Q3FY19 Financial Results Presentation

For the quarter ended 31 Dec 2018

Chua Sock Koong, Group CEO

14 February 2019

Singtel

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

Overview

Business Units

Outlook

Supplementary Information

Earnings impacted by Airtel India performance

	Q3FY19 (S$M)	% change (reported)	% change (constant currency)[1]	
Revenue	**4,626**	**1%**	**4%**	› Growth in equipment sales, ICT and digital services[2] offset carriage erosion › Strong postpaid momentum in Australia & Singapore
EBITDA	**1,190**	**(11%)**	**(8%)**	Margin erosion in carriage services, lower NBN migration revenues & prior year one-off items
Regional Associates' PBT[3]	**342**	**(35%)**	**(33%)**	Intense competition in India; Increased depreciation & amortisation & network costs
Underlying NPAT	**680**	**(28%)**	**(27%)**	Lower EBITDA & associates' contribution
NPAT	**823**	**(14%)**	**(12%)**	
Free Cashflow	**387**	**(51%)**	**N.M.**	Slower operational performance, timing of ICT milestone-based receipts & dividends from Telkomsel

1. Constant currency – assuming constant exchange rates from corresponding period in FY2018
2. Includes consolidation of Videology results in Amobee Group
3. Excludes exceptional items

N.M. – not meaningful

Q3FY19 and 9MFY19 Performance

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(S$M)	Quarter Dec 18	Quarter Dec 17	Quarter YoY %	9 Months Dec 18	9 Months Dec 17	9 Months YoY %
Operating revenue	4,626	4,583	1%	13,030	13,006	Stable
EBITDA	1,190	1,331	(11%)	3,526	3,820	(8%)
- margin	*25.7%*	*29.0%*		*27.1%*	*29.4%*	
Associates pre-tax earnings[1]	342	523	(35%)	1,035	1,816	(43%)
EBITDA & share of associates' pre-tax earnings	1,561	1,884	(17%)	4,642	5,762	(19%)
Depreciation & amortisation	(553)	(563)	(2%)	(1,661)	(1,688)	(2%)
Net finance expense	(98)	(81)	22%	(262)	(258)	2%
Profit before EI and tax	909	1,240	(27%)	2,719	3,816	(29%)
Tax	(235)	(299)	(21%)	(609)	(1,062)	(43%)
Underlying net profit	680	950	(28%)	2,128	2,773	(23%)
Exceptional Items (post tax)	143	10	N.M.	194	1,931	(90%)
Net profit	823	959	(14%)	2,322	4,703	(51%)

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

Foreign Exchange Movements

Currency	Quarter Dec 2018			9 Months Dec 2018	
	Exchange rate[1]	**Increase/ (decrease) against S$**		**Exchange rate[1]**	**Increase/ (decrease) against S$**
		YoY	QoQ		YoY
1 AUD[2]	0.9864	(5.2%)	(1.3%)	0.9982	(5.2%)
1 USD[3]	1.3722	1.2%	0.6%	1.3590	(0.7%)
IDR	10,753	(7.5%)	(1.1%)	10,638	(8.9%)
INR	52.4	(10.1%)	(2.1%)	51.3	(9.1%)
PHP	38.6	(2.7%)	1.5%	39.1	(6.5%)
THB	23.9	1.6%	0.8%	24.0	2.0%

1. Average exchange rates for the quarter and 9 months ended 31 December 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 Q3FY19 Highlights

Group Consumer

› SG: Extended Premier League rights till 2022 & enhanced other TV content

› SG: Entered electricity market

› AU: Launched Australia's first 5G commercial service

› AU: Optus rated Australia's strongest telecommunications brand[1]

Group Enterprise

READERS' CHOICE PRODUCT EXCELLENCE AWARDS 2018

› Major data centre service contract win of up to S$850M

› Awarded best in managed security, data centre and infrastructure services[2]

Group Digital Life

› HOOQ introduces video streaming on Grab's platform

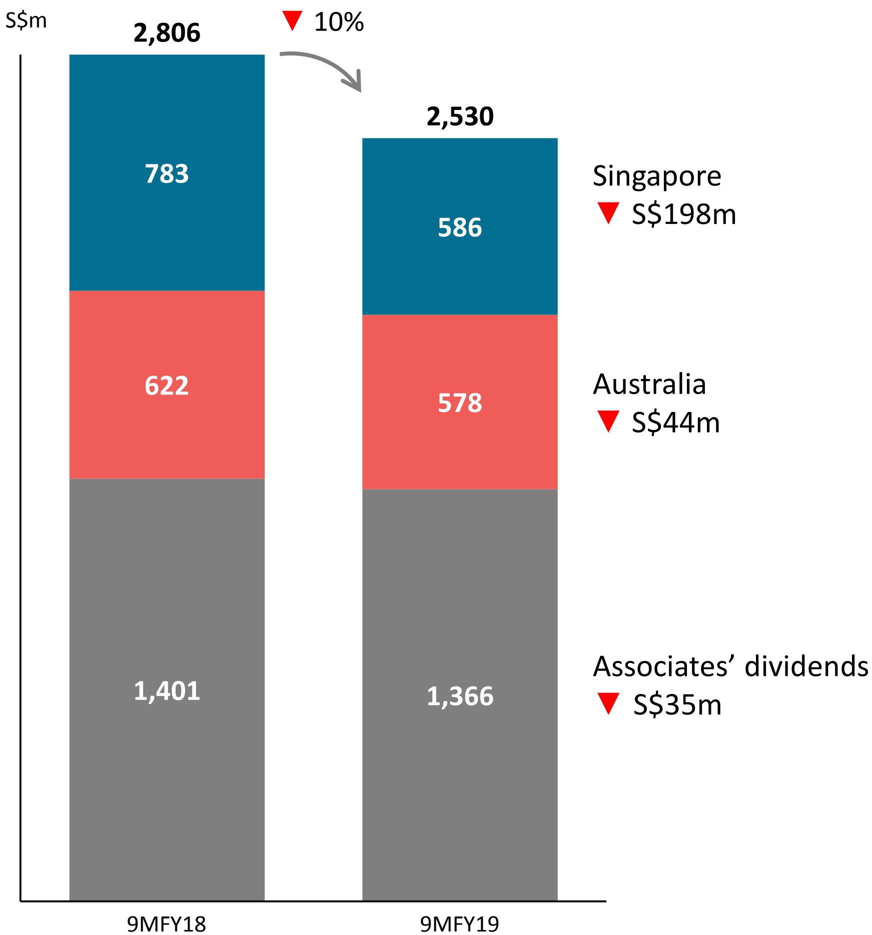
International Group

› Dash offers remittance service to Myanmar & partnered Visa and Apple Pay to expand global usage

1. Brand Finance Australia 100 2019 Report
2. Frost & Sullivan APAC Best Practices Awards 2018 & NWA Readers' Choice Product Excellence Awards 2018

Solid Financial Position

Free Cash Flow S$2,530m



Balance Sheet

Net debt[1]	**S$9.8b**
Net debt gearing[2]	**25.2%**
Net debt: EBITDA & share of associates' pre-tax profits	**1.58x**

Credit Ratings:	**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

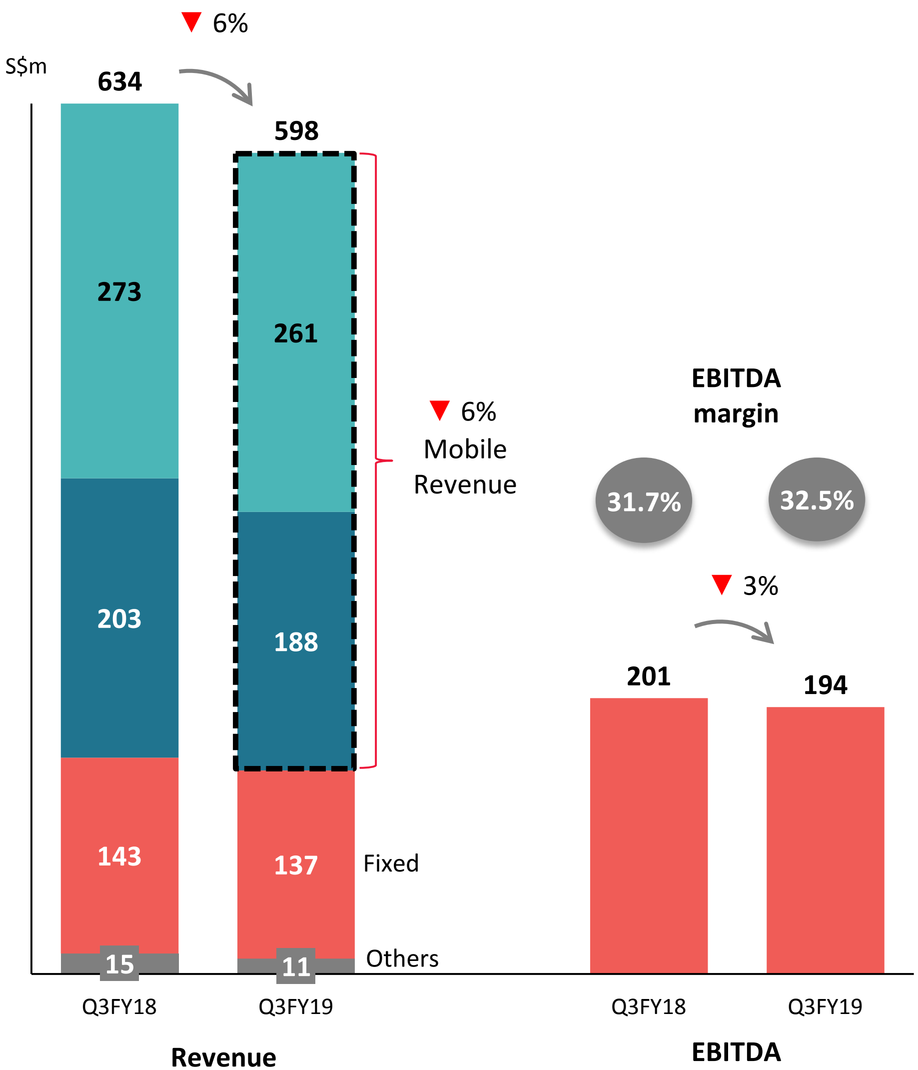
Overview

Business Units

Outlook

Supplementary Information

Singapore Consumer



Mobile revenue (incl equipment sales) down 6%

- Voice erosion mitigated by growing data usage
- Higher amortisation of handset subsidies
- Lower equipment sales on weaker demand for key handset models

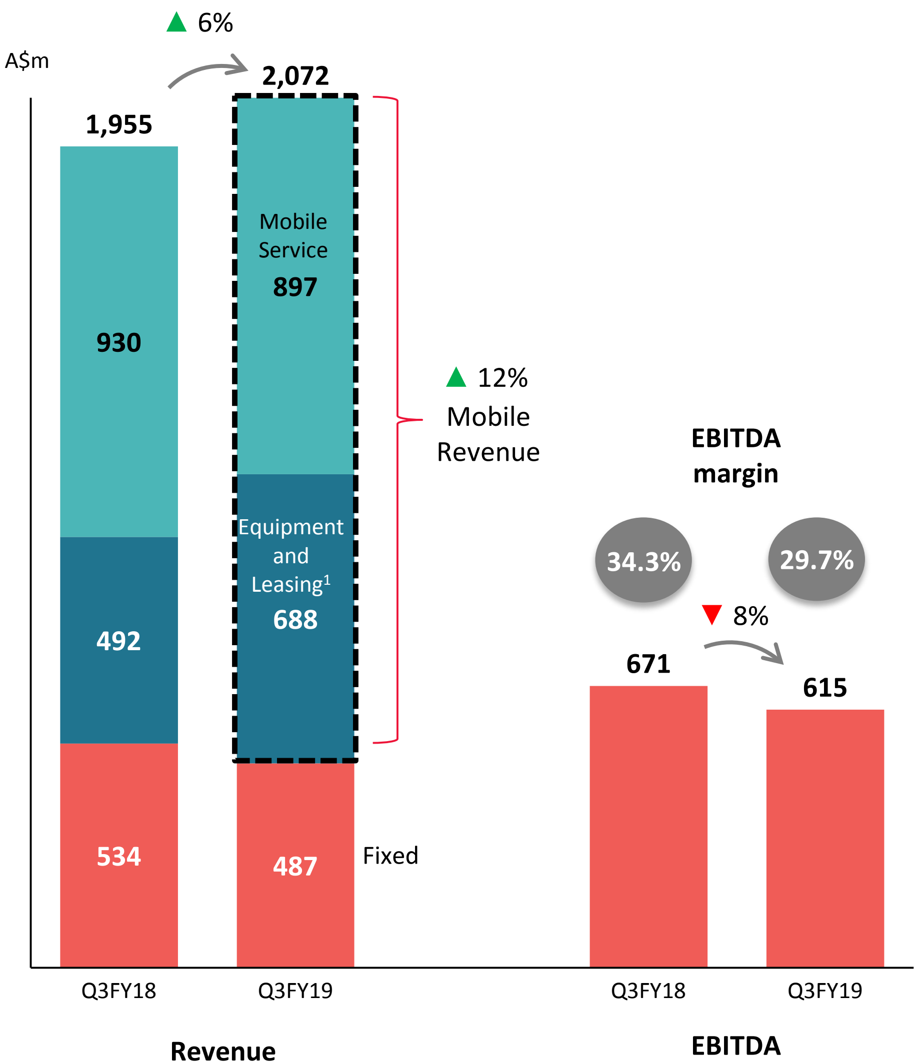
Home service revenue down 1%

- Broadband revenue growth from increase in subscribers & migration to higher-tier fibre plans
- Offset by decline in voice & TV service

EBITDA down 3%

- Lower voice revenue moderated by stringent cost management

Australia Consumer



Mobile revenue (incl equipment sales) up 12%

- Equipment sales up 31% on higher take-up of premium handsets
- Lower service revenue on data price competition and increased mix of SIM-only plans

Mobile customers

- Postpaid handset up 126k QoQ[2]
- Prepaid handset down 72k QoQ
- Mobile Broadband up 7k QoQ

Mass market fixed revenue down 9%

- Stable excl NBN migration revenues
- NBN customers up 24k QoQ

EBITDA up 3% excl NBN migration revenues [and one-off income in prior period][3]

1. Includes leasing revenue of A$54m in Q3FY19.
2. Branded postpaid handset net adds up 154k QoQ.
3. One-off income from dispute settlement in Q3FY18.

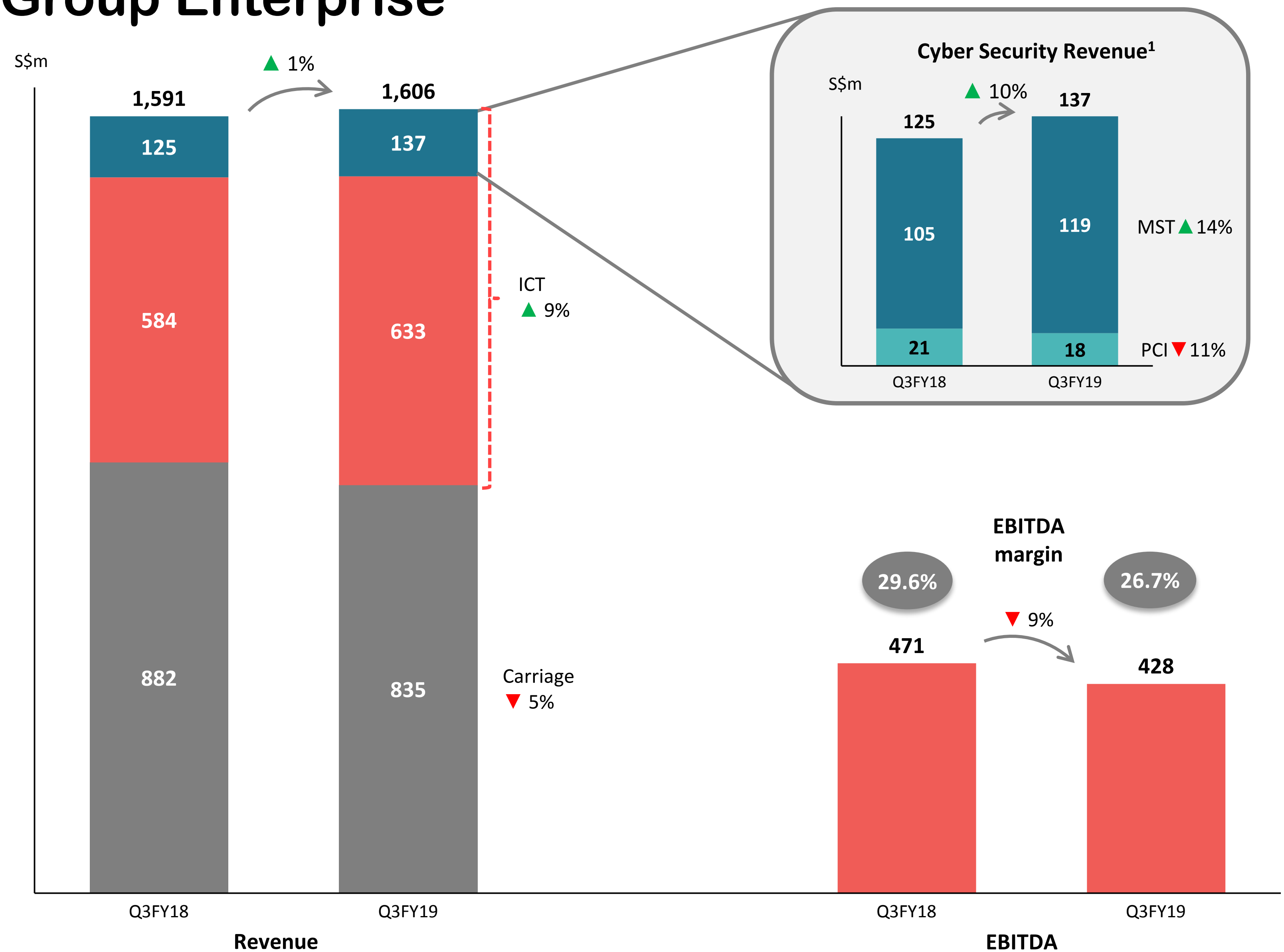
Regional Associates

Q3FY19	PBT[1] (S$m)	% Change (S$)	% Change (local ccy)	Business Highlights
Regional Associates	342	(35%)	N.M.	› Lower contribution from Airtel, Telkomsel and AIS
Telkomsel	305	(7%)	(1%)	› Revenue stable YoY; sequential quarter growth as SIM-card registration exercise largely completed
Airtel	(129)	N.M.	N.M.	› Share of Airtel's PBT declined S$167 million YoY › India: • Continued pricing pressures in mobile market • Introduced minimum recharge plans to drive revenue and ARPU uplift • Strong 4G customer net adds › Africa: • Robust growth in revenue and profits • US$200 million investment from Qatar Investment Authority
- India & South Asia	(50)	N.M.	N.M.	
- Africa	86	8%	19%	
- Others[2]	(12)	244%	265%	
- Net finance costs & fair value losses	(145)	(12%)	(3%)	
- BTL[3]	(9)	9%	21%	
AIS	80	(10%)	(11%)	› Higher marketing cost and depreciation due to network investment
Intouch	21	(13%)	(15%)	› Impacted by AIS' lower earnings
Globe	65	47%	51%	› Strong data revenue growth in mobile & broadband and 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

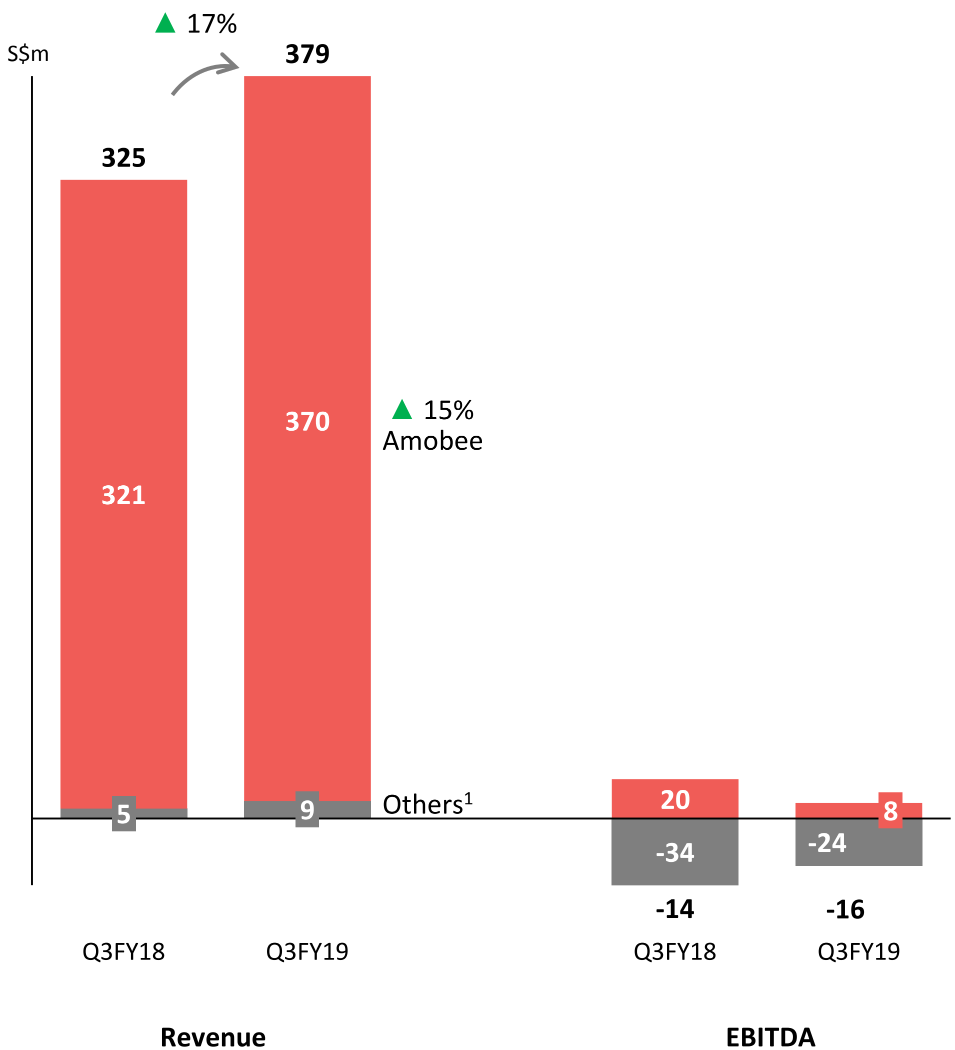
Group Enterprise



1. 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

› Programmatic platform gains traction with key client wins

› Enhanced capabilities with data & channel partnerships

HOOQ

› Growing distribution partnerships

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Agenda

Overview

Business Units

Outlook

Supplementary Information

Outlook[1]

Group	› Revenue[2] to grow by low single digit
	› EBITDA[2] to decline by low single digit **(Updated)**
	› Cash and accrued capital expenditure to be ~S$2.2b
	› Free cash flow[3] to be ~S$1.9b
	› Dividends from regional associates to be ~S$1.4b
Core Business	› Revenue[2] to grow by low single digit
	› EBITDA[2] to decline by low single digit **(Updated)**
	› Australia Mobile Service revenue to be stable **(Updated)**
	› Singapore Mobile Service revenue to decline by mid single digit
	› Group ICT revenue to increase by low single digit **(Updated)**
	› › Cyber Security revenue to increase by high single digit
Group Digital Life	› Amobee revenue[4] to grow by low teens **(Updated for Videology acquisition)**
	› Amobee EBITDA to be slightly negative **(Updated for Videology acquisition)**

1. Based on average exchange rates during FY2018.
2. Excludes NBN migration revenue in Australia for FY2018 and FY2019.
3. Excludes spectrum payments and associates' dividends.
4. Includes intragroup revenue.

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Agenda

Overview

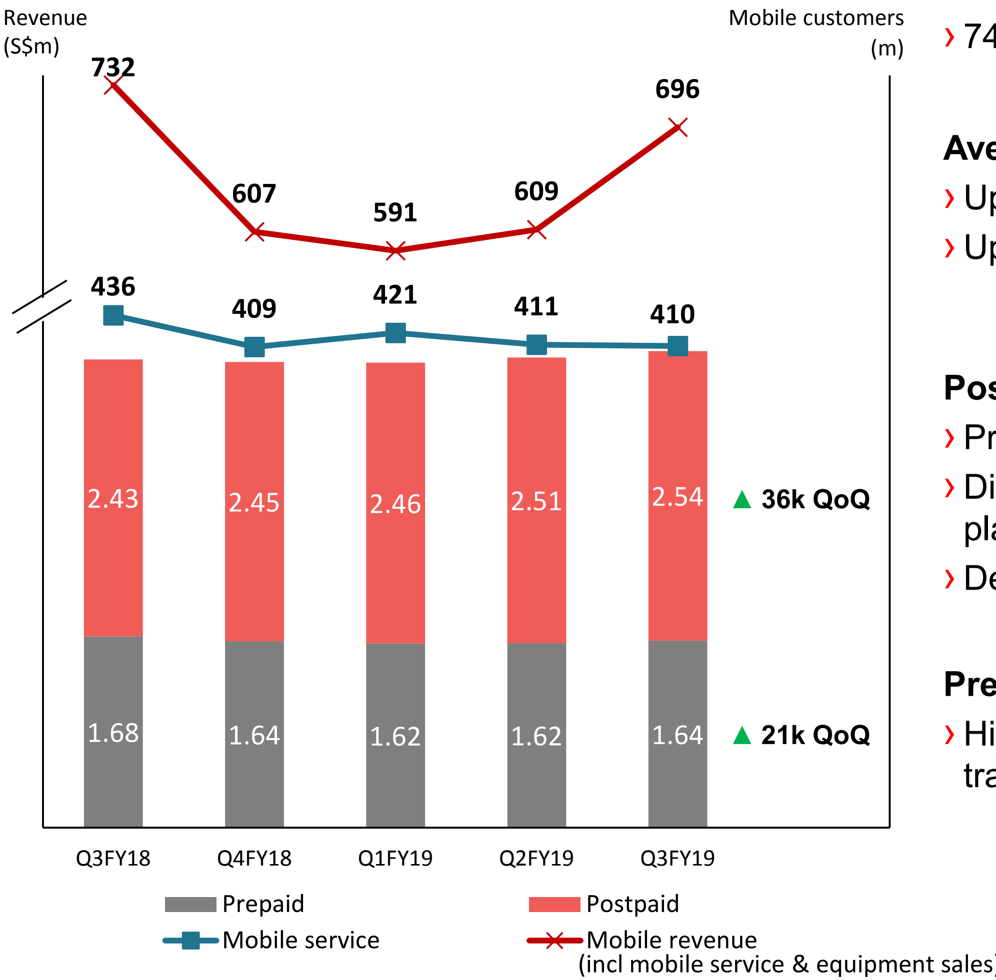
Business Units

Outlook

Supplementary Information

Singapore Mobile

Mobile revenue S$696m



4G customers up 87k QoQ **3,101k**

› 74% penetration

Average quarterly smartphone data usage 4.5Gb

› Up from 3.7Gb in Dec 2017 quarter

› Up from 4.4Gb in Sep 2018 quarter

Postpaid ARPU down 11% **S$43**

› Pre-SFRS(I) ARPU down 7% to $60

› Dilutive impact of SIM-only & Mobile Share plans

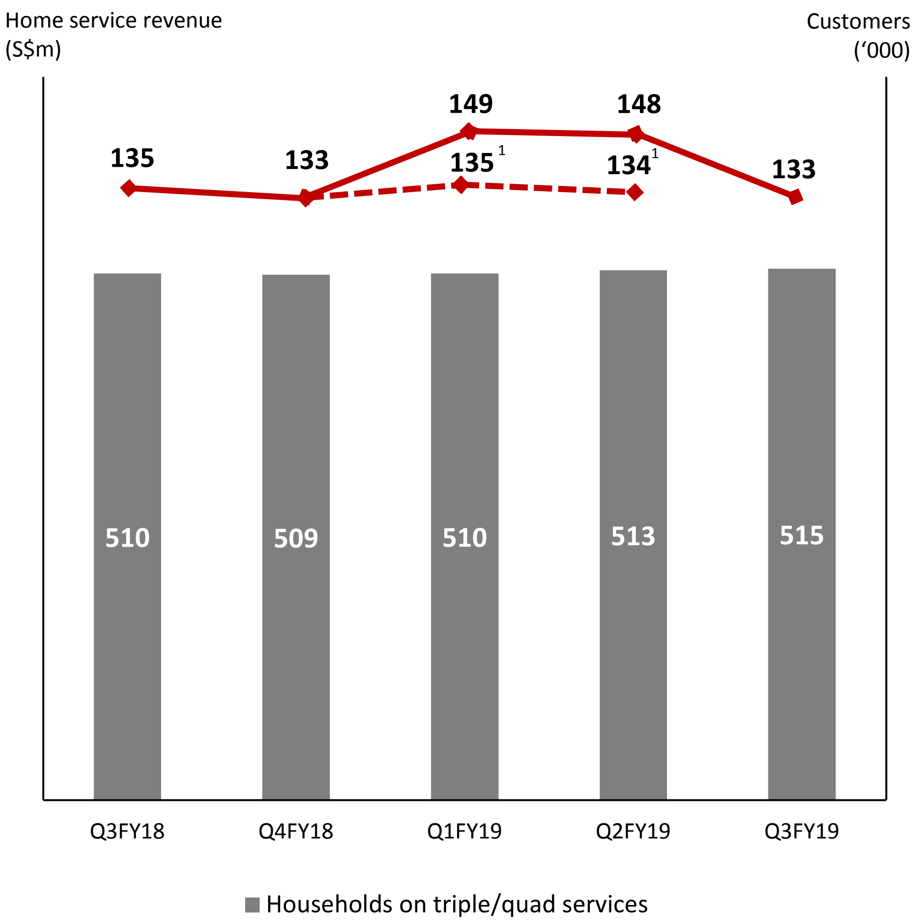
› Decline in roaming & voice usage

Prepaid ARPU down 3% **S$18**

› Higher data usage mitigated lower voice traffic

Singapore Fixed

Home service revenue	S$133m



Singtel TV revenues **S$54m**
- Down 6%

Singtel TV ARPU **S$41**
- Stable

Singtel TV churn **1.4%**
- Stable

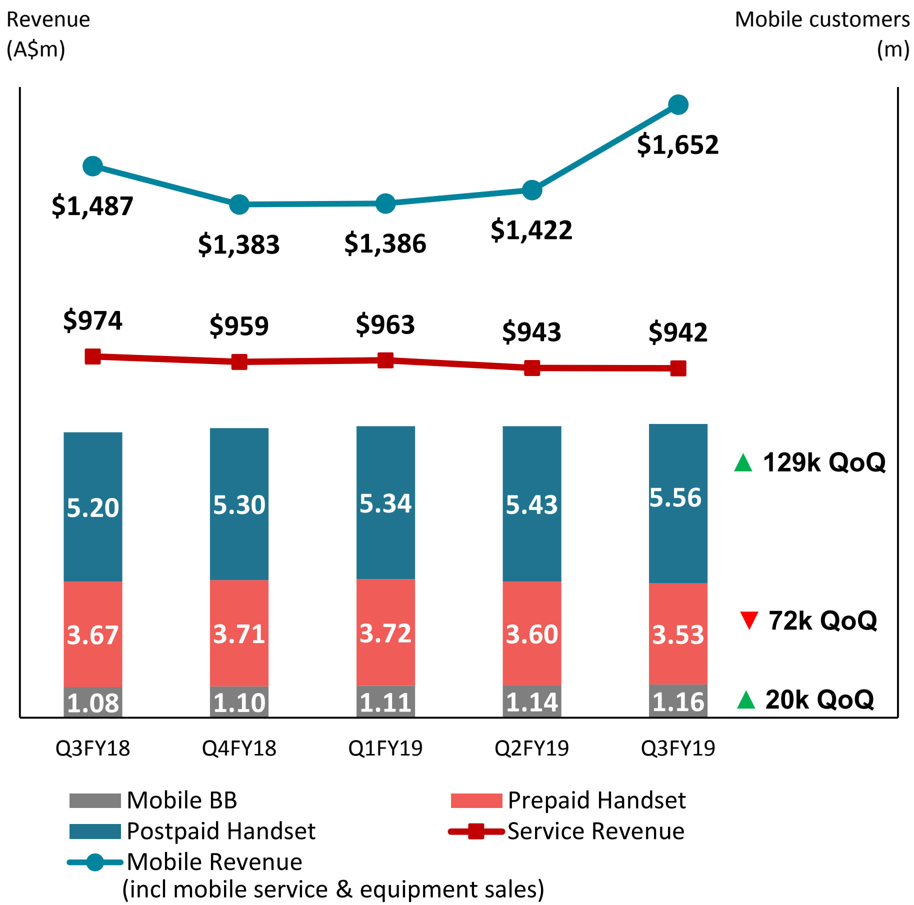
Singtel Fibre broadband customers **624k**
- Up 8k QoQ
- 99% of broadband customers on fibre

Singtel OTT services (CAST & Singtel TV GO) **116k**
- Up 2k QoQ

1. Excludes 2018 World Cup broadcast and advertising revenues.

Australia Mobile

Mobile revenue **A$1,652m**



4G customers[1] up 74k QoQ **6,557k**
- 64% penetration

Postpaid
- Handset ARPU **A$41**
  - down 7%
  - Pre-SFRS(I) ARPU down 5% to A$56
- Churn **1.4%**
  - down 0.1ppt YoY and up 0.1ppt QoQ

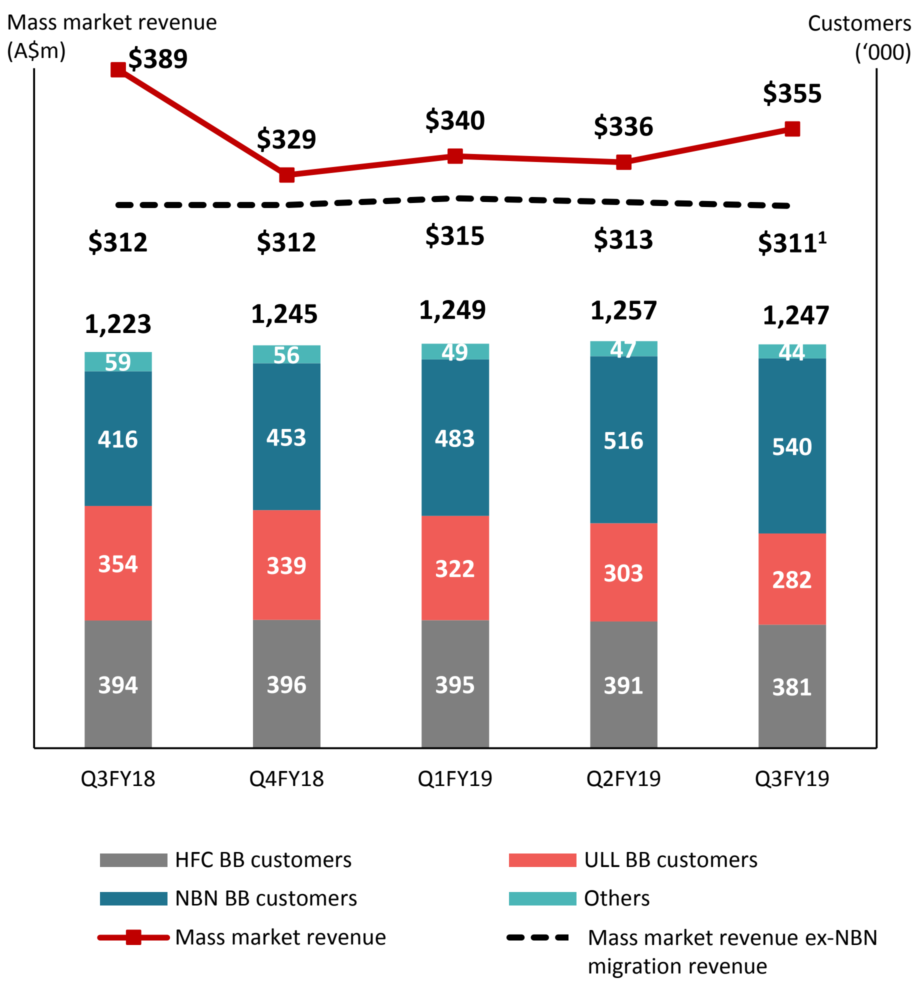
Prepaid
- Handset ARPU **A$18**
  - down 10%

Mobile Broadband **A$20**
- ARPU
  - down 4%

1. 4G handsets on the Optus network.

Australia Fixed

Mass market revenue A$355m



On-net BB ARPU **A$57**

› Up 2%

NBN BB Customers **540k**

› up 24k QoQ

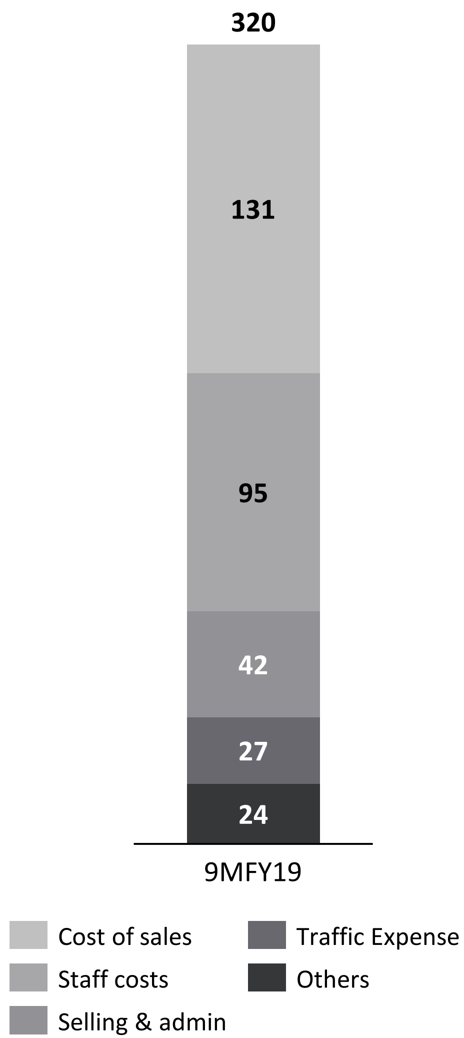
TV Customers **513k**

› Down 2k QoQ

1. Ex-NBN payments, revenue stable.

Cost savings of S$320m in 9MFY19

Cost savings



Customer experience

- Increase adoption of self-service channels
- Integrate online & offline sales channels
- Optimise customer acquisition costs
- Rationalise content portfolio

Network & operations

- Headcount efficiency from streamlining processes
- Leverage Group scale for supply & sourcing
- Negotiate with vendors for better rates & rebates
- Standardisation of enterprise product suite
- Review & renegotiate overseas termination payments
- Reduce marketing cost from targeted advertising & lower agency fees
- Shut down legacy systems (ADSL, copper deployment to commercial buildings)

Trends In Constant Currency Terms[1]

Quarter Dec 2018	Q3FY19 (reported S$m)	YoY % change (reported S$)	YoY % change (at constant FX)[1]
Group revenue	4,626	0.9%	3.7%
Group reported NPAT	823	(14.2%)	(11.9%)
Group underlying NPAT	680	(28.4%)	(26.9%)
Optus revenue	2,386	(0.9%)	4.6%
Regional Associates pre-tax earnings[2]	342	(34.7%)	(33.4%)
9 Months Dec 2018	**9MFY19 (reported S$m)**	**YoY % change (reported S$)**	**YoY % change (at constant FX)[1]**
Group revenue	13,030	0.2%	3.1%
Group reported NPAT	2,322	(50.6%)	(49.0%)
Group underlying NPAT	2,128	(23.3%)	(20.6%)
Optus revenue	6,784	(0.3%)	5.2%
Regional Associates pre-tax earnings[2]	1,035	(43.0%)	(40.5%)

1. Assuming constant exchange rates from corresponding periods in FY2018.
2. The Group's share of associates' earnings before exceptionals.