Financial Results Presentation

Q4 FY16: Quarter ended 31 March 2016

12 May 2016 • Chua Sock Koong, Group CEO

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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$” means Singapore dollars and "A$" means Australian dollars unless otherwise indicated. Any discrepancies between individual amounts and totals are due to rounding.

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Q4FY16: Strong earnings from resilient core & associates' higher contribution

Q4FY16	% change (reported)	% change (constant currency)[1]	Highlights
Operating revenue **S$4,094m**	-6%	-3%	› Growth in mobile data, ICT, digital services & Trustwave contribution
Ex-MTR[2] ***S$4,282m***	*-1%*	*+2%*	› Impacted by MTR[2] reductions in Australia & lower equipment sales in Singapore
EBITDA **S$1,262m**	Stable	+2%	› Impacted by AUD decline
Regional Mobile Associates' pre-tax earnings[3] **S$699m**	+12%	+16%	› Strong growth from Telkomsel
Underlying net profit **S$981m**	+3%	+6%	› Resilient core & strong associates' performance offset weaker AUD & regional currencies
Net profit **S$946m**	Stable	+4%	› Ex-Trustwave, NPAT up 2% & 5% in reported & constant currency terms
Free cash flow **S$681m**	-29%	N.M.	› Higher vendor payments & timing difference in receipt of associates' dividend

1. Assuming constant exchange rates from corresponding quarter in FY2015.
2. Mobile Termination Rates in Australia. Regulated reductions with effect from 1 January 2016.
3. Exclude exceptional items.

N.M. – not meaningful.

Foreign exchange movements

Currency	Quarter ended 31 March 2016 Exchange rate[1]	Quarter ended 31 March 2016 Increase/ (decrease) against S$ YoY	Quarter ended 31 March 2016 Increase/ (decrease) against S$ QoQ	Year ended 31 March 2016 Exchange rate[1]	Year ended 31 March 2016 Increase/ (decrease) against S$ YoY
1 AUD[2]	1.0129	(5.0%)	(0.1%)	1.0201	(9.2%)
IDR	9,615	(1.9%)	1.9%	9,803	(4.3%)
INR	48.1	(4.8%)	(3.0%)	47.2	0.6%
PHP	33.7	(2.7%)	(1.2%)	33.4	2.6%
THB	25.4	(5.8%)	-	25.2	-

1. Average exchange rates for the quarter and year ended 31 March 2016.
2. Average A$ rate for translation of Optus' operating revenue.

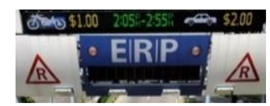
Group Q4FY16 highlights

Group Consumer

- SG: Recognised as widest & fastest LTE network[1]
- SG: Innovative music & data offerings
- AU: Launched refreshed Optus brand
- AU: Unveiled distinctive multimedia video & music products

Group Enterprise

- Won Next Generation ERP system[2] contract in Singapore



- Cyber Security initiatives:
  - Strategic partnership with Inmarsat
  - Launched Singtel Cyber Security Institute

Group Digital Life

- Key customer wins

1. iDA's 4G Measurement Survey Results for Q4 2015 & crowdsource wireless coverage mapping company.
2. Next-generation Electronic Road Pricing system. Multi-year contract for a duration of 8.5 years, covering the progressive roll out from 2020.

FY16: Net profit increased 2%

	3 months to			12 months to		
	Mar 16	Mar 15	YoY %	Mar 16	Mar 15	YoY %
Operating revenue	4,094	4,339	(5.6%)	16,961	17,223	(1.5%)
EBITDA	1,262	1,274	(0.9%)	5,013	5,091	(1.5%)
- margin	30.8%	29.4%		29.6%	29.6%	
Associates pre-tax earnings[1]	740	656	12.9%	2,788	2,616	6.6%
EBITDA & share of associates' pre-tax earnings	1,983	1,920	3.3%	7,804	7,670	1.7%
Depreciation & amortisation	(545)	(543)	0.5%	(2,149)	(2,161)	(0.6%)
Net finance expense	(91)	(52)	76.4%	(265)	(216)	22.4%
Profit before EI and tax	1,346	1,325	1.6%	5,390	5,292	1.9%
Tax	(371)	(377)	(1.6%)	(1,597)	(1,510)	5.8%
Underlying net profit	981	950	3.3%	3,805	3,779	0.7%
Exceptional Items (post tax)	(35)	(11)	@	66	3	@
Net profit	946	939	0.8%	3,871	3,782	2.4%

1. Excluding exceptionals.
@ – Denotes more than 200%.

FY2016: Met guidance

	Guidance[1]	Actual[2]	
Revenue	Increase by mid single digit	**4%**	✓
EBITDA	Increase by low single digit	**4%**	✓
Free Cash Flow (excluding dividends from associates)	Approximately S$1.5b	**S$1.5b**	✓
Capital Expenditure[3]	Approximately S$2.3b	**S$1.9b**	✓
Ordinary Dividends from Regional Mobile Associates	Approximately S$1.1b	**S$1.1b**	✓

1. Guidance as at May 2015.
2. Assuming constant exchange rates from corresponding periods in FY2015.
3. On a cash basis.

Total dividends 17.5¢ per share

Dividend payout	**73%** of underlying net profit

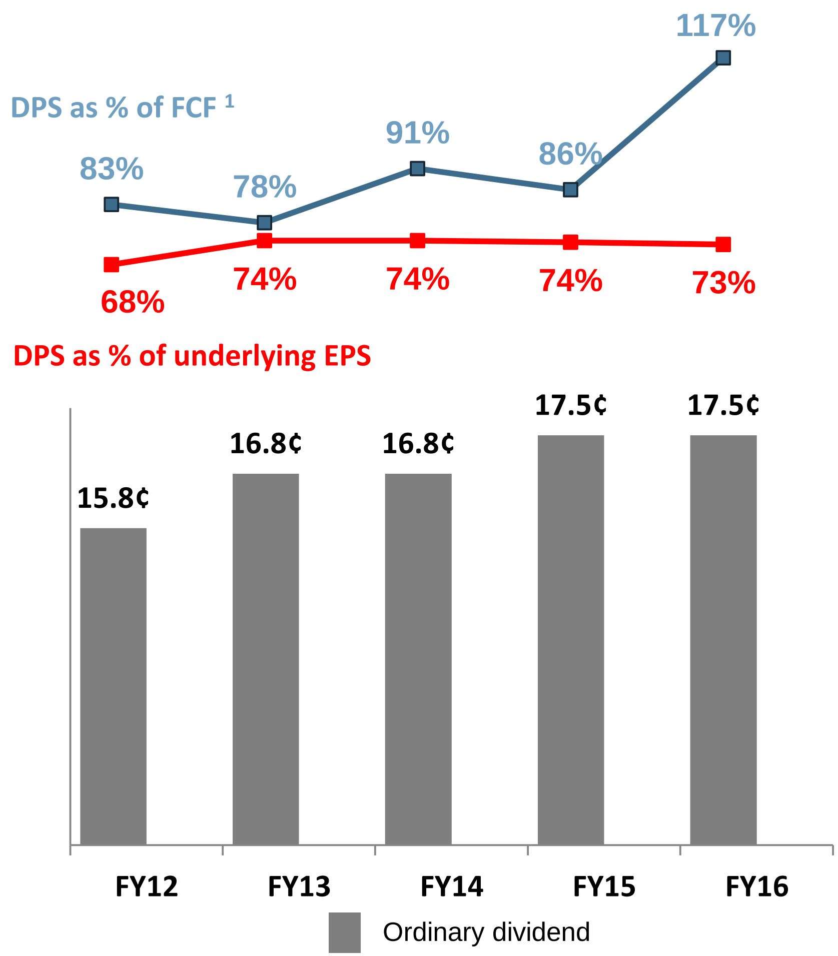
5 year ordinary dividends

Proposed final dividend — 10.7¢
- payable in Aug 2016

Interim dividend — 6.8¢
- paid in Jan 2016

Total ordinary dividends — **17.5¢**

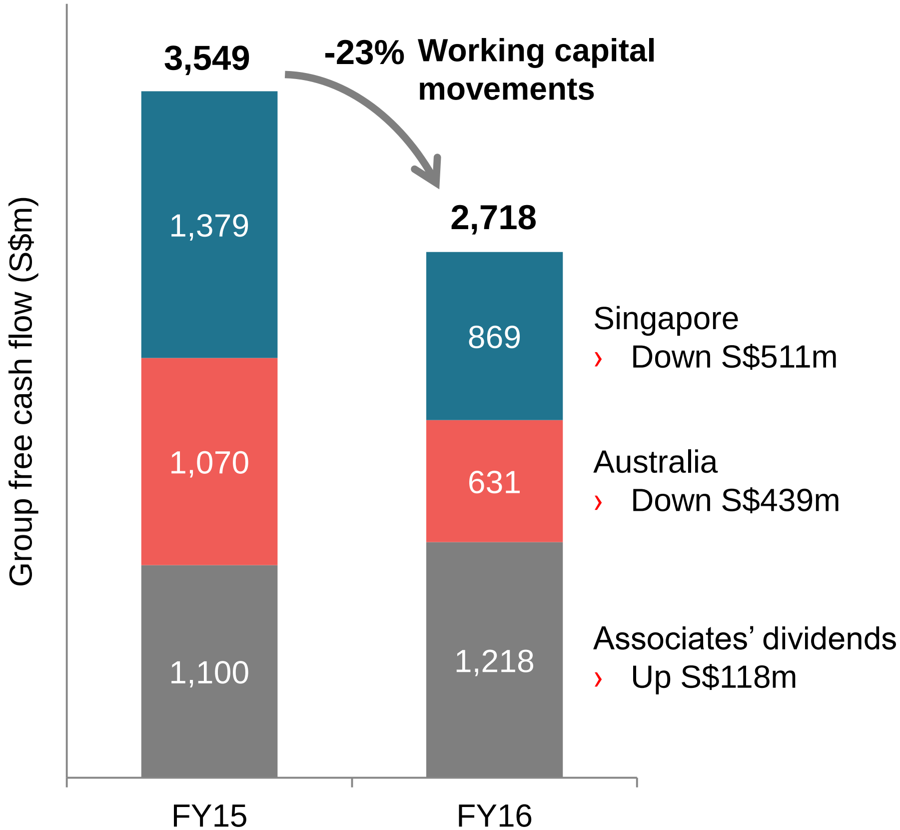
Dividend payout ratio — **60% to 75%** of underlying net profit



1. Free cash flow after interest and tax.

Solid financial position

Free cash flow $2,718m



Balance sheet

Net debt[1]	**S$9.1b**
Net debt gearing[2]	**26.8%**
Net debt: EBITDA & share of associates' pre-tax profits[3]	**1.2x**
Net debt: EBITDA & dividends from associates	**1.4x**
EBITDA & share of associates' pre-tax profits: Net interest expense	**25.3x**

S&P's rating	**A+**	**Moody's rating**	**Aa3**

1. Net debt is defined as gross debt less cash and bank balances adjusted for related hedging balances.
2. 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.
3. Net debt to EBITDA and share of associates' pre-tax profits is calculated on an annualised basis.

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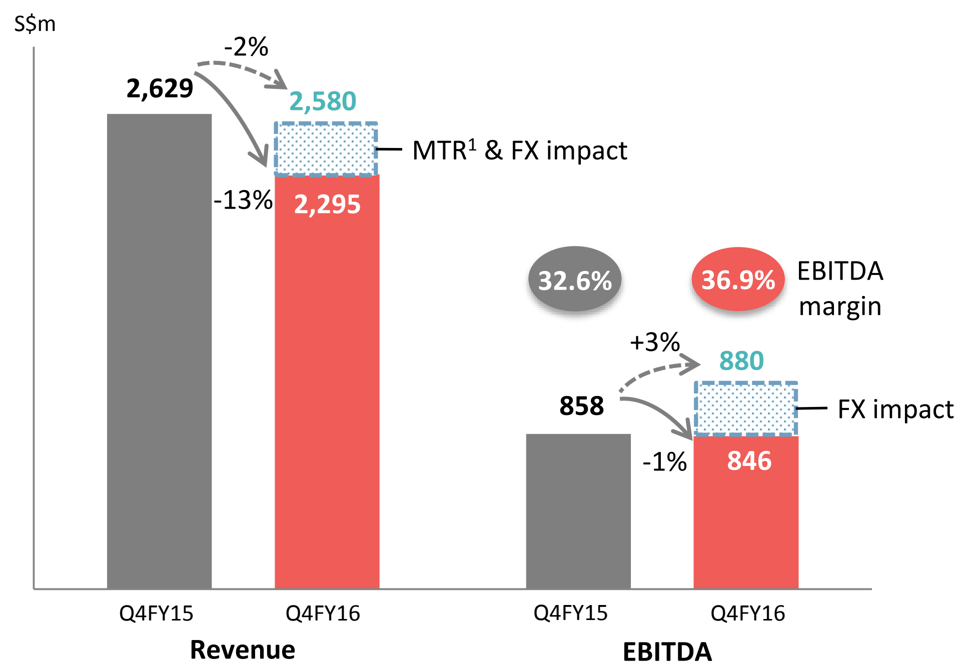
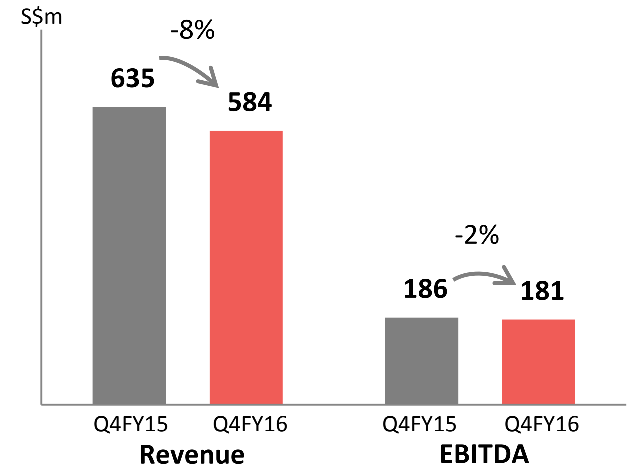
Group Consumer: Revenue impacted by MTR reductions & currency translation

Consumer

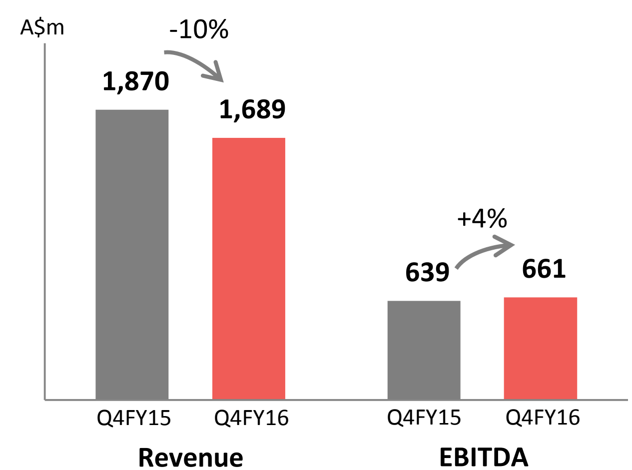


- In constant currency terms & ex-MTR, Group Consumer revenue down 2% while EBITDA up 3%
- Singapore: Lower handset sales & IDD services
- Australia: Continued growth in mobile & fixed

Singapore



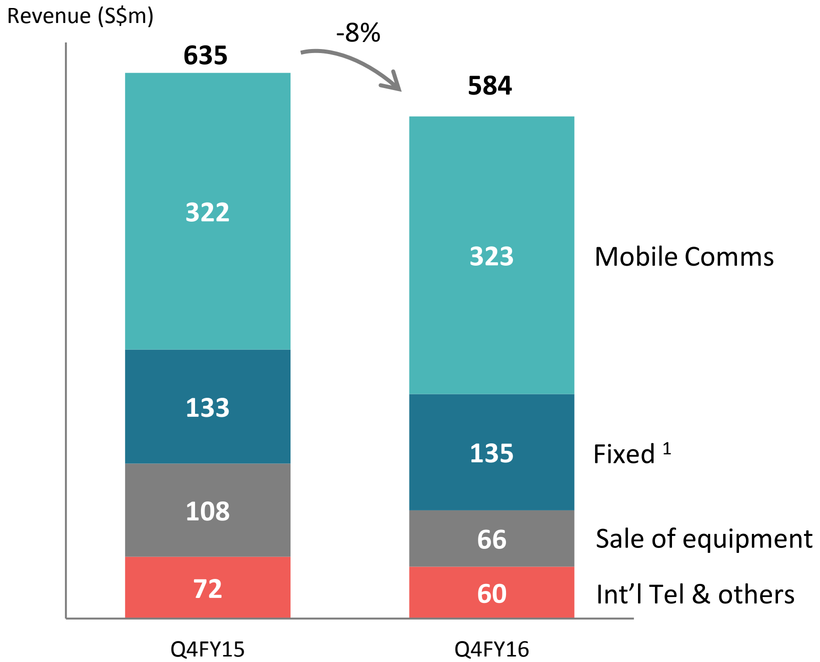
Australia



1. Mobile Termination Rates in Australia. Regulated reductions with effect from 1 January 2016. Minimal impact on EBITDA.

Singapore Consumer: Revenue impacted by lower IDD & equipment sales

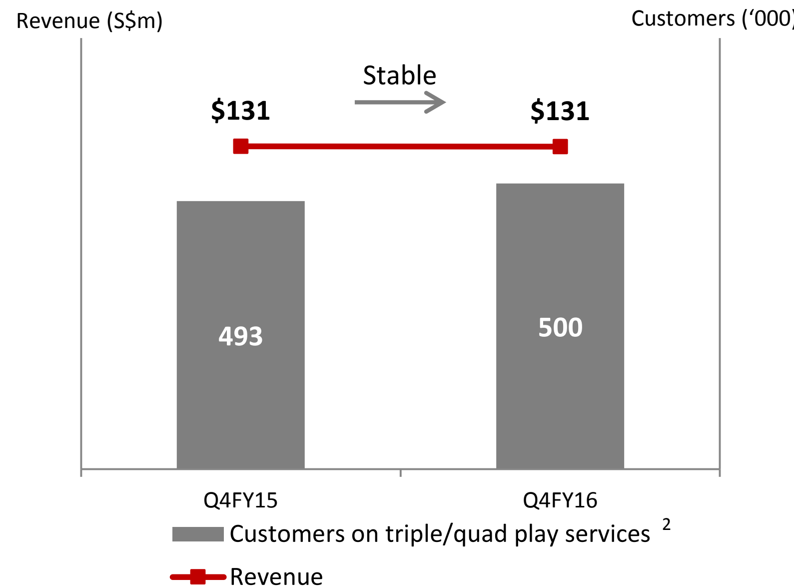
Singapore Consumer



Mobile Communications revenue stable

- Robust prepaid mobile data growth & higher postpaid plan mix
- Offset by continued voice to data substitution

Consumer Home



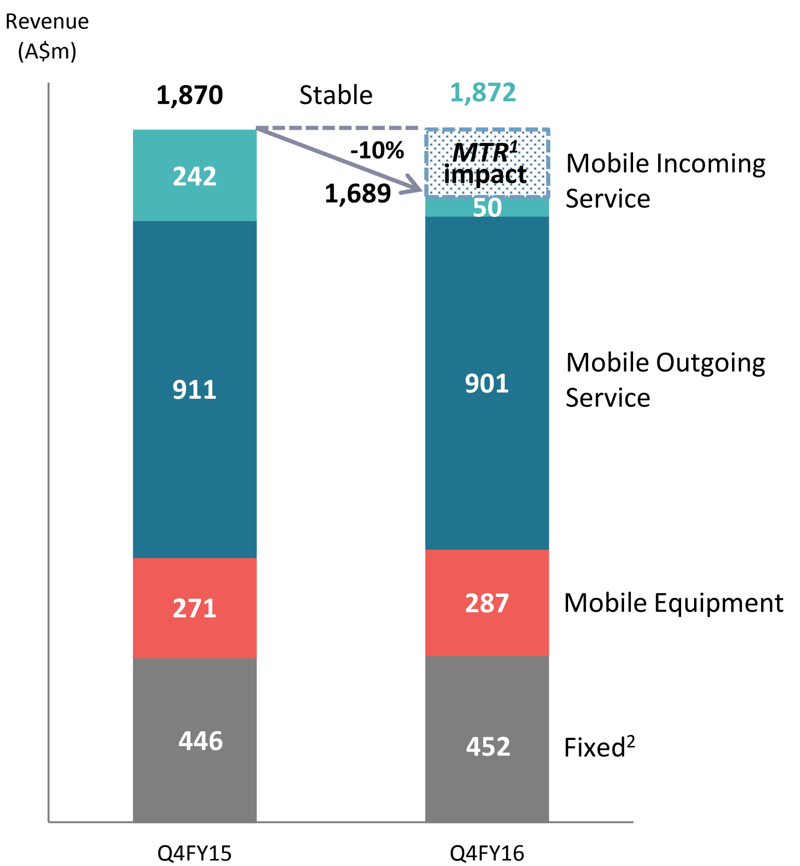
Home services stable

- Household ARPU of S$61 with higher TV revenue
- 87% of BB customers on fibre
- Strong take-up of enhanced Singtel TV GO

1. Fixed services revenue comprises internet, national telephone, payphone and Singtel TV.
2. Households who subscribe to 3 or 4 services comprising Broadband, TV, Fixed Voice and Mobile.

Australia Consumer: Continued EBITDA growth

Australia Consumer



Revenue ex-MTR[1] stable

Outgoing mobile service revenue down 1%

› up 6% excluding DRP[3] credits

Mobile handset customers

› Postpaid handset up 68k; After wholesale deactivations, down 25k

› Prepaid handset up 16k

Mass market fixed revenue grew 4%

EBITDA up 4%

› Branded customer growth in mobile & NBN payments

Investment in mobile networks

› 94% national population 4G coverage[4]

1. Mobile Termination Rates. Impact of A$183m in Q4FY16.
2. Included NBN migration and preparation revenue of A$20M (Q4 FY2015: A$14M).
3. Device Repayment Plans.
4. As at 30 April 2016.

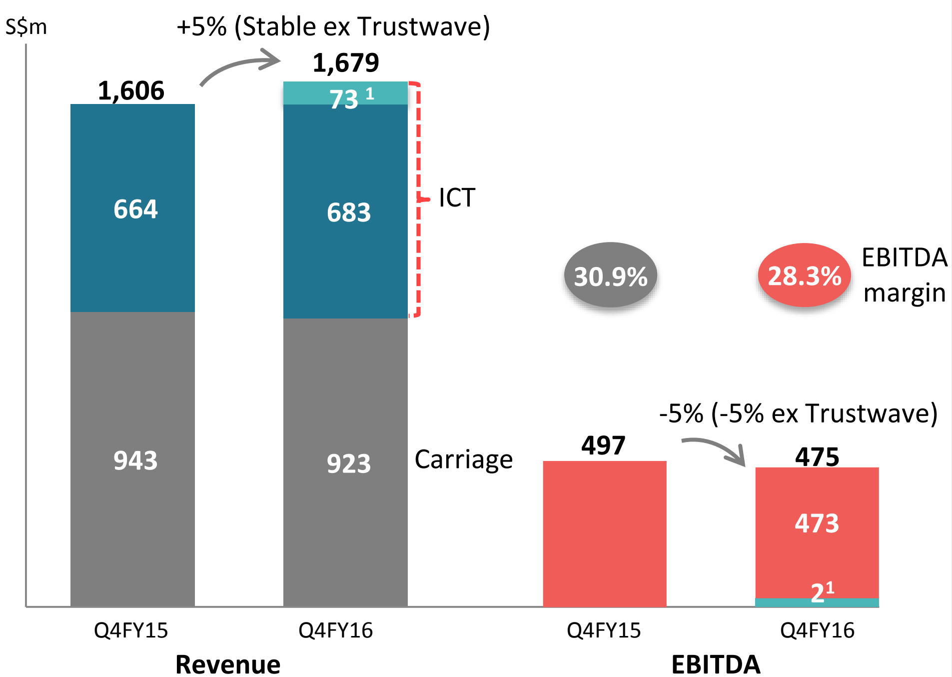
Regional Mobile Associates

Q4FY16	PBT[1] (S$m)	% Change (S$)	% Change (local ccy)	Business Highlights
Regional Mobile	699	+12%	N.A.	› Strong performance from Telkomsel & lower fair value losses from Airtel › Customer base up 9% to 605m
Telkomsel	316	+32%	+35%	› Increased voice & data usage › Growth in revenue market share › Significant increase in 3G & 4G smartphone customers
Airtel	183	+4%	+9%	› Growth in voice & data usage in India › Spectrum acquisitions strengthened network leadership › Accelerating rollout of 4G network › QoQ improvement in Africa
- India & South Asia	*289*	*Stable*	*+6%*	
- Africa	*10*	*-62%*	*-60%*	
- Others[2]	*(116)*	*-15%*	*-11%*	
AIS	112	-6%	Stable	› Accelerating 4G rollout › Continued migration of 2G customers to 3G/4G
Globe	88	Stable	+4%	› Growth in subscriber market share › Broad-based, data-driven revenue growth › Impacted by higher depreciation & interest costs

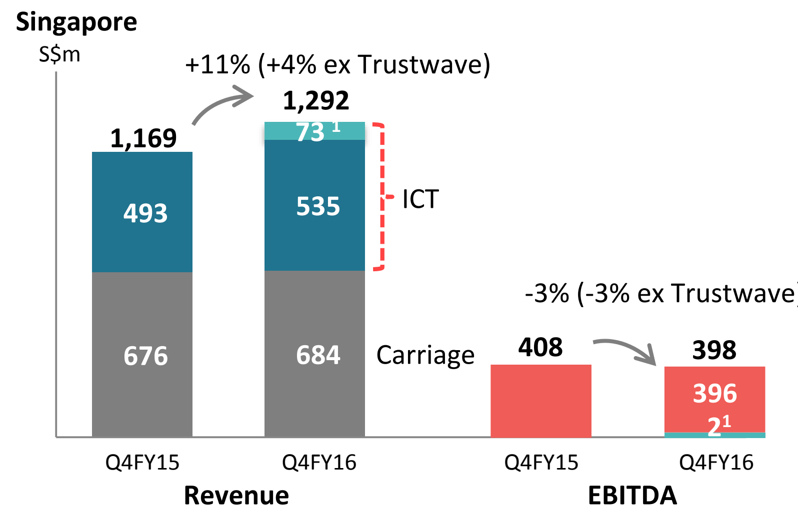
1. Exclude exceptional items. 2. Net finance costs & fair value losses.

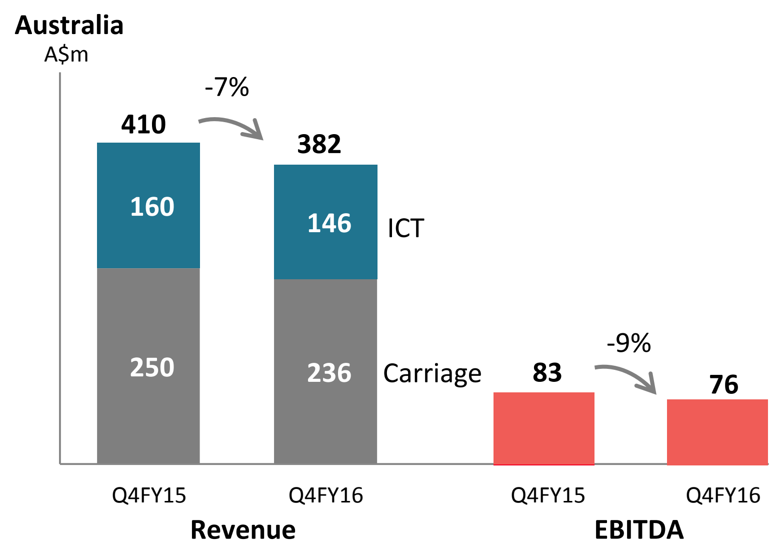
Group Enterprise: Sustained ICT momentum in cautious business environment

Group Enterprise



- Singapore: Robust ICT and Data & Internet revenues; EBITDA impacted by forex movements & one-off gains last year
- Australia: Revenue & EBITDA affected by price erosion & one-off project related equipment sales last year

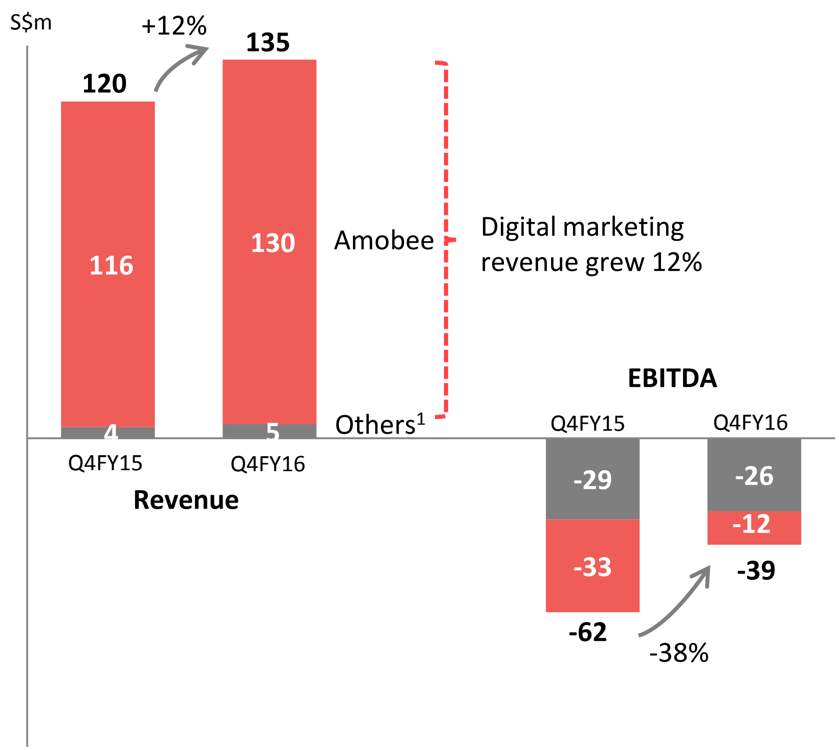




1. Trustwave was acquired in September 2015.

Group Digital Life: Maintaining growth momentum

Group Digital Life



- Strong revenue growth from Amobee & DataSpark
- EBITDA improved with reduced losses from Amobee & positive contribution from DataSpark

HOOQ

- Launched in Indonesia

DataSpark

- Supporting associates' network initiatives

1. Include revenues from HOOQ and DataSpark.

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Outlook[1,2]

Group	Revenue & EBITDA to increase by low single digit[3]
	Capital expenditure to be approx. S$2.8b • Approx. S$1.0b for Singapore • Approx. A$1.8b for Australia
	Cash capital expenditure to be approx. S$2.4b
	Free cash flow[4] to be approx. S$1.5b
	Ordinary dividends from Regional Mobile Associates to be approx. S$1.2b

Core Business	Revenue & EBITDA to increase by low single digit[3]
	Singapore Mobile Communications revenue to be stable
	Australia Mobile Service revenue to decline by low teens[3]
	Group ICT revenue to increase by low teens
	› Cyber security revenue is expected to be S$450-550m[5]

Group Digital Life	Amobee revenue is expected to grow by mid single digit
	Group Digital Life negative EBITDA to be approx. S$150–S$180m

1. Based on average exchange rates during FY16.
2. Excludes acquisitions.
3. Including the impact of decline in mobile termination rates in Australia.
4. Exclude associates' dividends.
5. Includes a full year contribution from Trustwave.

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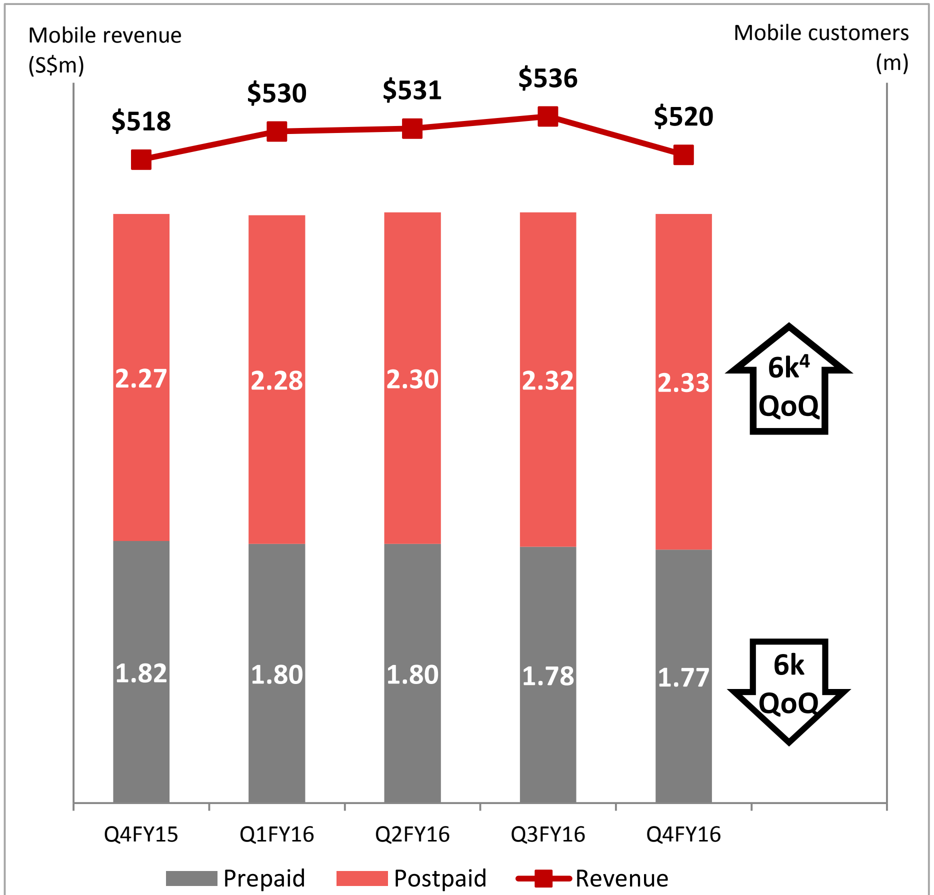
Singapore Mobile

Mobile Communications revenue stable S$520m



4G customers up 85k QoQ	**2,290k**

Tiered data plans

- Postpaid customers on tiered plans[1] — **66%**
- Tiered plans customers who exceed data bundles — **29%**
- Average smartphone data usage — **2.4Gb**

Postpaid ARPU down 4%	**S$70**

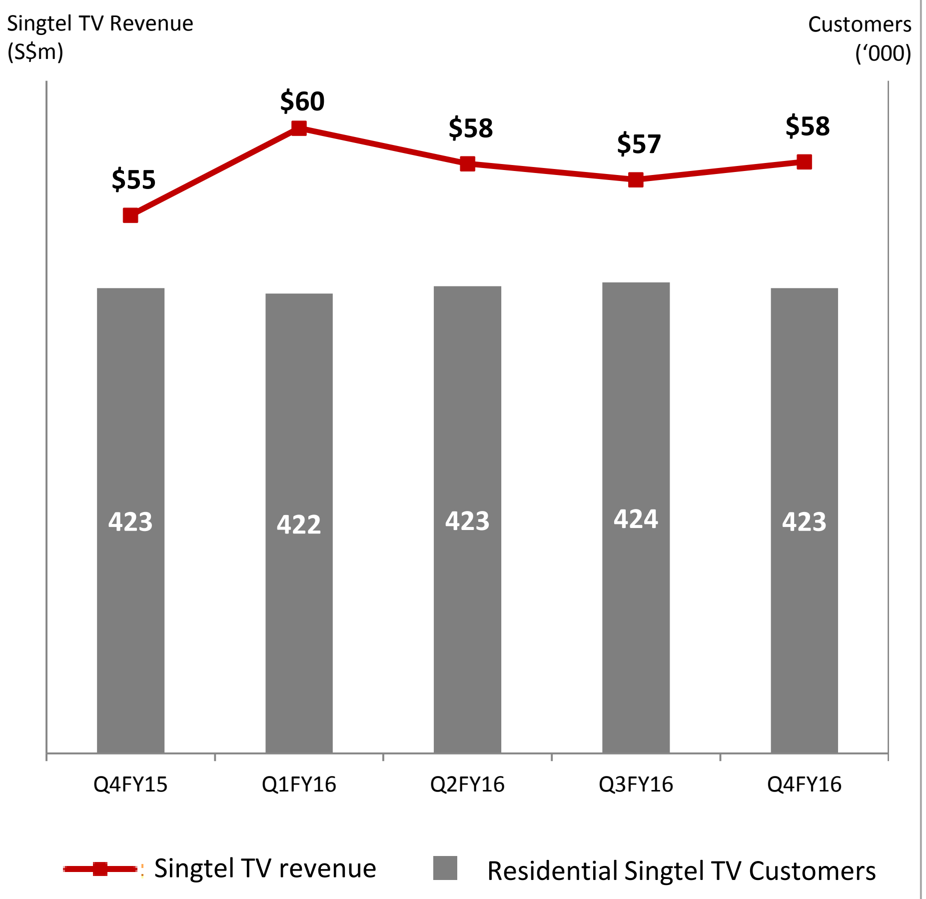
- Due to lower voice-related services & dilution of SIM-only plans[2]

Postpaid SAC[3] down 9%	**S$411**

1. If excluding data-only SIMs, 80% of postpaid customers were on tiered plans.
2. SIM-only plans refer to wireless broadband plans excluding voice, mobile share plans i.e. supplementary lines which share data, voice & text allowances of postpaid plans, as well as SIM-only plans
3. Blended acquisition and retention cost per postpaid customer.
4. After rationalisation of legacy data only plans (19K)

Singapore Fixed

Singtel TV revenue up 5% **S$58m**



Singtel TV ARPU **S$39**

› Stable

Singtel TV churn **1.2%**

› Up 0.3ppt

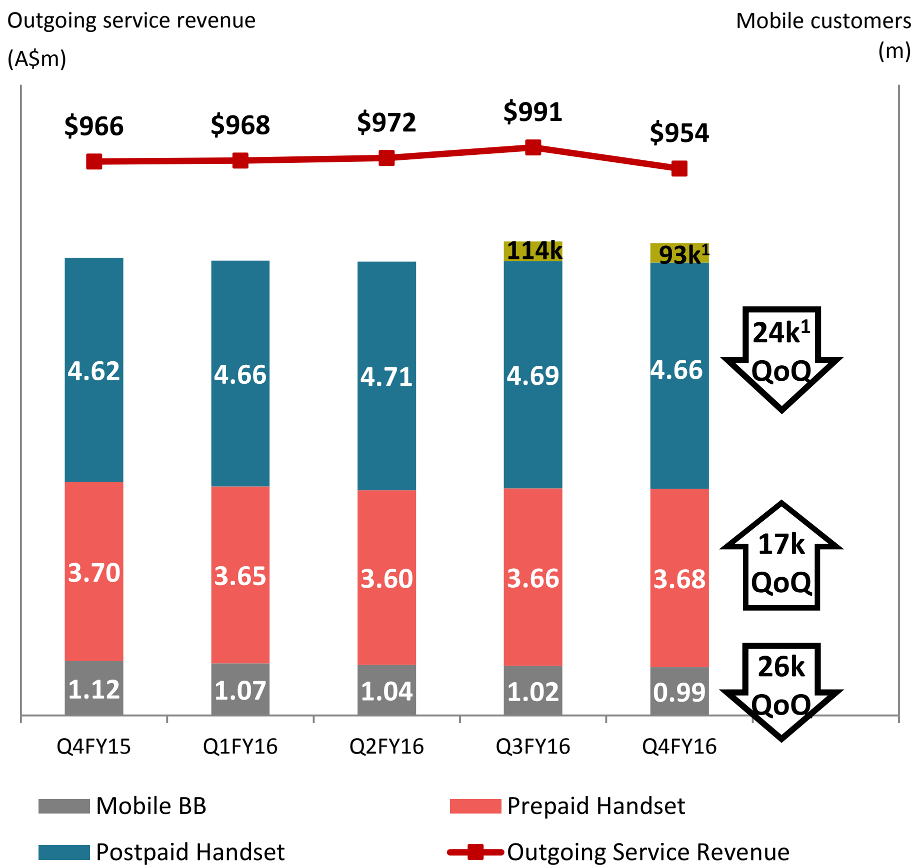
Fibre customers[1] **501k**

› Up 16k QoQ

1. Refers to residential and corporate subscriptions to broadband internet services using optical fibre networks.

Australia Mobile

Outgoing service revenue A$954m



4G customers[2] up 231k QoQ **4,676k**

› 50% penetration

Postpaid

› Handset ARPU **A$50**

- down 17%
- up 5% on adjusted basis[3]

› Churn **1.3%**

- down from 1.4% in Q3FY16

Prepaid

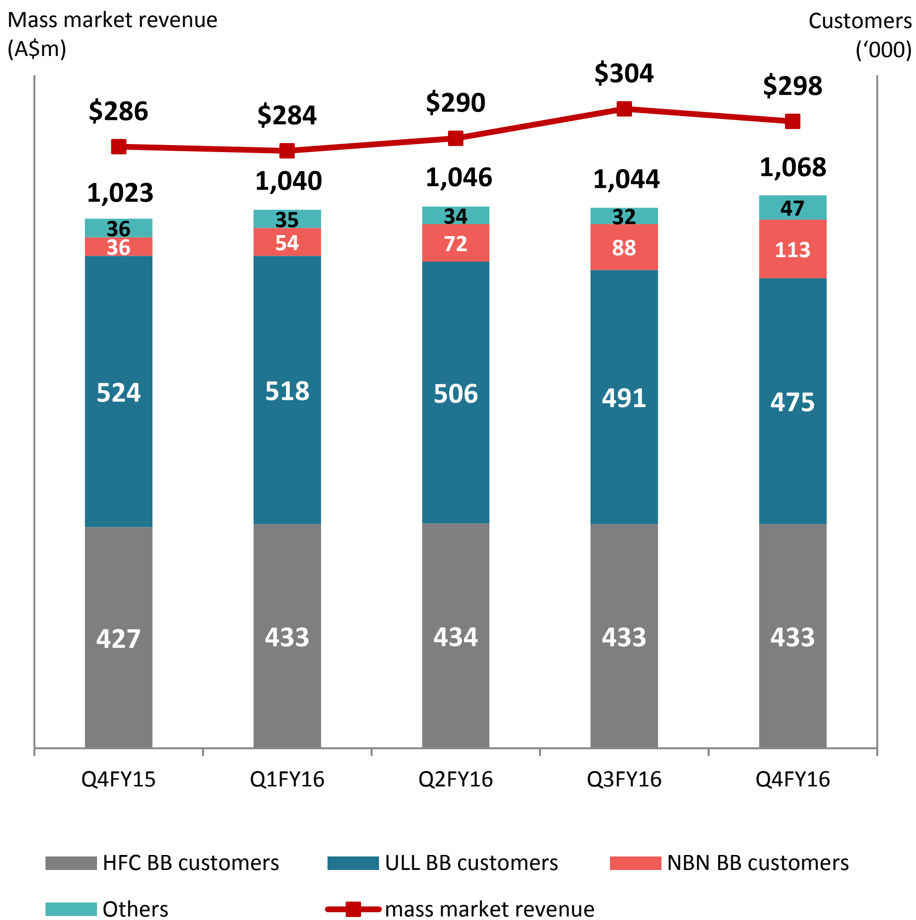
› Handset ARPU **A$21**

- down 22%
- stable on adjusted basis[3]

1. Impacted by wholesale deactivations.
2. Defined as 4G handsets on the Optus network.
3. Excluding the impact of service credits (for postpaid only) & lower mobile termination rates.

Australia Fixed

Mass market revenue A$298m



On-net BB ARPU **A$53**

› Stable

NBN BB Customers **113k**

› Up 25k QoQ

Resale DSL BB Customers **22k**

› Up 16k QoQ

TV Customers **314k**

› Up 43k QoQ

Trends in constant currency terms[1]

3 months to Mar 16	Q4FY16 (reported S$m)	YoY % change (reported S$)	YoY % change (at constant FX)[1]
Group revenue	4,094	(5.6%)	(3.1%)
Group reported NPAT	946	0.8%	3.7%
Group underlying NPAT	981	3.3%	6.4%
Optus revenue	2,100	(13.8%)	(9.2%)
Regional Mobile Associates pre-tax earnings[2]	699	12.3%	16.1%

12 months to Mar 16	FY16 (reported S$m)	YoY % change (reported S$)	YoY % change (at constant FX)[1]
Group revenue	16,961	(1.5%)	4.1%
Group reported NPAT	3,871	2.4%	5.5%
Group underlying NPAT	3,805	0.7%	4.0%
Optus revenue	9,298	(5.8%)	3.7%
Regional Mobile Associates pre-tax earnings[2]	2,604	4.5%	6.1%

1. Assuming constant exchange rates from corresponding periods in FY2015.
2. Based on the Group's share of associates' earnings before exceptionals.