Q3FY17 Financial Results Presentation

For the quarter ended 31 Dec 2016

Chua Sock Koong, Group CEO

9 February 2017

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

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Q3FY17: Resilient core & higher associates' contributions

Q3FY17	% change (reported)	% change (constant currency)[1]	Highlights
Operating revenue **S$4,410m**	-2%	-4%	› Growth in mobile data, equipment sales, ICT & digital services
Ex-MTR[2] ***S$4,610m***	*+3%*	*+1%*	› MTR[2] reductions & DRP[2] credits in Australia › Continued voice to data substitution
EBITDA **S$1,221m**	Stable	-2%	› Strong cost management mitigates higher content costs in Australia & investments to build ICT capabilities
Regional Mobile Associates' pre-tax earnings[3] **S$660m**	+2%	+1%	› Strong operating results from Telkomsel offset intense competition in India
Underlying net profit **S$994m**	+4%	+3%	› Includes higher dividends from Southern Cross & currency revaluation gains
Net profit **S$973m**	+2%	Stable	
Free cash flow[4] **S$559m**	-4%	N.M	› Strong operating cash flows across Singapore & Australia › Higher capex in Australia › Special dividends from Telkomsel last year

1. Assuming constant exchange rates from corresponding quarter in FY2016.
2. Mobile Termination Rates and Device Repayment Plans.
3. Excludes exceptional items.
4. Before payment of S$142m (A$134m) to the Australian Tax Office for amended assessments related to the acquisition financing of Optus.

N.M. – not meaningful.

Foreign exchange movements

Currency	Quarter ended 31 December 2016 Exchange rate[1]	Quarter ended 31 December 2016 Increase/ (decrease) against S$ YoY	Quarter ended 31 December 2016 Increase/ (decrease) against S$ QoQ	9 months ended 31 December 2016 Exchange rate[1]	9 months ended 31 December 2016 Increase/ (decrease) against S$ YoY
1 AUD[2]	1.0568	4.2%	3.0%	1.0323	1.0%
1 USD[3]	1.4099	0.2%	4.2%	1.3738	(0.5%)
IDR	9,405	4.1%	3.2%	9,646	2.3%
INR	47.8	(2.4%)	3.2%	48.9	(4.3%)
PHP	34.8	(4.5%)	-	34.6	(4.2%)
THB	25.1	1.2%	2.7%	25.6	(1.6%)

1. Average exchange rates for the quarter and 9 months ended 31 December 2016.
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 Q3FY17 highlights

Group

- Commenced IPO preparation for NetLink Trust divestment

NetLinkTrust

Group Consumer

- SG: Launched fastest mobile network with 450Mbps data speeds
- SG: Achieved fastest international download speed[1] for 1Gbps fibre plans
- AU: Strengthening regional coverage under government co-funded Mobile Black Spot Program
- AU: Introduced Optus Xtra allowing prepaid customers to earn more data by viewing advertisements

FASTEST & WIDEST 4G

Group Enterprise

- Awarded multiple accolades, including Best Enterprise Service[2] & Product Excellence Award[3]
- Expanded global SOC[4] network with addition in Japan

Group Digital Life

- Lexus' campaign won "Best Programmatic Creative" & "Mobile Marketing Campaign of the Year"[5]
- Launched HOOQ in Singapore for mobile prepaid customers

AMOBEE

HOOQ

1. IMDA survey of average peak download throughput (Aug 2016- Oct 2016)
2. Awarded to Singtel's software-defined wide area network service by World Communication Awards 2016
3. Awarded to Singtel's Managed Infrastructure service by NetworkWorld Asia
4. Security Operation Centres
5. Awarded at Online Marketing Media and Advertising Awards 2016

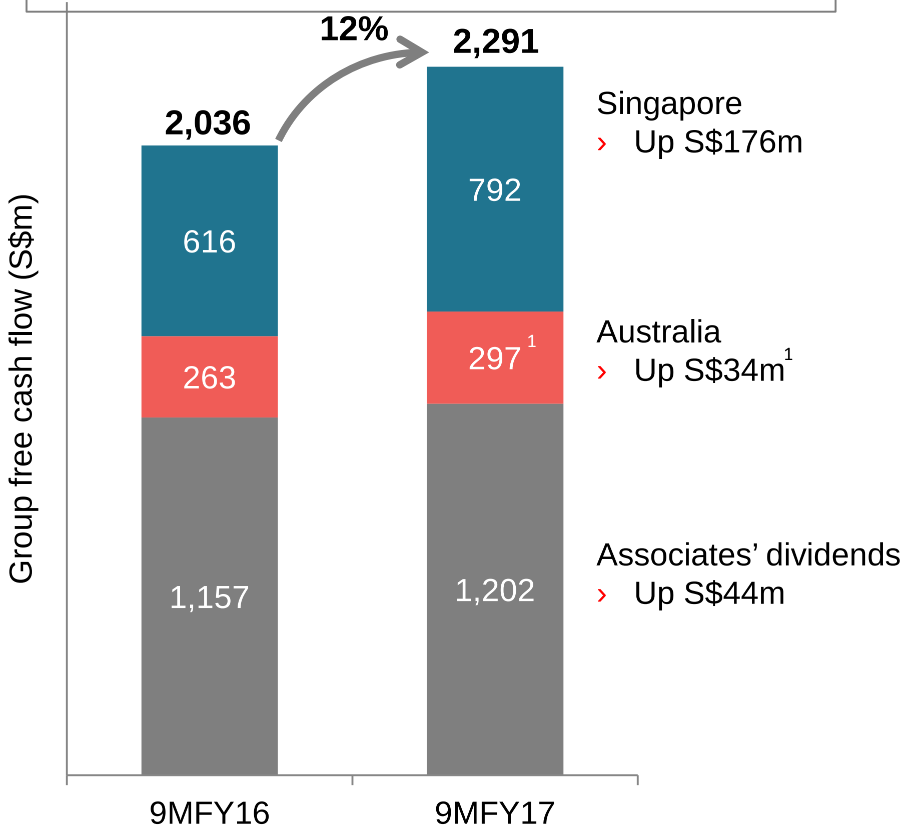
9MFY17: Underlying net profit increased 4%

	3 months to			9 months to		
	Dec 16	Dec 15	YoY %	Dec 16	Dec 15	YoY %
Operating revenue	4,410	4,474	(1.5%)	12,404	12,867	(3.6%)
EBITDA	1,221	1,220	-	3,689	3,751	(1.6%)
- margin	27.7%	27.3%		29.7%	29.2%	
Associates pre-tax earnings[1]	718	698	2.8%	2,222	2,048	8.5%
EBITDA & share of associates' pre-tax earnings	1,938	1,918	1.0%	5,911	5,821	1.5%
Depreciation & amortisation	(562)	(537)	4.7%	(1,654)	(1,604)	3.2%
Net finance expense	(41)	(63)	(34.7%)	(177)	(174)	2.1%
Profit before EI and tax	1,335	1,319	1.2%	4,079	4,044	0.9%
Tax	(347)	(368)	(5.8%)	(1,166)	(1,226)	(4.9%)
Underlying net profit	994	955	4.2%	2,927	2,824	3.6%
Exceptional Items (post tax)	(22)	(1)	@	(38)	101	N.M.
Net profit	973	954	2.0%	2,889	2,925	(1.2%)

1. Excluding exceptionals. @ – Denotes more than 500%. N.M. – not meaningful.

Solid financial position

Free cash flow S$2,291m



Balance sheet

Net debt[2]	**S$9.8b**
Net debt gearing[3]	**26.7%**
Net debt: EBITDA & share of associates' pre-tax profits[4]	**1.2x**
EBITDA & share of associates' pre-tax profits: Net interest expense	**23.8x**

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

1. After payment of A$134m (S$142m) to the Australian Tax Office for amended assessments related to the acquisition financing of Optus.
2. Gross debt less cash and bank balances adjusted for related hedging balances.
3. The ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.
4. Ratio is calculated on an annualised basis.

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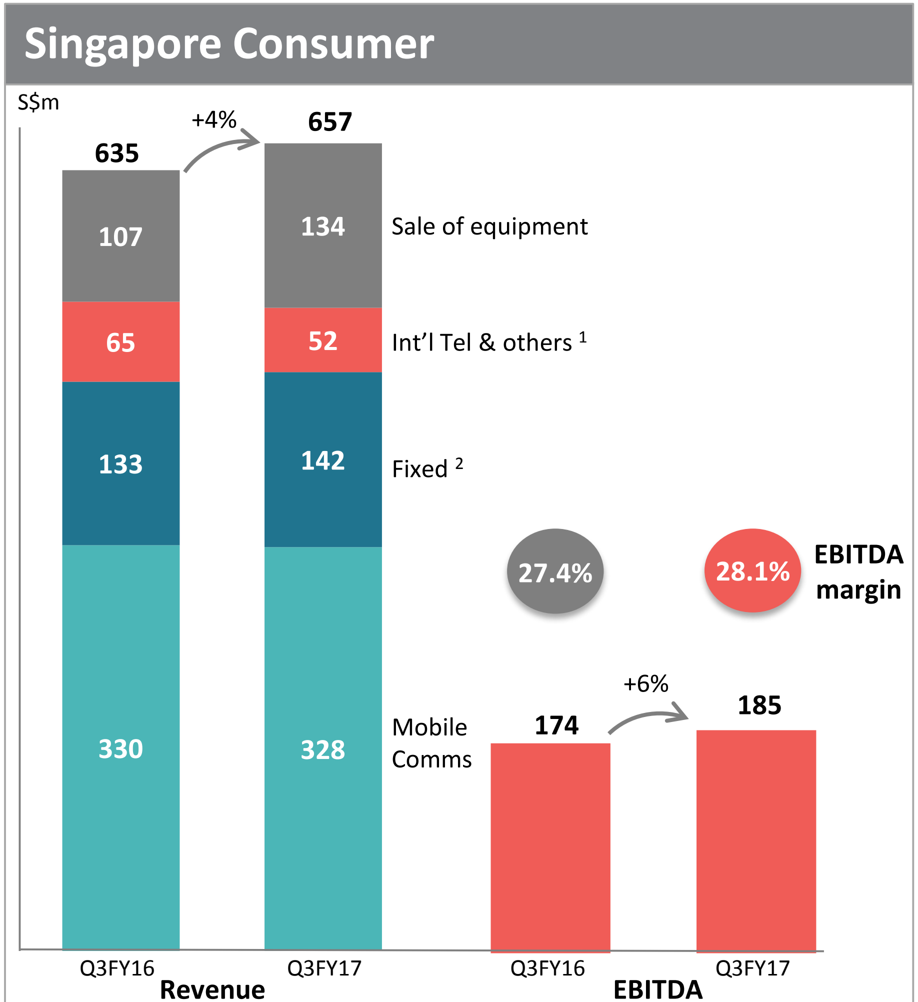
Singapore Consumer



Mobile communications revenue stable

- Migration to higher tier plans & strong data growth offset declines in roaming & voice

Equipment sales up 26%

- Demand for new handsets

IDD services down 19%

- Lower call traffic from data substitution

Home services[3] up 7%

- Sub-license of Premier League content rights from Aug 16
- Migration to higher speed fibre plans

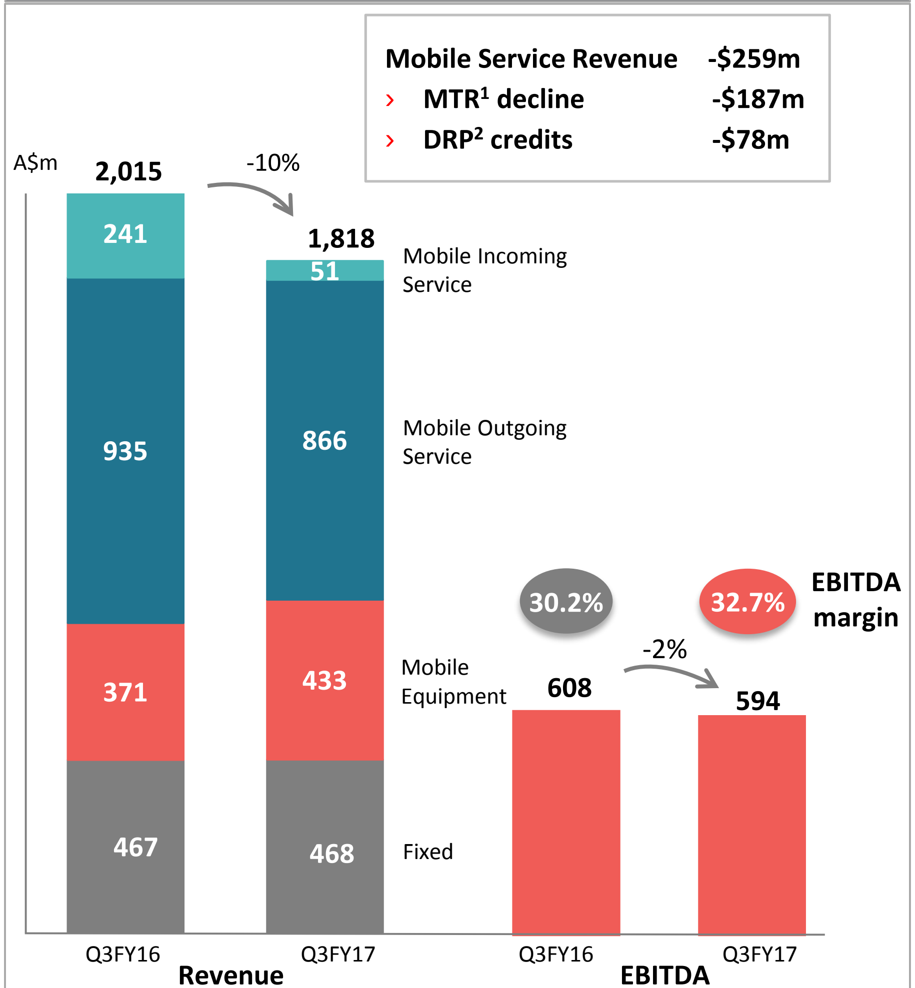
EBITDA up 6%

- Growth in broadband & TV revenues offset decline in voice
- Strong cost management

1. Other revenue includes digital services, inter-operator tariff discounts, and revenue from mobile network cabling works and projects.
2. Comprises fixed broadband, residential Pay TV, national telephone and payphone.
3. Comprises fixed broadband, fixed voice and Singtel TV in the residential segment only.

Australia Consumer

Australia Consumer



Outgoing mobile service revenue up 1% ex-DRP[2]

- Strong growth in branded mobile mitigates wholesale decline
- Down 7% on reported basis

Mobile handset customers

- Branded postpaid grew 94k
- Prepaid up 43k

Investment in networks

- 95.9% national population 4G coverage[3]

Mass market fixed revenue grew 3%

- Increase in NBN customers & migration revenues

EBITDA down 2%

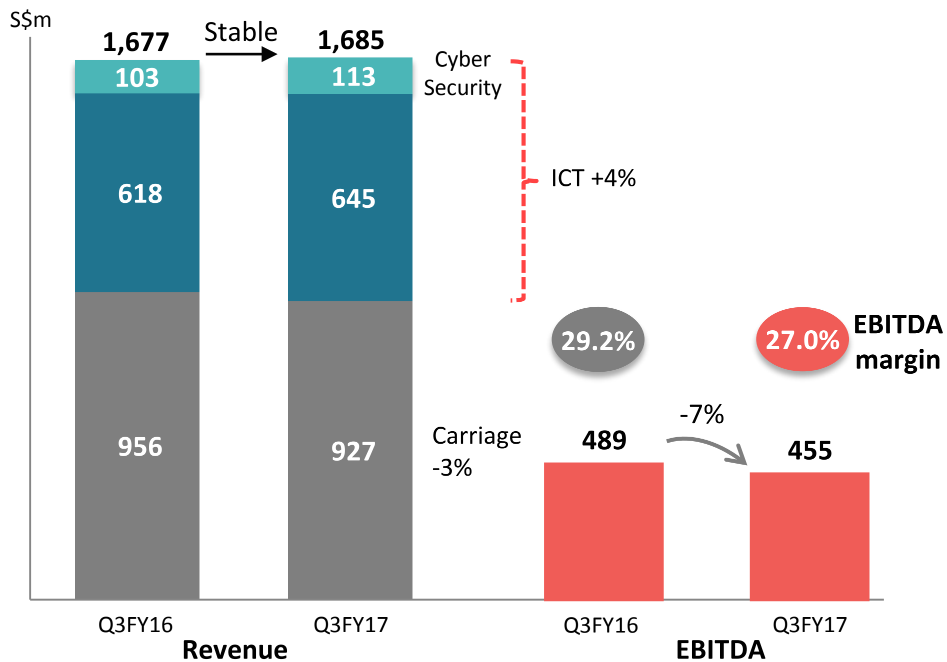
1. Mobile Termination Rates.
2. Device Repayment Plans.
3. As at 31 December 2016.

Regional Mobile Associates

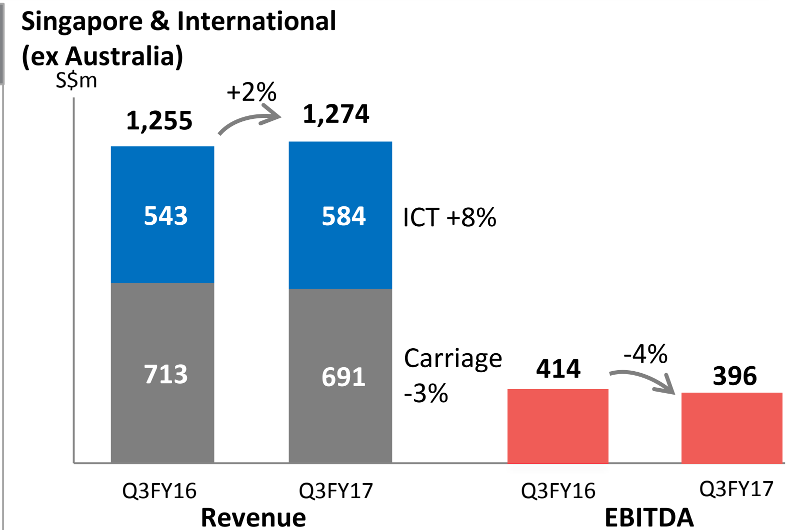
Q3FY17	PBT[1] (S$m)	% Change (S$)	% Change (local ccy)	Business Highlights
Regional Mobile	660	+2%	N.A.	› Group's customer base up 2% QoQ to 640m › Continued growth in mobile data usage › Increased competition
Telkomsel	360	+31%	+25%	› Strong customer momentum › Growth in data & digital businesses
Airtel	142	-27%	-25%	› Impacted by intense competition from new operator & demonetisation in India › Increased mobile data usage & disciplined cost management in Africa › Increased spectrum-related financing cost
- India & South Asia	*249*	*-9%*	*-7%*	
- Africa	*30*	*+75%*	*+77%*	
- Others[2]	*(138)*	*+43%*	*+46%*	
Intouch	4	N.M.	N.M.	› Completed acquisition of 21% stake in November 2016
AIS	89	-28%	-29%	› Achieved 98% 4G population coverage › Higher network costs, 900MHz spectrum amortisation charges & payments to TOT
Globe	66	+18%	+23%	› EBITDA growth on tight cost management

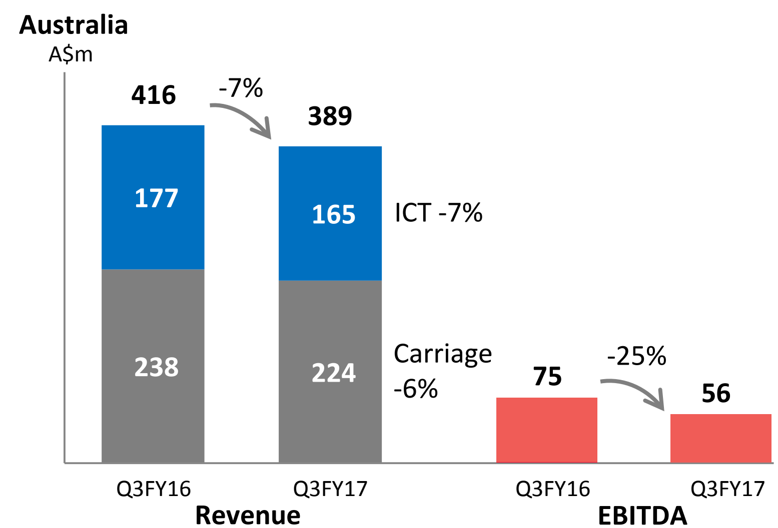
Group Enterprise

Group Enterprise



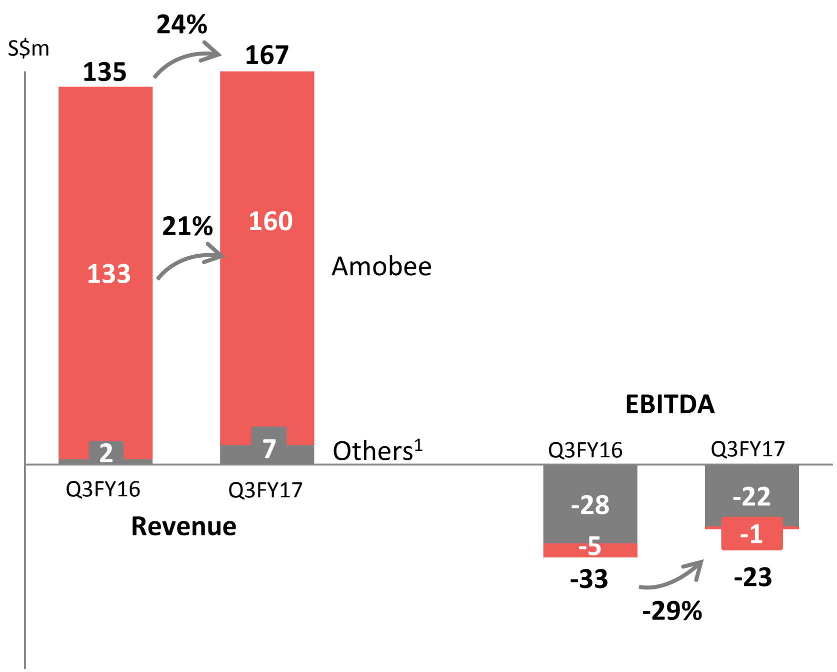
- Stable revenue with ICT growth offsetting carriage declines
- EBITDA declined on higher SAC, investments in cybersecurity & intense competition in Australia





Group Digital Life

Group Digital Life



- Strong Amobee growth driven by social, video & display advertising
- EBITDA improvement on reduced Amobee losses & discontinuation of a loss-making business

1. Include revenues from HOOQ and DataSpark.

Amobee

- Key customer wins

BLACKROCK DELL

- Recognised as America's 100 Best Medium Workplaces in 2016

FORTUNE 100 BEST MEDIUM WORKPLACES 2016

HOOQ

- First foray into original content production

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THE MISSING 8

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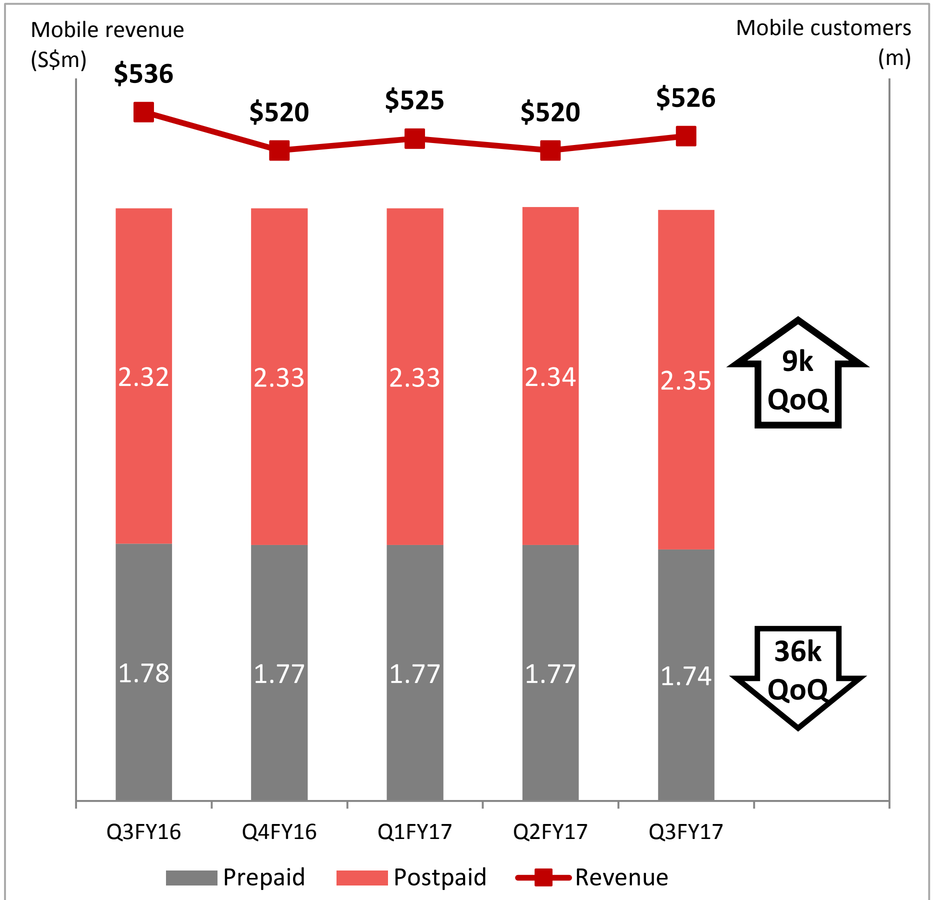
Singapore Mobile

Mobile Communications revenue **S$526m**



4G customers up 75k QoQ **2,562k**

› 63% penetration

Tiered data plans

› Postpaid customers on tiered plans **65%**

› Tiered plans customers who exceed data bundles **37%**

› Average smartphone data usage **3.2Gb**

Postpaid ARPU down 5% **S$69**

› Higher data revenues offset by lower roaming & voice traffic

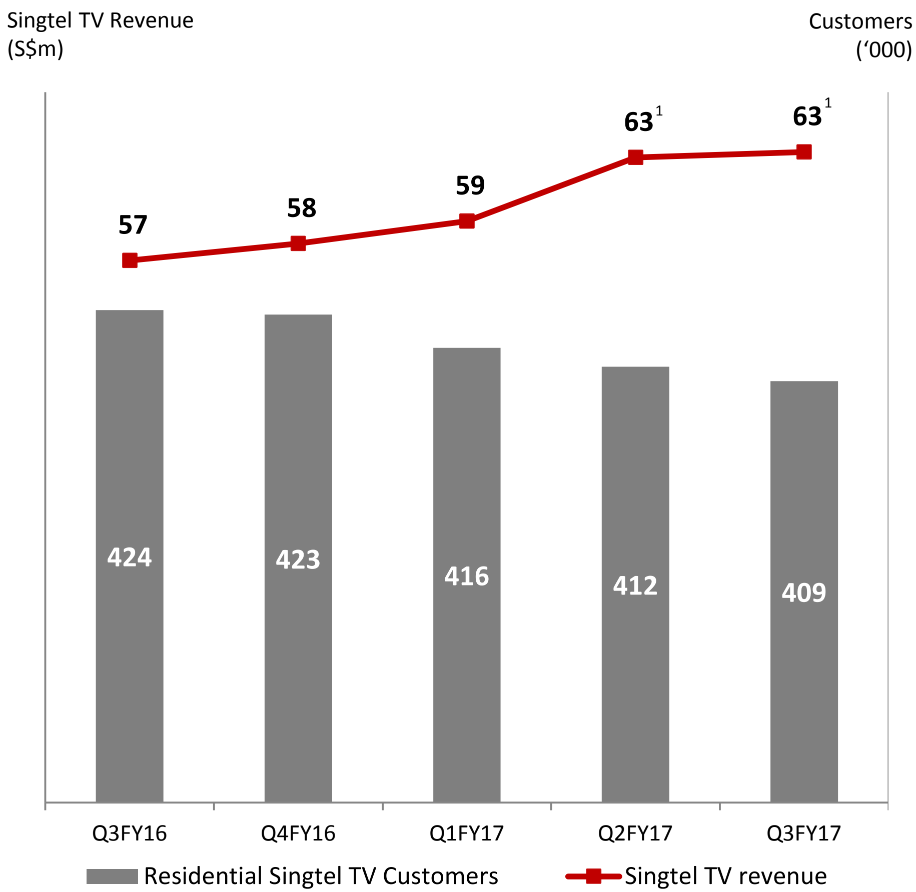
Postpaid SAC[1] up 12% **S$494**

› Increased adoption of higher tier plans

1. Blended acquisition and retention cost per postpaid customer.

Singapore Fixed

Singtel TV revenue S$63m



Singtel TV ARPU **S$41**

› Up 5%

Singtel TV churn **1.3%**

› Stable

Singtel Households on Triple/quad services[2] **500k**

› Stable QoQ

Singtel Fibre broadband customers[3] **546k**

› Up 13k QoQ

› 92% of residential broadband customers on fibre

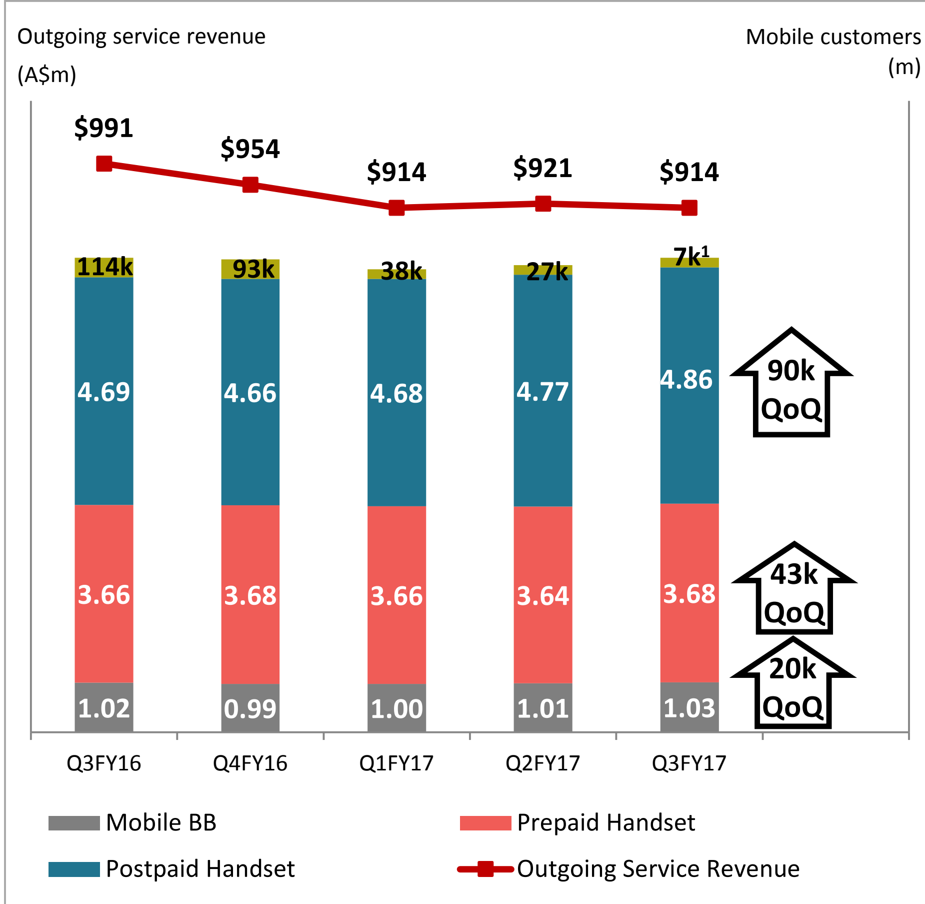
Singtel OTT services (Cast & Singtel TV GO) **33k**

› Up 11k QoQ

1. Singtel TV revenue includes wholesale of Premier League content rights from Q2FY17.
2. Households which subscribed to 3 or 4 unique services comprising Fixed Broadband, Singtel TV, Fixed Voice and Mobile.
3. Residential and corporate subscriptions to broadband internet services using optical fibre networks.

Australia Mobile

Outgoing service revenue **A$914m**



4G customers[2] up 271k QoQ **5,539k**

› 58% penetration

Postpaid

› Handset ARPU **A$46**

- down 24%
- down 1% ex-DRP & MTR

› Churn **1.3%**

- stable YoY & QoQ

Prepaid

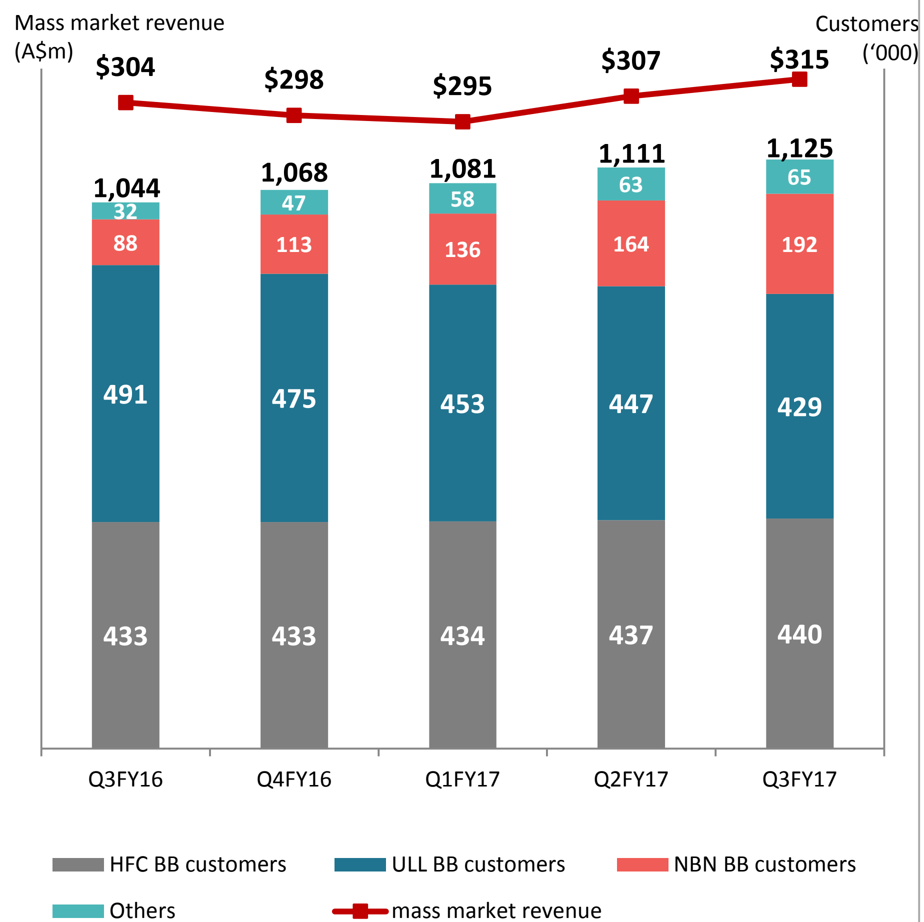
› Handset ARPU **A$21**

- down 24%
- down 3% ex-MTR

1. Wholesale deactivations.
2. 4G handsets on the Optus network.

Australia Fixed

Mass market revenue A$315m



On-net BB ARPU **A$54**

› Up 3%

NBN BB Customers **192k**

› Up 28k QoQ

Resale DSL BB Customers **40k**

› Up 4k QoQ

TV Customers **433k**

› Up 12k[1] QoQ

1. Based on adjusted customer definition.

Trends in constant currency terms[1]

3 months ended December 16	Q3FY17 (reported S$m)	YoY % change (reported S$)	YoY % change (at constant FX)[1]
Group revenue	4,410	(1.5%)	(3.6%)
Group reported NPAT	973	2.0%	0.4%
Group underlying NPAT	994	4.2%	2.5%
Optus revenue	2,332	(5.5%)	(9.3%)
Regional Mobile Associates pre-tax earnings[2]	660	2.0%	0.6%

9 months ended December 16	9MFY17 (reported S$m)	YoY % change (reported S$)	YoY % change (at constant FX)[1]
Group revenue	12,404	(3.6%)	(4.1%)
Group reported NPAT	2,889	(1.2%)	(1.2%)
Group underlying NPAT	2,927	3.6%	3.6%
Optus revenue	6,523	(9.4%)	(10.3%)
Regional Mobile Associates pre-tax earnings[2]	2,053	7.8%	8.6%

1. Assuming constant exchange rates from corresponding periods in FY2016.
2. The Group’s share of associates’ earnings before exceptionals.