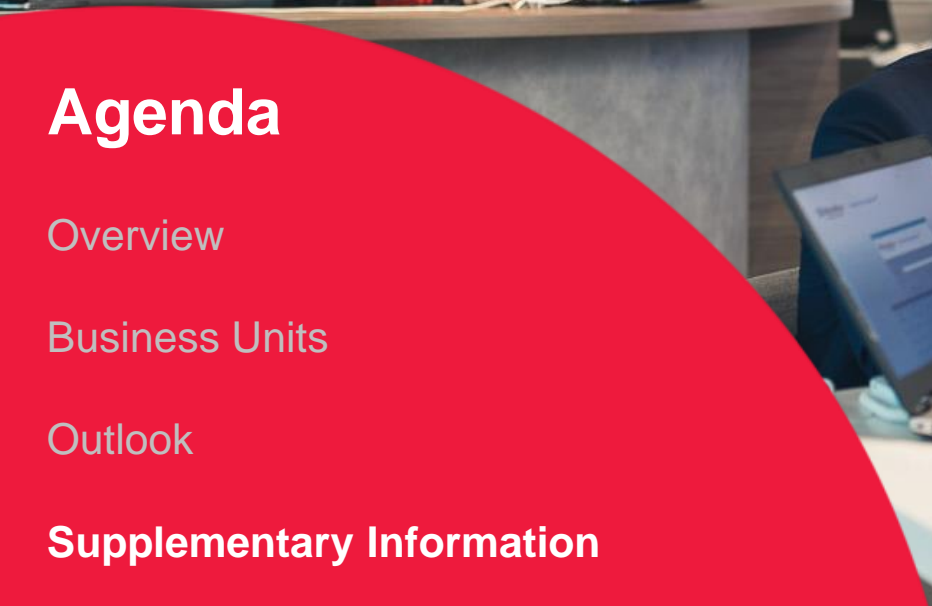
3. Excludes NBN migration revenue in Australia for FY2018 and FY2019.

5. Includes intragroup revenue.

2. Excludes acquisitions.

4. Excludes spectrum payments and associates' dividends.

Business Zone



Agenda

Overview

Business Units

Outlook

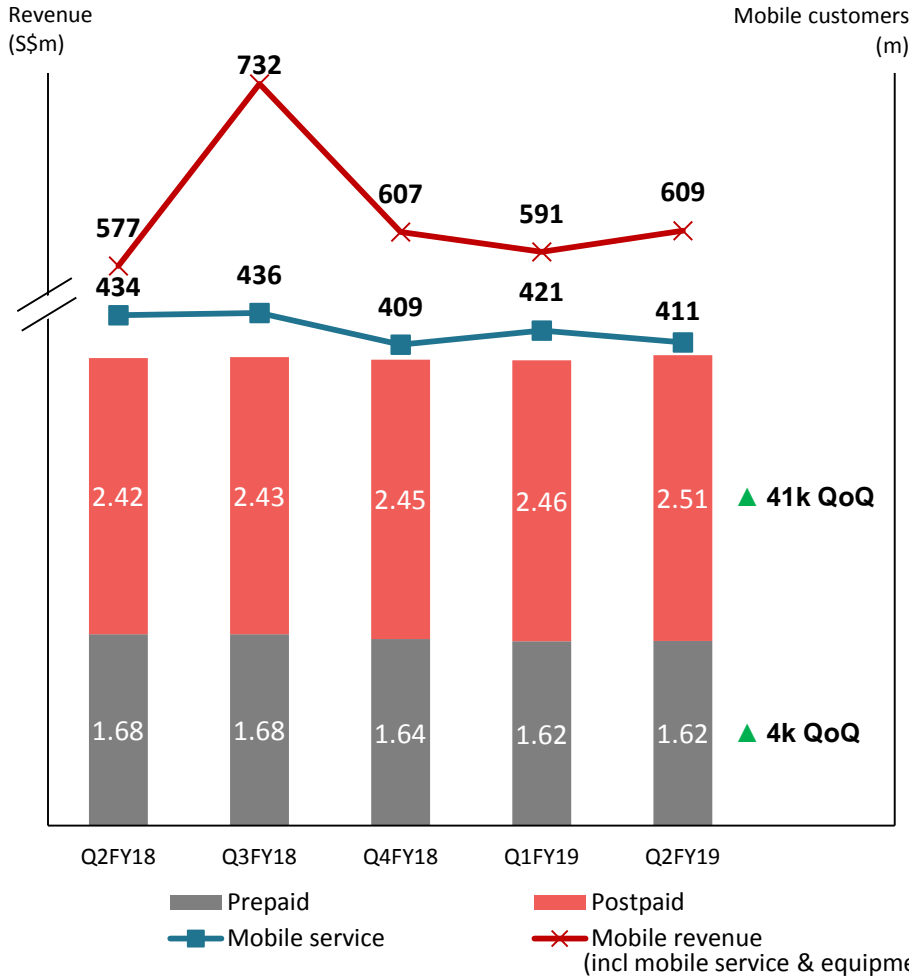
Supplementary Information



Singapore Mobile

Mobile revenue

S\$609m



4G customers up 109k QoQ

3,014k

> 73% penetration

Average quarterly smartphone data usage

4.4Gb

> Up from 3.7Gb in Sep 2017 quarter

> Up from 4.2Gb in Jun 2018 quarter

Postpaid ARPU down 11%

S\$43

> Pre-SFRS(I) ARPU down 7% to \$60

> Decline in local & roaming voice usage

> Dilutive impact of SIM-only & Mobile Share plans

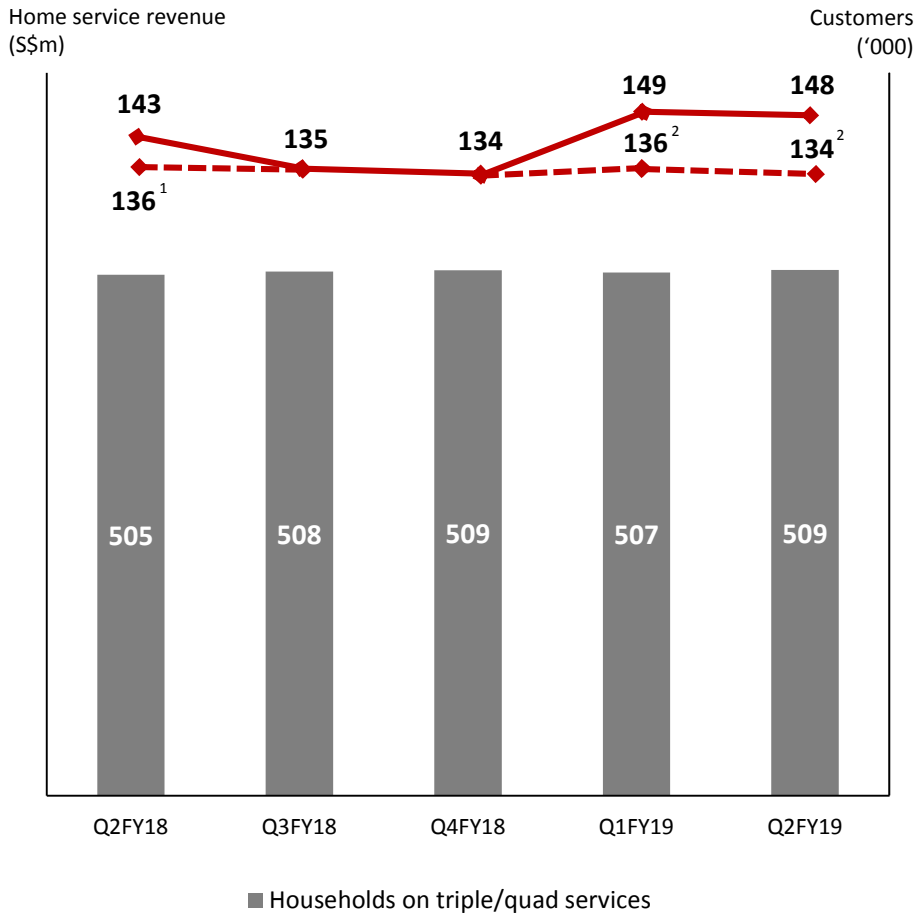
Prepaid ARPU stable

S\$18

> Higher data usage offset voice decline

Singapore Fixed

Home service revenue **S\$148m**



Singtel TV revenues

S\$72m

> Up 12%

Singtel TV ARPU

S\$45

> Up 8%

Singtel TV churn

1.6%

> Down 0.2ppt

Singtel Fibre broadband customers

616k

> Up 7k QoQ

> 99% of broadband customers on fibre

Singtel OTT services (CAST & Singtel TV GO)

114k

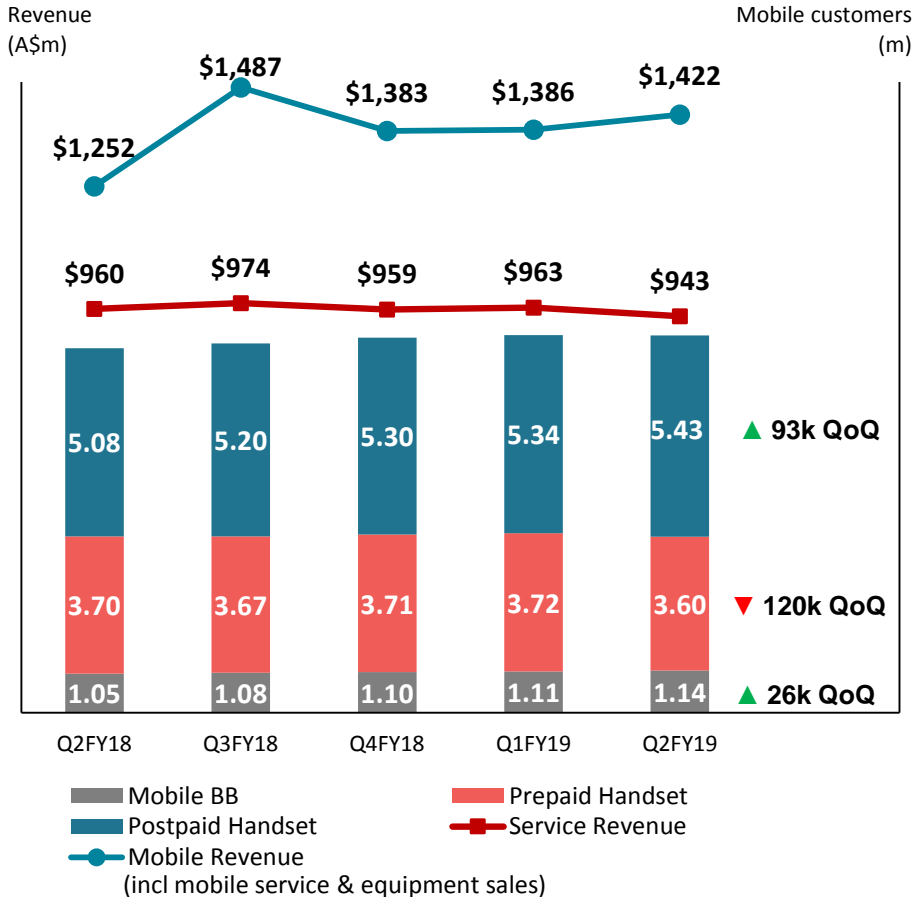
> Up 5k QoQ

1. Excludes sub-licensing of 2016-17 Premier League content rights.
 2. Excludes 2018 World Cup broadcast and advertising revenues.

Australia Mobile

Mobile revenue

A\$1,422m



4G customers¹ up 120k QoQ

6,483k

> 64% penetration

Postpaid

> Handset ARPU

A\$41

- down 6%

- Pre-SFRS(I) ARPU down 4% to A\$57

> Churn

1.5%

- down 0.2ppt YoY and QoQ

Prepaid

> Handset ARPU

A\$19

- down 9%

Mobile Broadband

A\$21

> ARPU

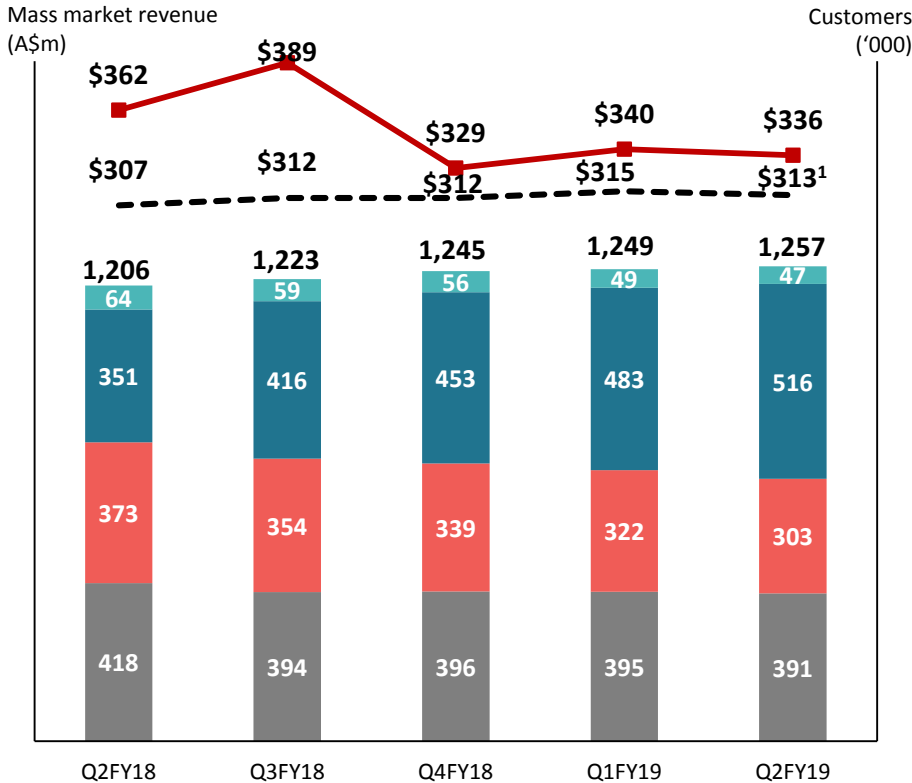
- up 2%

1. 4G handsets on the Optus network.

Australia Fixed

Mass market revenue

\$336m



HFC BB customers
 NBN BB customers
 ULL BB customers
 Others
 Mass market revenue
 Mass market revenue ex-NBN migration revenue

On-net BB ARPU

A\$55

> down 2%

NBN BB Customers

516k

> up 33k QoQ

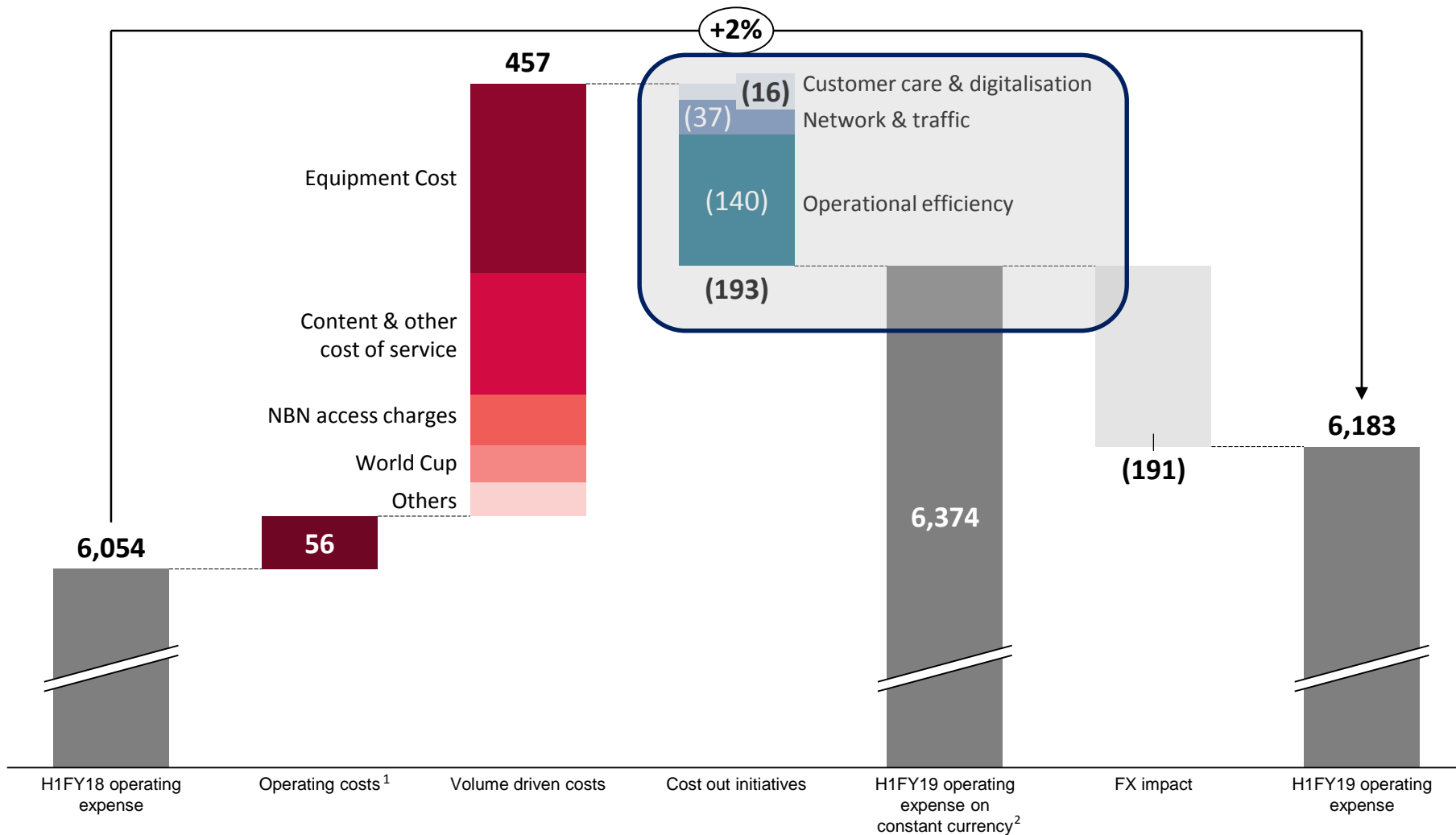
TV Customers

515k

> up 2k QoQ

1. Ex-NBN payments, revenue up 2%.

S\$193m of cost savings for H1FY19



1. Comprises staff, selling & admin, repair & maintenance and other expenses.

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

Trends In Constant Currency Terms¹

Quarter Sep 2018	Q2FY19 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) ¹
Group revenue	4,270	-	3.9%
Group reported NPAT	667	(76.6%)	(75.6%)
Group underlying NPAT	715	(21.8%)	(18.1%)
Optus revenue	2,198	(1.9%)	5.4%
Regional Associates pre-tax earnings ²	303	(51.1%)	(48.6%)
Half Year Sep 2018	H1FY19 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) ¹
Group revenue	8,404	(0.2%)	2.8%
Group reported NPAT	1,499	(60.0%)	(58.5%)
Group underlying NPAT	1,448	(20.6%)	(17.4%)
Optus revenue	4,398	1.3%	5.5%
Regional Associates pre-tax earnings ²	694	(46.3%)	(43.4%)

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

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



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