

# Q4FY18 Financial Results Presentation

For the quarter ended 31 Mar 2018

Chua Sock Koong, Group CEO

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

Group Outlook

Supplementary Information

# FY18: Record earnings on NetLink Trust divestment gains & strong core execution

- › Strong mobile & fixed line customer growth in Australia
- › Increased contributions from digital businesses
- › Erosion of traditional voice services & intense competition

Group FY18	% change (reported)	% change (constant currency) <sup>1</sup>
------------	---------------------	---

<b>Revenue</b> S\$17,532m		
------------------------------	--	--

<b>EBITDA</b> S\$5,089m		
----------------------------	--	--

**24%<sup>2</sup>** Proportion of Group's revenue from ICT & digital businesses

## Intense competition & mobile termination rate cuts in India

<b>Regional associates' pre-tax earnings<sup>3</sup></b> S\$2,304m		
---	--	--

## Earnings lifted by NetLink Trust divestment gains







<b>Underlying net profit</b> S\$3,544m		
<i>Ex-Airtel &amp; BTL</i>	-4%	-3%
<b>Net profit</b> S\$5,451m		

## Strong operating cash flow

<b>Free cash flow</b> S\$3,606m		N.M.
------------------------------------	--	------

1. Assuming constant exchange rates with FY2017. 2. Includes cyber security revenues of S\$530m 3. Excludes exceptional items. 4. After payment of A\$134m (S\$142m) to the Australian Tax Office for amended assessments under dispute.

# Foreign exchange movements






Currency	Year ended 31 March 2018			Quarter ended 31 March 2018		
	Exchange rate <sup>1</sup>	Increase/ (decrease) against S\$		Exchange rate <sup>1</sup>	Increase/ (decrease) against S\$	
		YoY			YoY	QoQ
1 AUD <sup>2</sup> 	1.0489	0.6%		1.0364	(3.5%)	(0.4%)
1 USD <sup>3</sup> 	1.3565	(2.0%)		1.3070	(7.8%)	(3.6%)
IDR 	9,901	(3.2%)		10,309	(9.3%)	(3.1%)
INR 	47.6	2.1%		48.8	(3.4%)	(2.5%)
THB 	24.3	4.3%		23.9	3.6%	1.6%
PHP 	37.5	(7.8%)		39.1	(10.8%)	(4.0%)

1. Average exchange rates for the quarter and year ended 31 March 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.

# FY18: Performance met guidance

	Guidance <sup>1</sup>	Actual <sup>2</sup>	
<b>Revenue</b>	Grow by low single digit	4.7%	
<b>EBITDA</b>	Grow by low single digit	1.5%	
<b>Free Cash Flow</b> (excluding spectrum payments & dividends from associates)	~ S\$1.8b	S\$2.1b	
<b>Cash Capital Expenditure</b>	~ S\$2.4b	S\$2.3b	
<b>Dividends from Regional Associates</b>	~ S\$1.4b	S\$1.5b	

1. Guidance as at May 2017.

2. Assuming constant exchange rates from corresponding periods in FY2017.

# Dividend payout



**FY18 Total DPS<sup>1</sup> 20.5 cents**

- › **10.7 cents** proposed final dividend (Payable in Aug 2018)
- › **6.8 cents** interim dividend (Paid in Jan 2018)
- › **3.0 cents** special dividend (Paid in Jan 2018)

**Dividend payout ratio at 81%<sup>2</sup>**

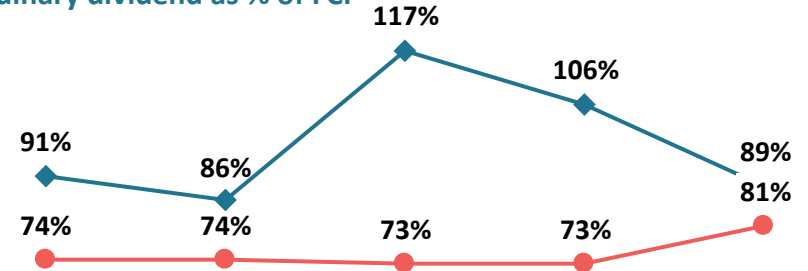
- › Above dividend policy of 60-75%<sup>2</sup>

**Expect to maintain ordinary dividends at 17.5 cents per share for FY 2019 and FY 2020<sup>4</sup>**

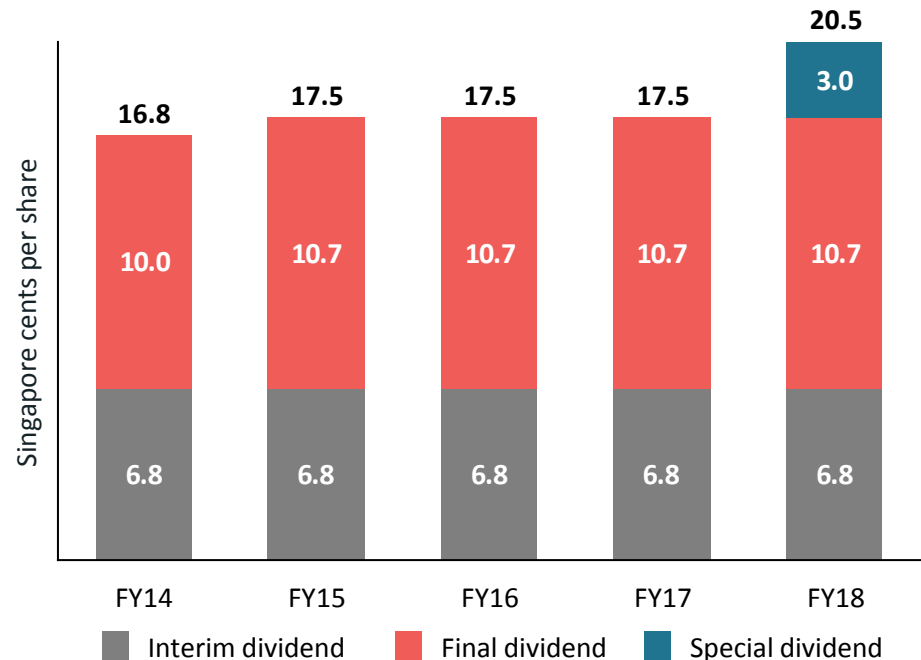
1. Dividend per share.
2. As percentage of underlying net profit.
3. Free cash flow after interest and tax.
4. Thereafter revert to payout ratio of between 60% to 75% of the Group's underlying net profit.

## 5-Year Ordinary Dividends

Ordinary dividend as % of FCF<sup>3</sup>



Ordinary dividend as % of underlying net profit

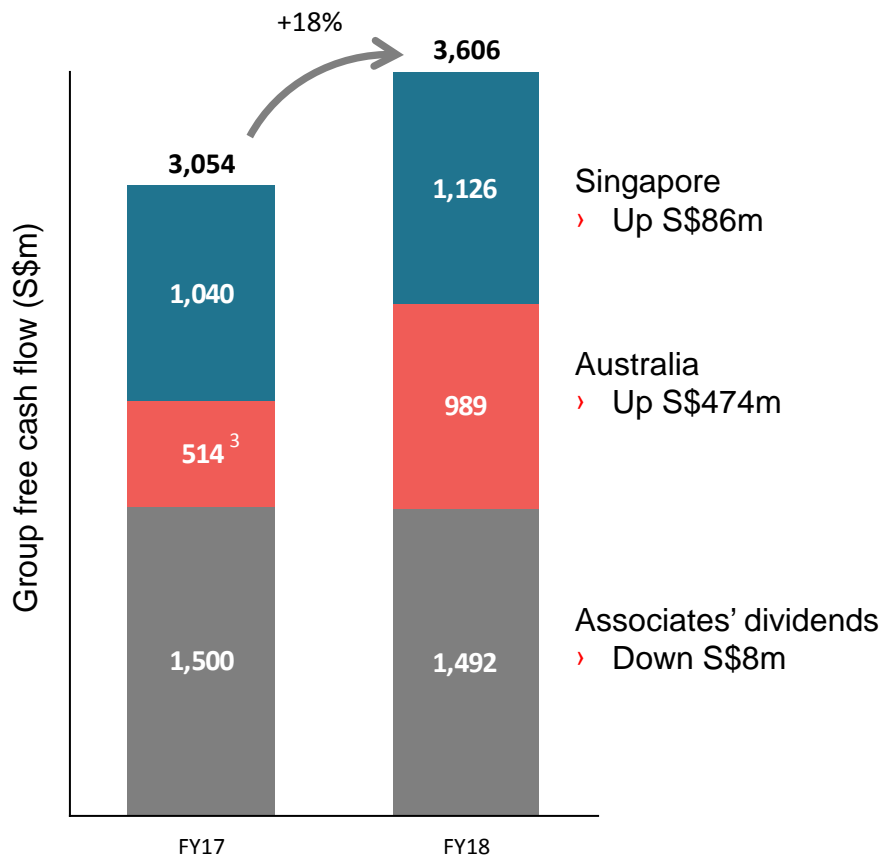


# Solid financial position



## Free Cash Flow

**S\$3,606m**



## Balance Sheet

**Net debt<sup>1</sup> S\$9.8b**

**Net debt gearing<sup>2</sup> 24.9%**

**Net debt: EBITDA & share of associates' pre-tax profits 1.3x**

**EBITDA & share of associates' pre-tax profits: Net interest expense 20.2x**

**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.
3. After payment of A\$134m (S\$142m) to the Australian Tax Office for amended assessments under dispute.



# Q4FY18 performance



	3 months to			12 months to		
	Mar 18	Mar 17 <sup>1</sup>	YoY %	Mar 18	Mar 17 <sup>1</sup>	YoY %
Operating revenue	4,326	4,308	0.4%	17,532	16,711	4.9%
EBITDA	1,235	1,308	(5.6%)	5,089	4,998	1.8%
- margin	28.5%	30.4%		29.0%	29.9%	
Associates pre-tax earnings <sup>2</sup>	519	713	(27.2%)	2,454	2,886	(15.0%)
EBITDA & share of associates' pre-tax earnings	1,754	2,022	(13.2%)	7,550	7,884	(4.2%)
Depreciation & amortisation	(584)	(585)	(0.1%)	(2,340)	(2,239)	4.5%
Net finance expense	(85)	(82)	4.0%	(345)	(260)	32.8%
Profit before EI and tax	1,085	1,355	(19.9%)	4,865	5,385	(9.7%)
Tax	(280)	(380)	(26.3%)	(1,343)	(1,536)	(12.6%)
Underlying net profit	807	983	(17.9%)	3,544	3,871	(8.4%)
Exceptional Items (post tax)	(26)	(20)	32.8%	1,908	(18)	N.M.
Net profit	781	963	(19.0%)	5,451	3,853	41.5%

1. Restated to reclassify AIS' 3G/4G handset subsidy costs from exceptional items of the Singtel Group to share of associates' results to be consistent with the current periods.

2. Excluding exceptional items.

N.M. – Not Meaningful

# Group Q4FY18 highlights



## Group

- › Topped ASEAN Corporate Governance Scorecard for Singapore Corporates
- › Group collaboration & strategic partnerships in e-payments, e-sports & content



## Group Consumer



- › SG: Launched state-of-the-art flagship store at Comcentre
- › SG/ AU: Secured rights for 2018 FIFA World Cup
- › AU: Optus extends exclusive Premier League rights for 3 years
- › AU: Announced commencement of 5G rollout in early 2019



## Group Enterprise

- › Trustwave recognised in the Leaders Quadrant<sup>1</sup>
- › World's first Global Telco Security Alliance
- › Digital Transformation Foundry to drive hybrid cloud innovation



## Group Digital Life



- › Launched Innovation Cybersecurity Ecosystem at Block 71 – region's first cybersecurity startup hub

1. 2018 Gartner "Magic Quadrant for Managed Security Services, Worldwide".

# MeetingPoint

Book your  
at your own

Use My Singtel  
singtel.com/for  
Singtel S

## Agenda

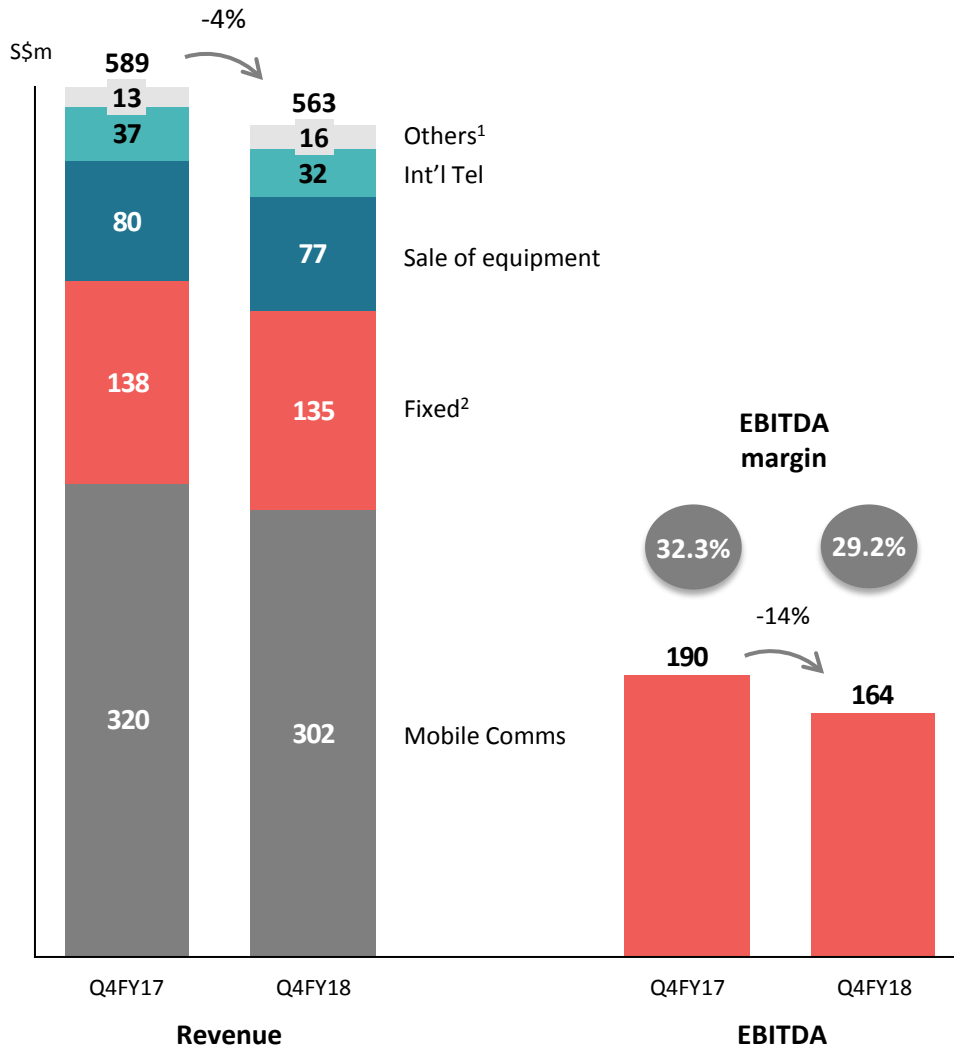
Overview

**Business Units**

Group Outlook

Supplementary Information

# Singapore Consumer



## Mobile communications revenue down 6%<sup>3</sup>

- › Continued voice to data substitution
- › Higher mix of SIM-only plans
- › Decline in roaming

## Home service revenue<sup>4</sup> down 2%

- › Cessation of Premier League sub-licensing
- › Growth in broadband offset lower voice services

## Equipment sales down 4%

- › Higher take-up of SIM-only plans

## IDD services down 13%

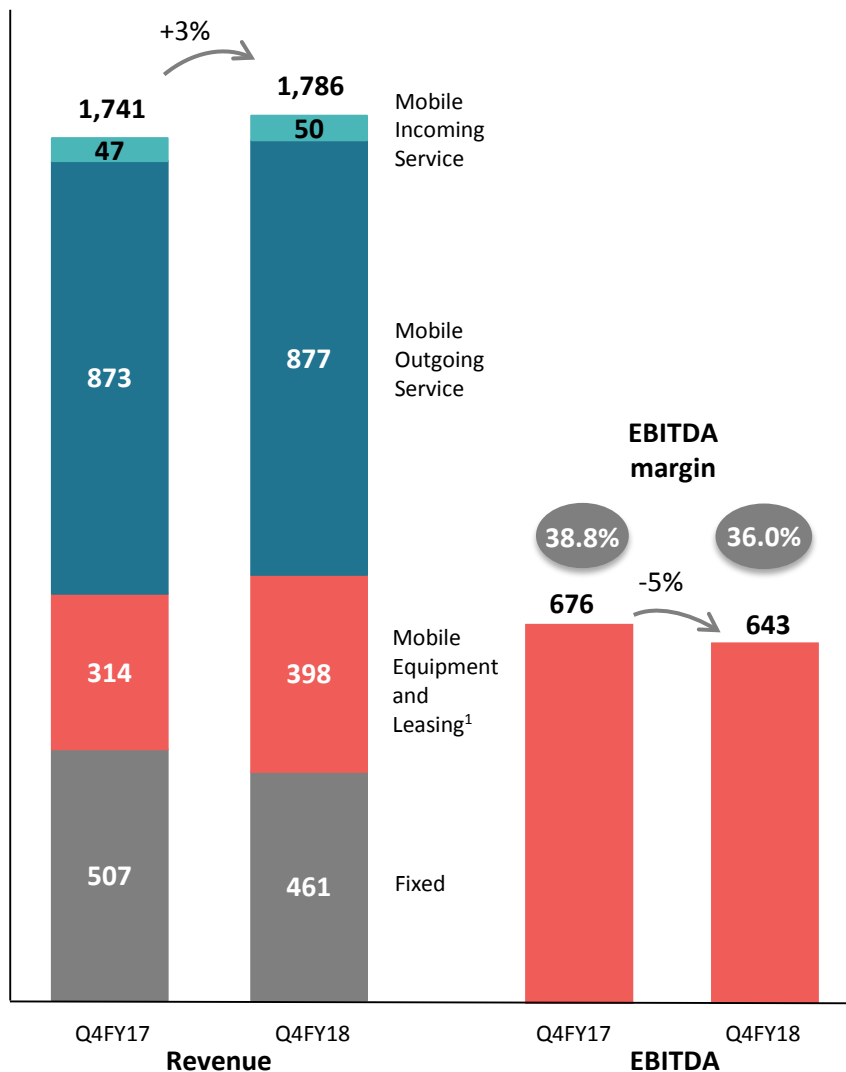
- › Lower call traffic from data substitution

## EBITDA down 14%

- › Lower voice usage & cessation of sub-licensing revenues
- › Higher recontracting volumes

1. Other revenue includes digital services and revenue from mobile network cabling works and projects.
2. Comprises fixed broadband, residential Pay TV, national telephone and payphone.
3. From Q1FY18, mobile communications revenue is net of inter-operator mobile tariff discounts previously classified under 'Other revenue'. Excluding this reclassification of S\$3.9m in Q4FY18, mobile communications was 5% lower compared to Q4FY17.
4. Comprises fixed broadband, fixed voice and Pay TV in the residential segment.

A\$m



## Mobile service revenue increased 4% ex-DRP<sup>2</sup>

- › Customer growth momentum continues
- › Up 1% on reported basis

## Mobile customers

- › Postpaid handset up 86k QoQ
- › Prepaid handset up 33k QoQ
- › Mobile Broadband up 16k QoQ

## Mass market fixed revenue down 9%

- › Up 6% excluding NBN migration revenues
- › NBN customer up 37k QoQ

## EBITDA down 5%

- › Up 3% excluding NBN migration revenues

1. Includes leasing revenue of A\$12m.

2. Device Repayment Plans. DRP credits increased A\$36m YoY.



# Regional Associates



Q4FY18	PBT <sup>1</sup> (S\$m)	% Change (S\$)	% Change (local ccy)	Business Highlights
Regional Associates	488	-25%	N.A.	› Continued competitive intensity
<i>Ex-Airtel</i>	496	-11%		› Impacted by adverse currency movements & higher infrastructure investments
Telkomsel	289	-22%	-15%	› Decline in legacy services & heightened price competition during SIM card registration period
Airtel	-8	-109%	NM	› India: Continued industry consolidation
- India & South Asia	83	-58%	-57%	› India: Highest quarterly net adds of 15 million data customers
- Africa	68	+83%	+89%	› India: Announced merger of Indus Towers into Bharti Infratel
- Net finance costs & fair value losses	-144	+2%	NM	› Africa: Strong revenue growth with record margin improvement
- BTL <sup>2</sup>	-14	NM	NM	
AIS	95	8%	4%	› Earnings growth on revenue improvement & cost management
Intouch	32	16%	12%	› Completed sale of CS Loxinfo
Globe	81	9%	21%	› Robust growth in data revenue & cost control

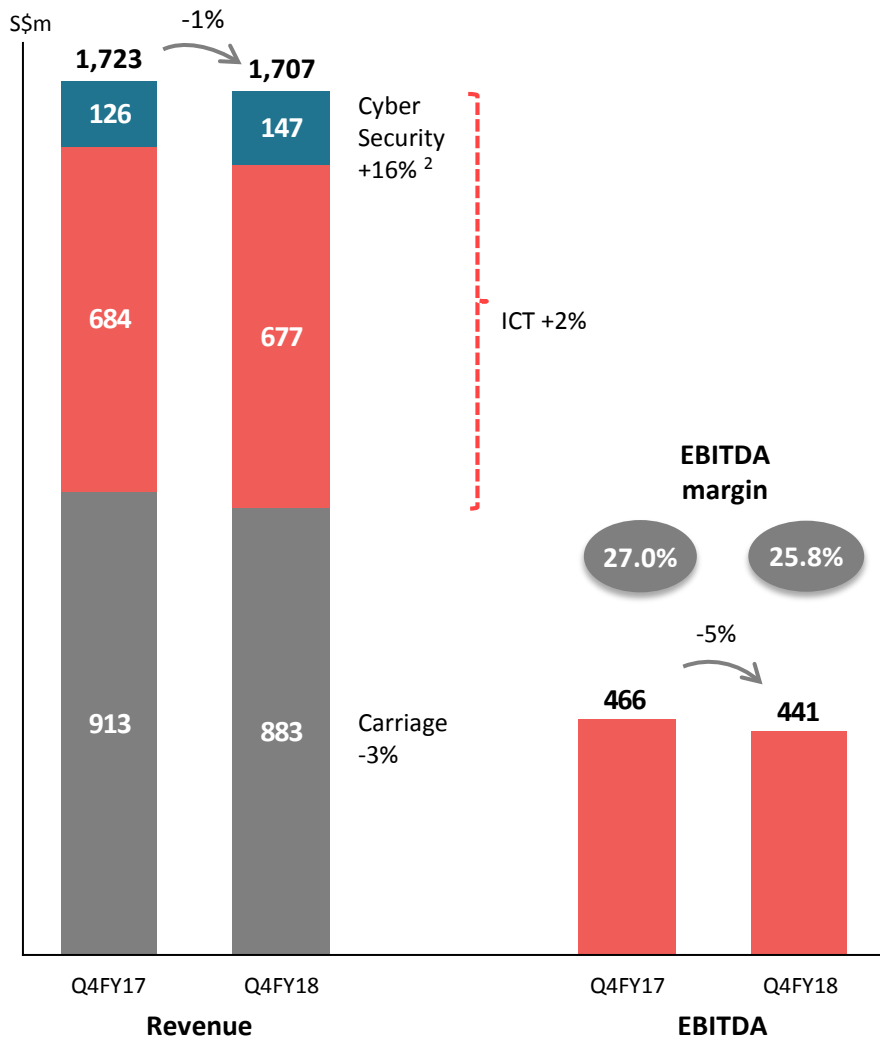
1. Excludes exceptional items.

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

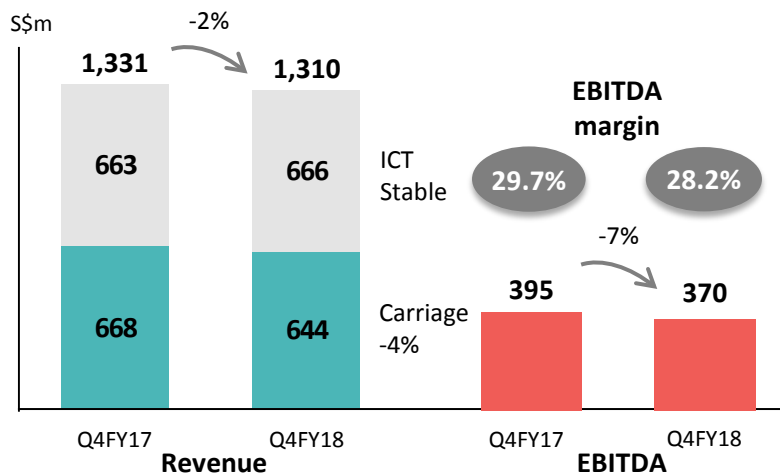
N.M. – Not Meaningful

# Group Enterprise

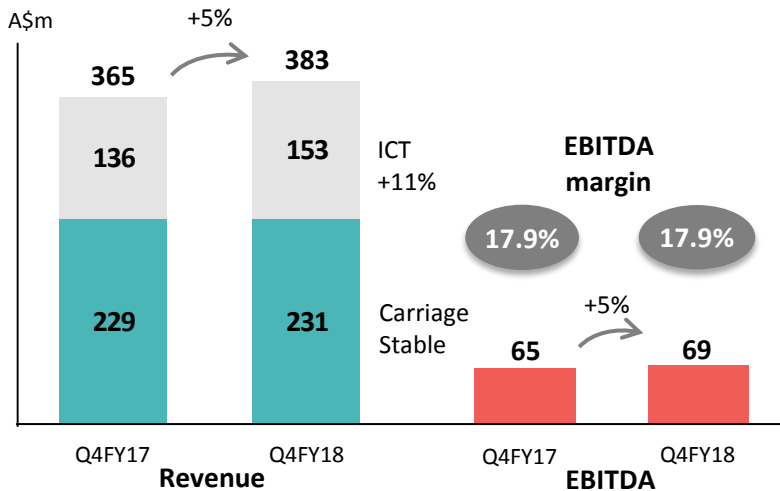
## Group Enterprise



## Singapore & International<sup>1</sup>

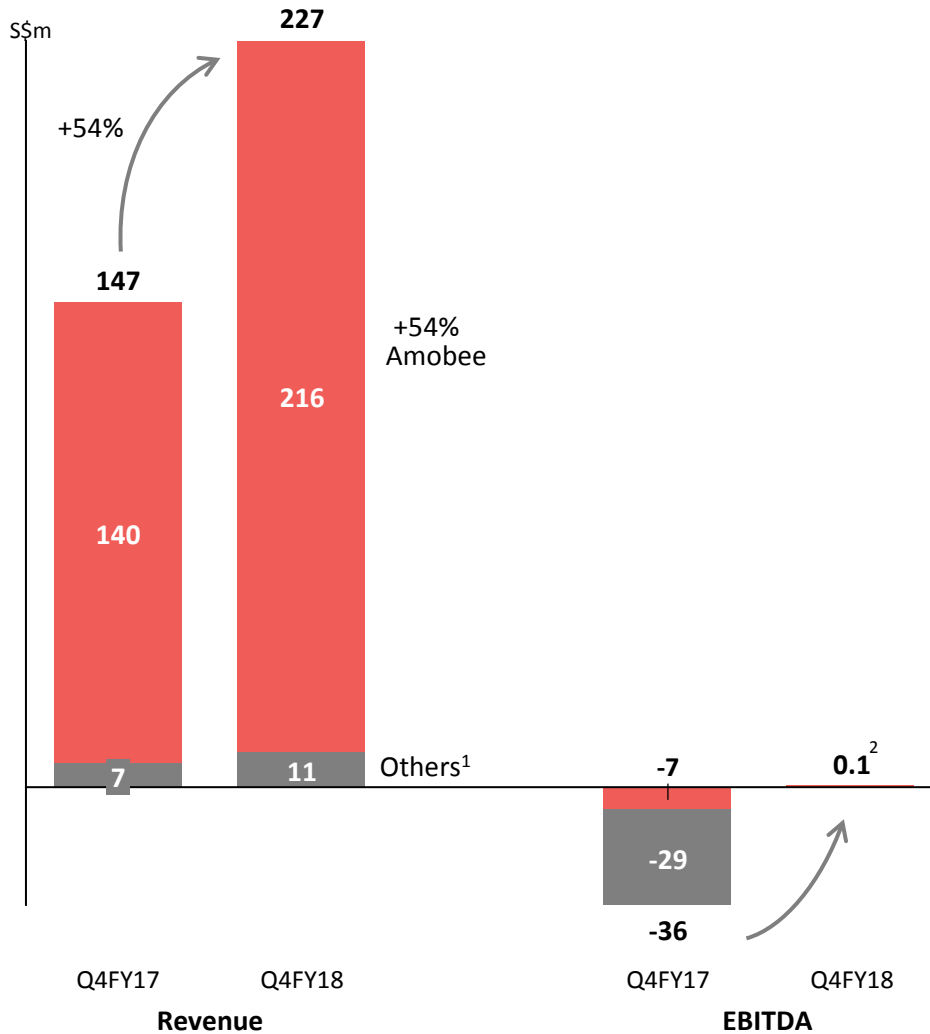


## Australia



1. Excluding Australia.  
 2. Cyber security revenue up 21% in constant currency terms.

## Group Digital Life



1. Includes revenues from HOOQ and DataSpark.  
 2. Includes one-off content credits and government grants.

## Amobee

- › Key customer wins



## HOOQ

- › Integration with Airtel TV platform



## DataSpark

- › Mobility intelligence solutions across retail, marketing and transportation sectors





## Agenda

Overview

Business Units

**Group Outlook**

Supplementary Information

## Group

- › Revenue<sup>3</sup> to grow by low single digit
- › EBITDA<sup>3</sup> to be stable
- › Cash and accrued capital expenditure to be ~S\$2.2b
- › Free cash flow<sup>4</sup> to be ~S\$1.9b
- › Dividends from regional associates to be ~S\$1.4b

## Core Business

- › Revenue<sup>3</sup> to grow by low single digit
- › EBITDA<sup>3</sup> to be stable
- › Australia Mobile Service revenue to grow by low single digit
- › Singapore Mobile Service revenue<sup>5</sup> to decline by mid single digit
- › Group ICT revenue to increase by mid single digit
  - › Cyber Security revenue to grow by low teens

## Group Digital Life

- › Amobee revenue<sup>6</sup> to grow by mid teens
- › Amobee EBITDA to increase

1. Based on average exchange rates during FY 2018.

3. Excludes NBN migration revenue in Australia for FY 2018 and FY 2019.

5. Refer to definition in Appendix 6 of the MD&A.

2. Excludes acquisitions.

4. Excludes spectrum payments and associates' dividends.

6. Includes intragroup revenue.



A young man and woman are smiling and looking at a smartphone together in an urban setting. The man is wearing a light blue polo shirt and the woman is wearing a bright pink sleeveless dress. They are both holding smartphones. The background is a blurred cityscape with blue buildings.

# Agenda

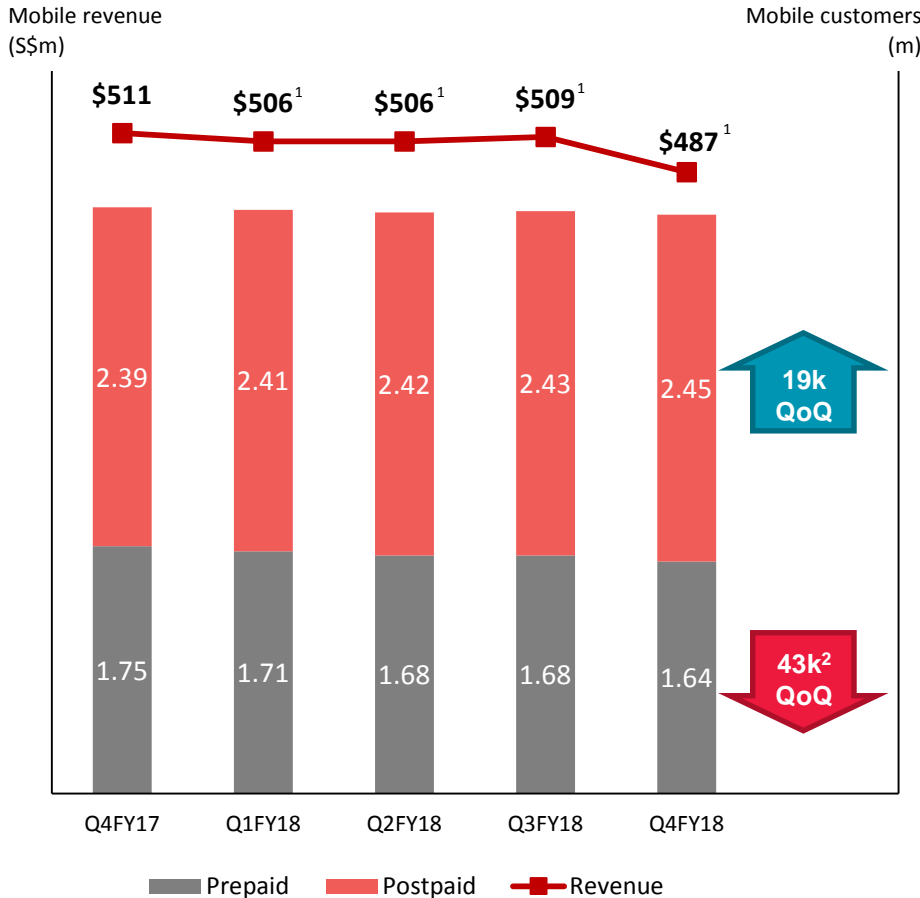
Overview

Business Units

Group Outlook

**Supplementary Information**

**Mobile communications Revenue S\$487m**



**4G customers up 168k QoQ** **2,869k**

> 70% penetration

**Average smartphone data usage** **4.2Gb**

> Up from 3.5Gb in Mar 2017 quarter

> Up from 3.8Gb in Dec 2017 quarter

**Postpaid ARPU down 9%** **S\$61**

> Decline in roaming & voice usage partly offset by take up of data add-on plans

> Dilution from increased mix of SIM-only

**Prepaid ARPU stable** **S\$18**

> Higher data revenue offset voice decline

**Postpaid SAC<sup>3</sup> up 22%** **S\$461**

> Increased customer retention on premium handset launches

1. From Q1FY18, mobile communications revenue is net of inter-operator mobile tariff discounts previously classified under 'Other revenue'. The discounts were S\$11.6m, S\$11.0m, S\$13.5m and S\$10.9m for Q1FY18, Q2FY18, Q3FY18 and Q4FY18 respectively.

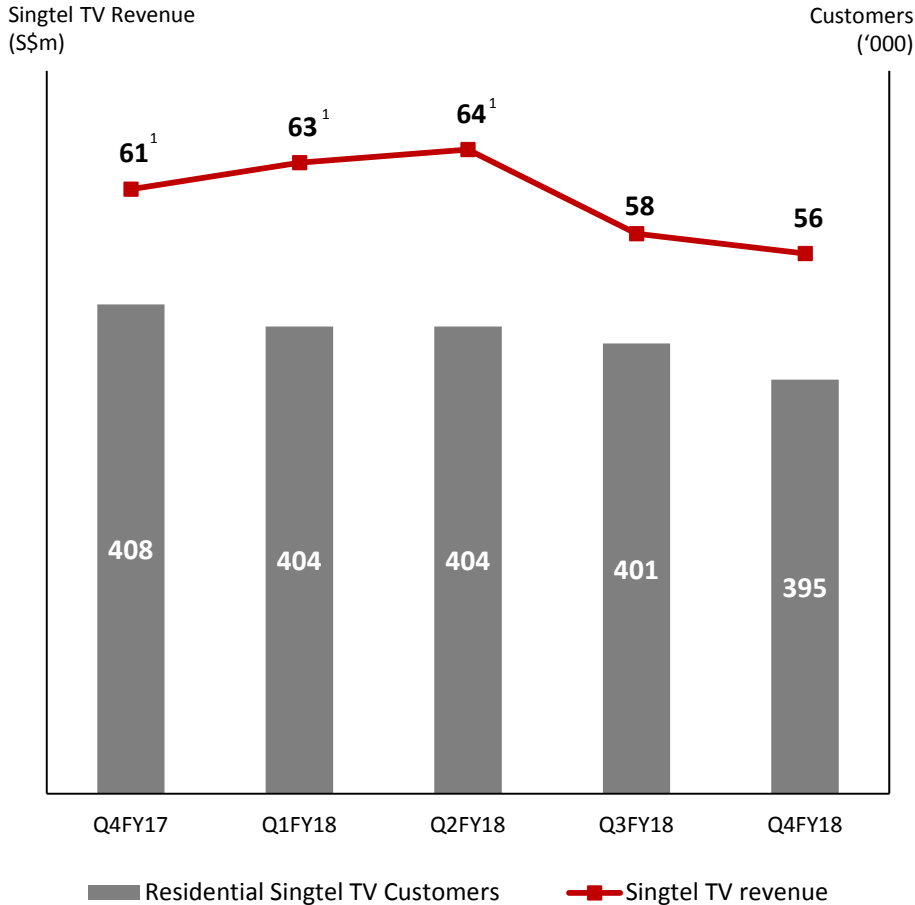
2. Decline in prepaid customers due to lower foreign worker population and termination of inactive cards.

3. Blended acquisition and retention cost per postpaid customer.

# Singapore Fixed

**Singtel TV revenue**

**S\$56m**



**Singtel TV ARPU**

**S\$41**

› Down 1%

**Singtel TV churn**

**1.5%**

› Up 0.2ppt

**Singtel Households on Triple/quad services<sup>2</sup>**

**509k**

› Up 1k QoQ

**Singtel Fibre broadband customers<sup>3</sup>**

**599k**

› Up 10k QoQ

› 97% of broadband customers<sup>3</sup> on fibre

**Singtel OTT services (CAST & Singtel TV GO)**

**100k**

› Up 7k QoQ

1. Singtel TV revenue includes sub-licensing of 2016-17 Premier League content rights.
2. Households who 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.

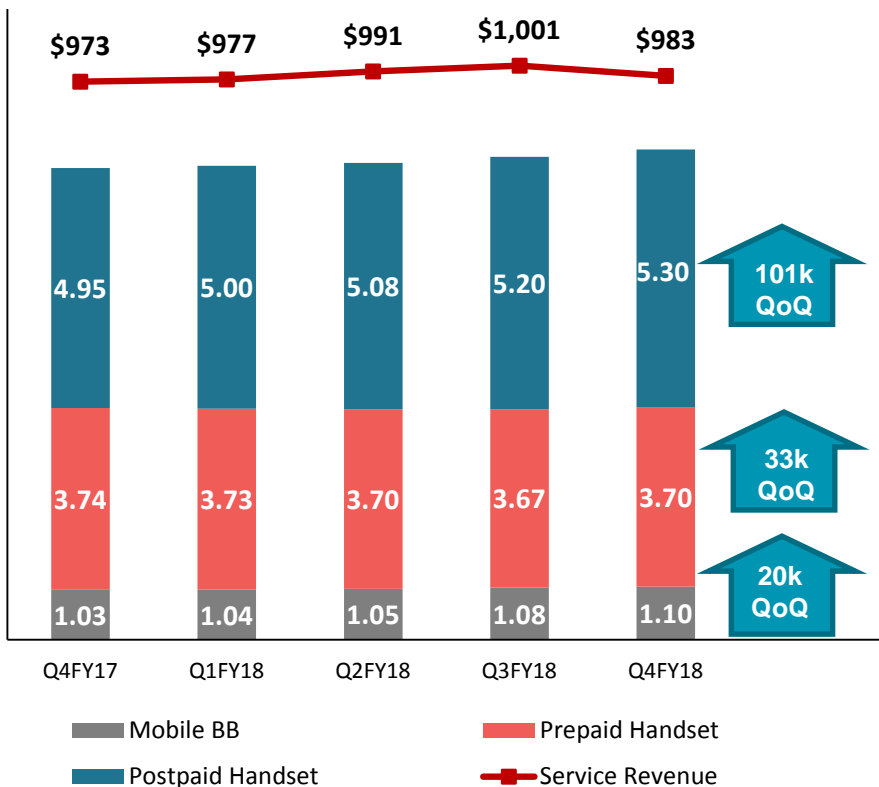
# Australia Mobile

Service revenue

A\$983m<sup>1</sup>

Service revenue  
(A\$m)

Mobile customers  
(m)



4G customers<sup>2</sup> up 139k QoQ

6,332k

> 63% penetration

## Postpaid

> Handset ARPU

A\$44

- down 3%

- stable ex-DRP

> Churn

1.5%

- up 0.2ppt YoY & stable QoQ

## Prepaid

> Handset ARPU

A\$20

- down 10%

## Mobile Broadband

A\$21

> ARPU

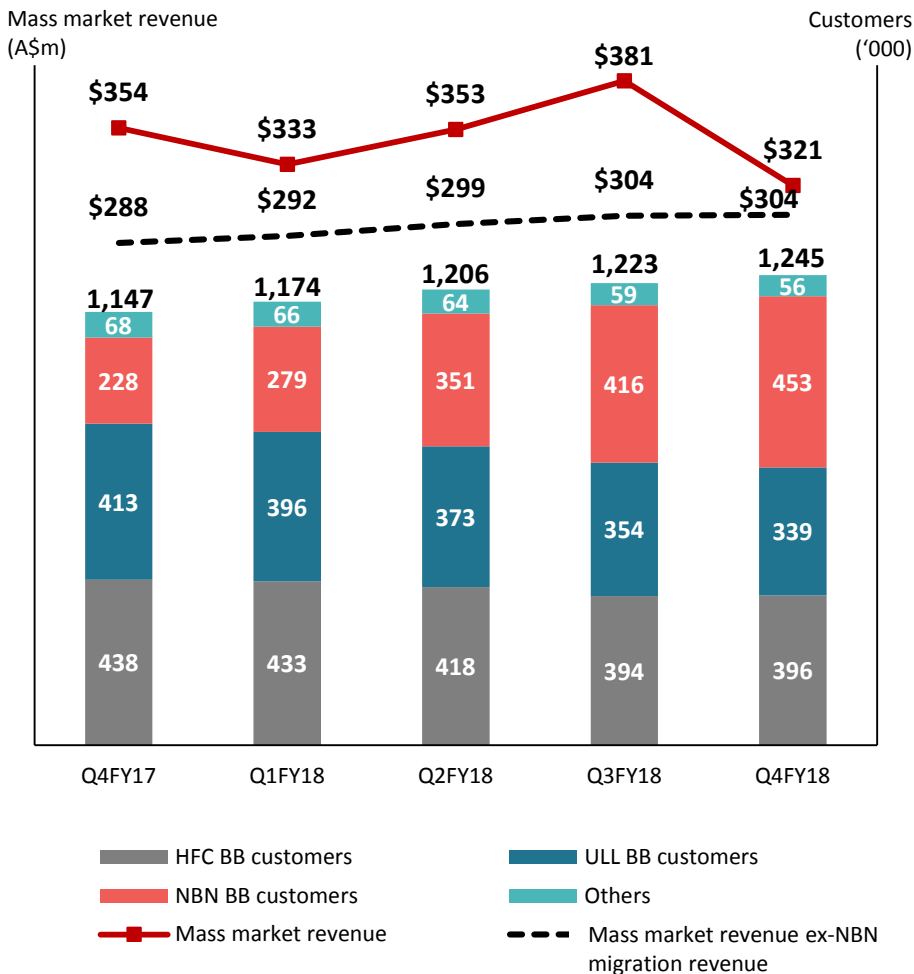
- up 15%

1. Ex-DRP, service revenue up 4%  
 2. 4G handsets on the Optus network.

# Australia Fixed

Mass market revenue

\$321m<sup>1</sup>



**On-net BB ARPU**

**A\$54**

› Stable QoQ

**NBN BB Customers**

**453k**

› Up 37k QoQ

**TV Customers**

**491k**

› Up 17k QoQ

1. Ex-NBN payments, revenue up 6%.



# Trends In Constant Currency Terms<sup>1</sup>

3 months ended March 2018	Q4FY18 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) <sup>1</sup>
Group revenue	4,326	0.4%	2.8%
Group reported NPAT	781	(19.0%)	(15.6%)
Group underlying NPAT	807	(17.9%)	(14.7%)
Optus revenue	2,248	(0.6%)	3.0%
Regional Associates pre-tax earnings <sup>2</sup>	488	(24.9%)	(20.0%)
Year ended March 2018	FY18 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant FX) <sup>1</sup>
Group revenue	17,532	4.9%	4.7%
Group reported NPAT	5,451	41.5%	42.2%
Group underlying NPAT	3,544	(8.4%)	(7.8%)
Optus revenue	9,136	4.0%	3.4%
Regional Associates pre-tax earnings <sup>2</sup>	2,304	(13.2%)	(12.0%)

1. Assuming constant exchange rates from corresponding periods in FY2017.

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



**Disclaimer:** This material that follows is a presentation of general background information about Singtel's activities current at the date of the presentation. The information contained in this document is intended only for use during the presentation and should not be disseminated or distributed to parties outside the presentation. It is information given in summary form and does not purport to be complete. It is not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This material should be considered with professional advice when deciding if an investment is appropriate.