



Q3FY20 Financial Results Presentation

For the quarter ended 31 December 2019

Chua Sock Koong, Group CEO

13 February 2020



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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

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



Agenda

Overview • Business units • Outlook • Supplementary information

Q3FY20: Business overview

- ***Performance impacted by carriage erosion, heightened market competition & weak business & consumer sentiment***

- ***Executing to strategy***

Core business: maintain leadership & focus on digitalisation

- Strategic investments in network & technology drove customer engagement
- Optus recognised as strongest brand in Australia
- Improved customer engagement & cost savings through digitalisation

OPTUS #1

Strongest brand in Australia¹

S\$359m

cost savings for 9MFY20

Growth engines: build capabilities to increase scale

- ICT: Growth from NCS & Trustwave
- Amobee: Delivered iTV video platform; continued challenges from clients' spending cuts & decline in managed media advertising

S\$3.3b

NCS order book

Q3FY20: Financial overview¹

Operating Revenue

S\$4,378m

▼ 5% (▼ 3%²)

- Weak business & consumer sentiment amid economic slowdown
- Price erosion in carriage services
- Higher NBN migration revenue & cost management

EBITDA

S\$1,164m

▼ 2% (▲ 1%²)

Regional Associates' PBT³

S\$393m

▲ 15% (▲ 9%²)

- Lower pre-tax losses from Airtel; improved performances in India & Africa
- Stronger performance from Globe; lower contribution from Telkomsel
- Ex-Airtel, up 2%

Underlying NPAT

S\$551m

▼ 19% (▼ 20%²)

- Impacted by weaker enterprise performance & finalisation of Airtel Africa pre-IPO investment gain
- Higher exceptional gains last year
- Ex-Airtel post-tax losses & exceptionals, underlying NPAT & NPAT down 11% & 8% respectively

Net profit after tax

S\$627m

▼ 24% (▼ 25%²)

Free cash flow

S\$746m

▲ 93%⁴

- Positive working capital movement & NBN migration revenue offset higher capex

1. Financial figures reflect the implementation of Singapore Financial Reporting Standards (International) 16 ("SFRS(I) 16") with effect from 1 April 2019, unless otherwise stated.

2. Constant currency - assuming constant exchange rates from FY2019.

3. Excludes exceptional items.

4. Excluding impact of new accounting standards, free cash flow would have increased 65%.

Financial position

Balance sheet¹

S\$12.4b net debt²

31.7% Net debt gearing³

2.0x Net debt: EBITDA & share of associates' pre-tax profits

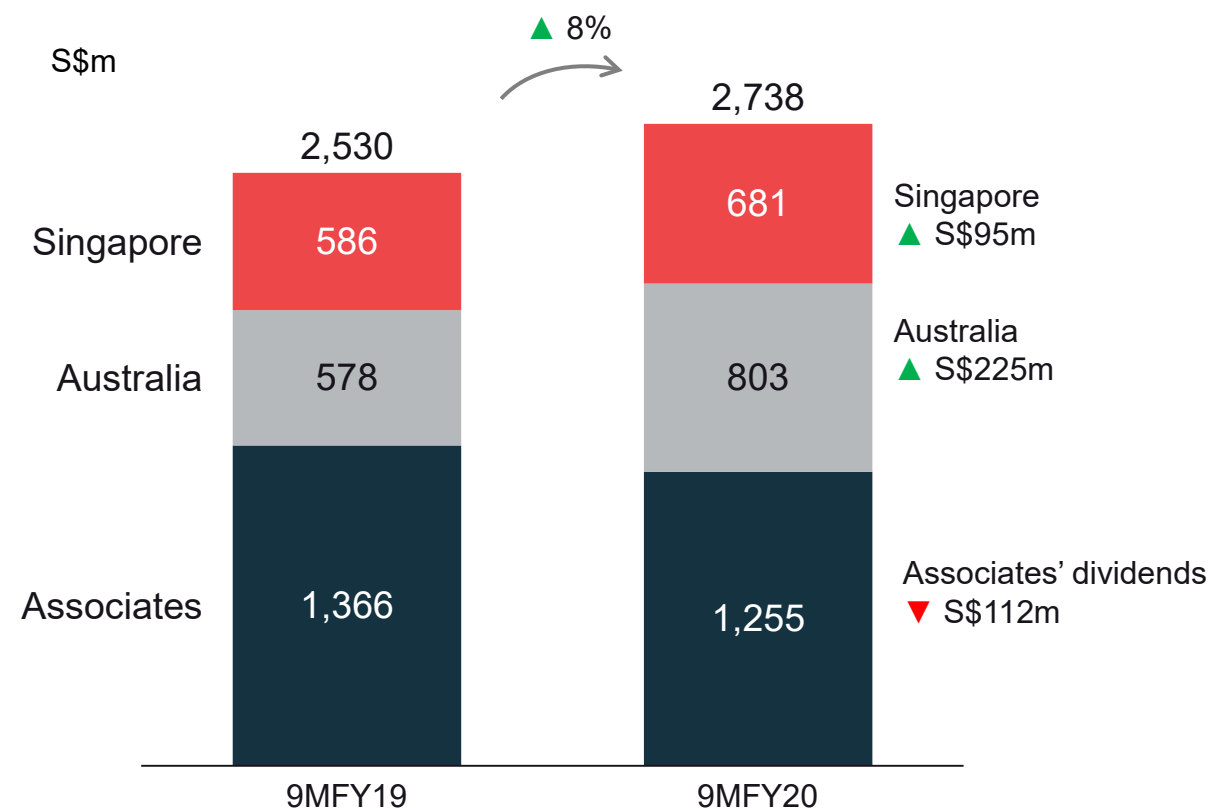
Strong credit ratings

A+ S&P

A1 Moody's

Free cash flow¹

S\$2.7b



1. With adoption of SFRS(I) 16 with effect from 1 April 2019, net debt includes lease liabilities representing the Group's obligations to make lease payments. Lease payments are classified as financing cash flows in the cash flow statement.

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

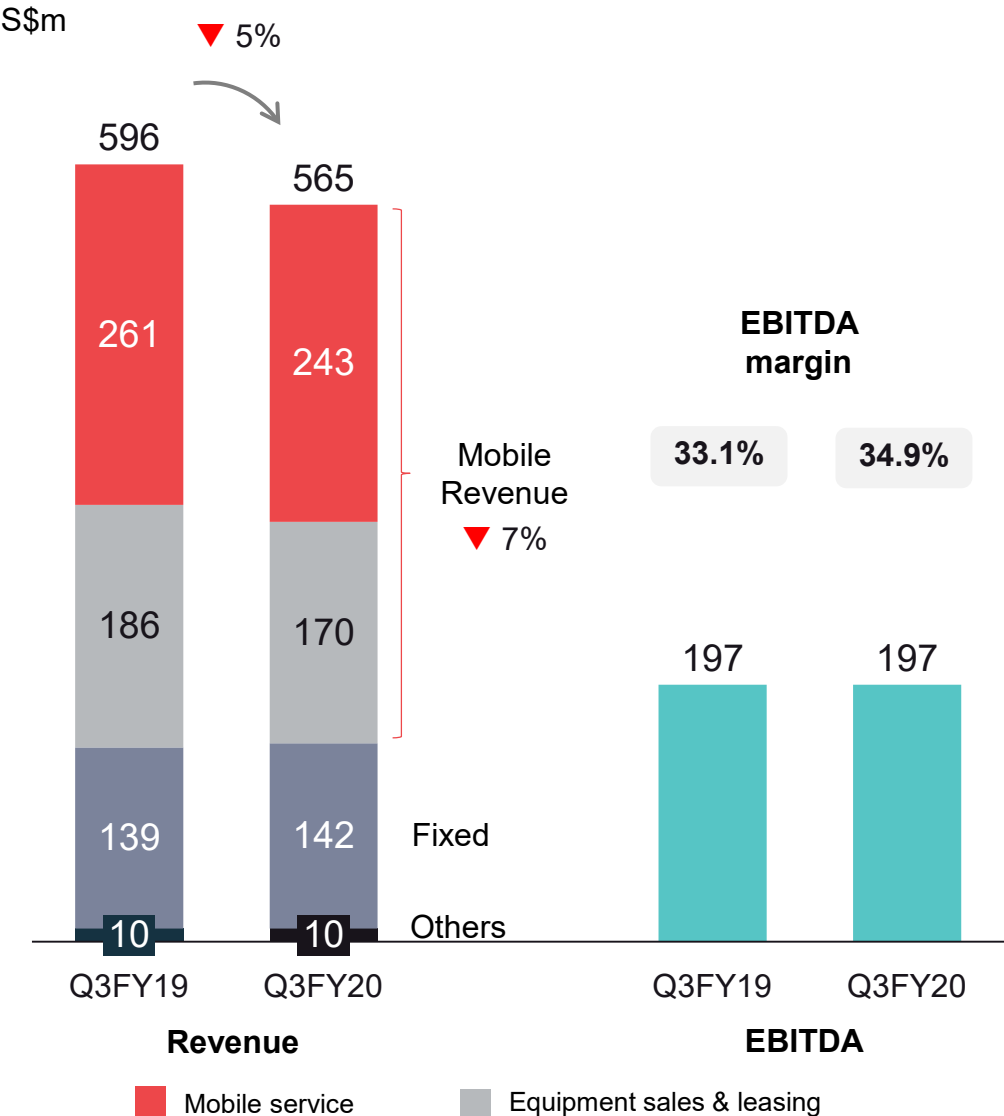
3. The ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.



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Overview • **Business units** • Outlook • Supplementary information

Singapore Consumer



Mobile revenue down 7%

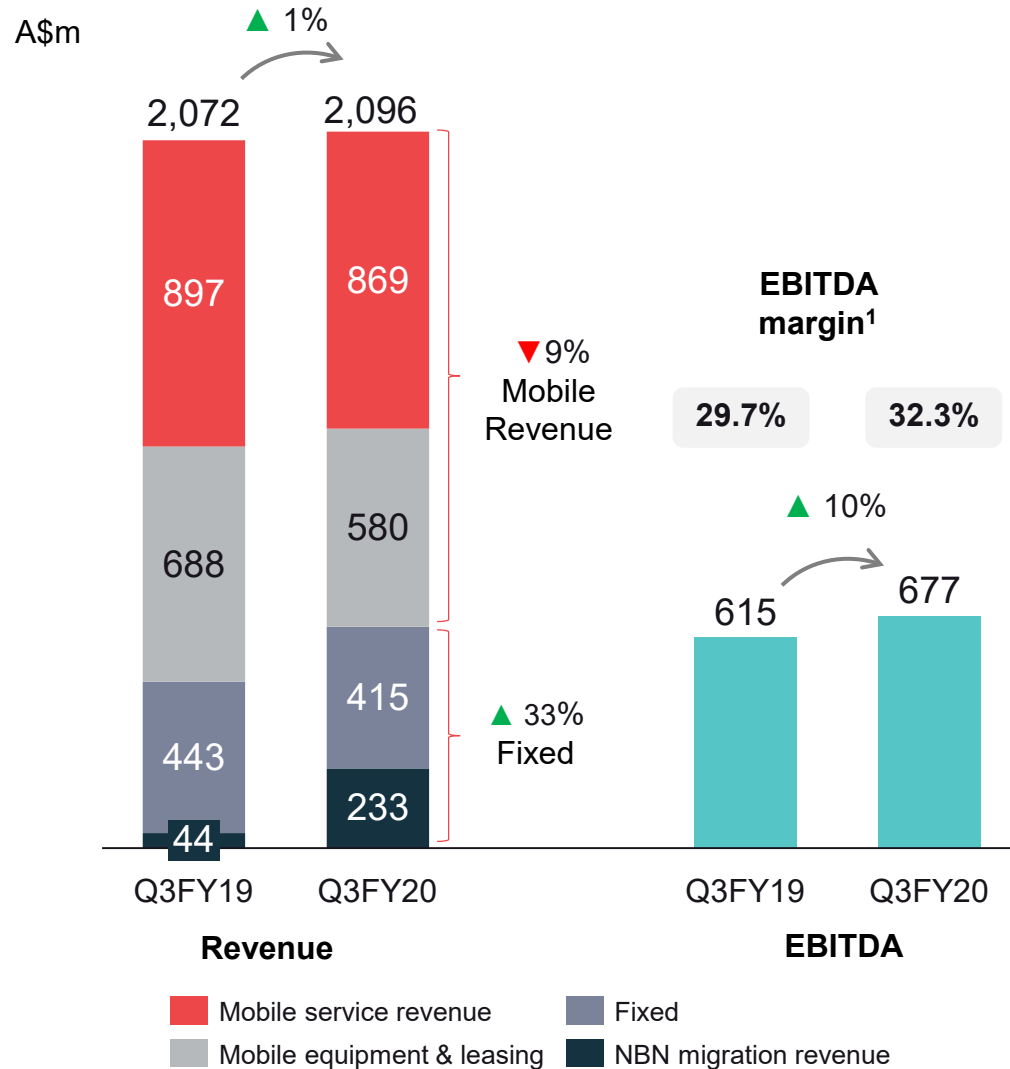
- Equipment revenue down on timing of handset launches & increased mix of SIM-only plans
- Service revenue impacted by lower voice usage

Fixed revenue up 1%

- Steady growth in broadband
- TV business up 1%

EBITDA stable

- Strong cost management



Mobile revenue down 9%

- Service revenue declined on increased SIM-only customer mix & data price competition
- Equipment revenue fell on lower sales volume

Mobile customers

- Postpaid up 52k QoQ²
- Prepaid up 157k QoQ
- Mobile Broadband up 11k QoQ

Retail fixed

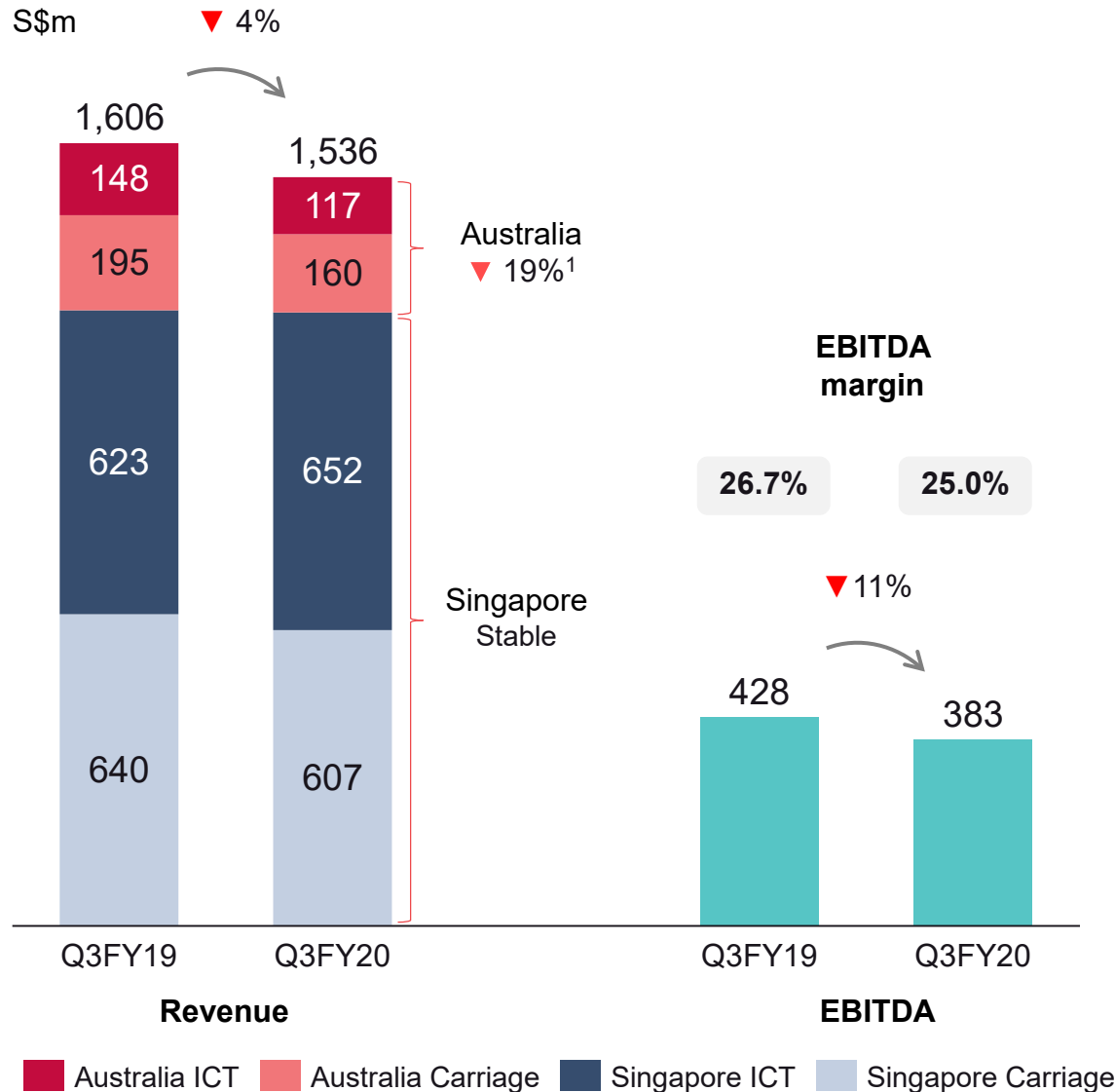
- Higher NBN migration revenue
- NBN broadband customers up 77k QoQ; adverse margin impact

EBITDA up 10%

- Ex-NBN, EBITDA fell 22%

1. Excluding NBN migration, EBITDA margin was 28.2% in Q3FY19 and 23.8% in Q3FY20.

2. Branded postpaid customer base up 40k QoQ.



Singapore stable

- Carriage erosion, cautious business sentiment & market competition
- Strong ICT growth from NCS, cyber security & data centre services

Australia down 19%¹

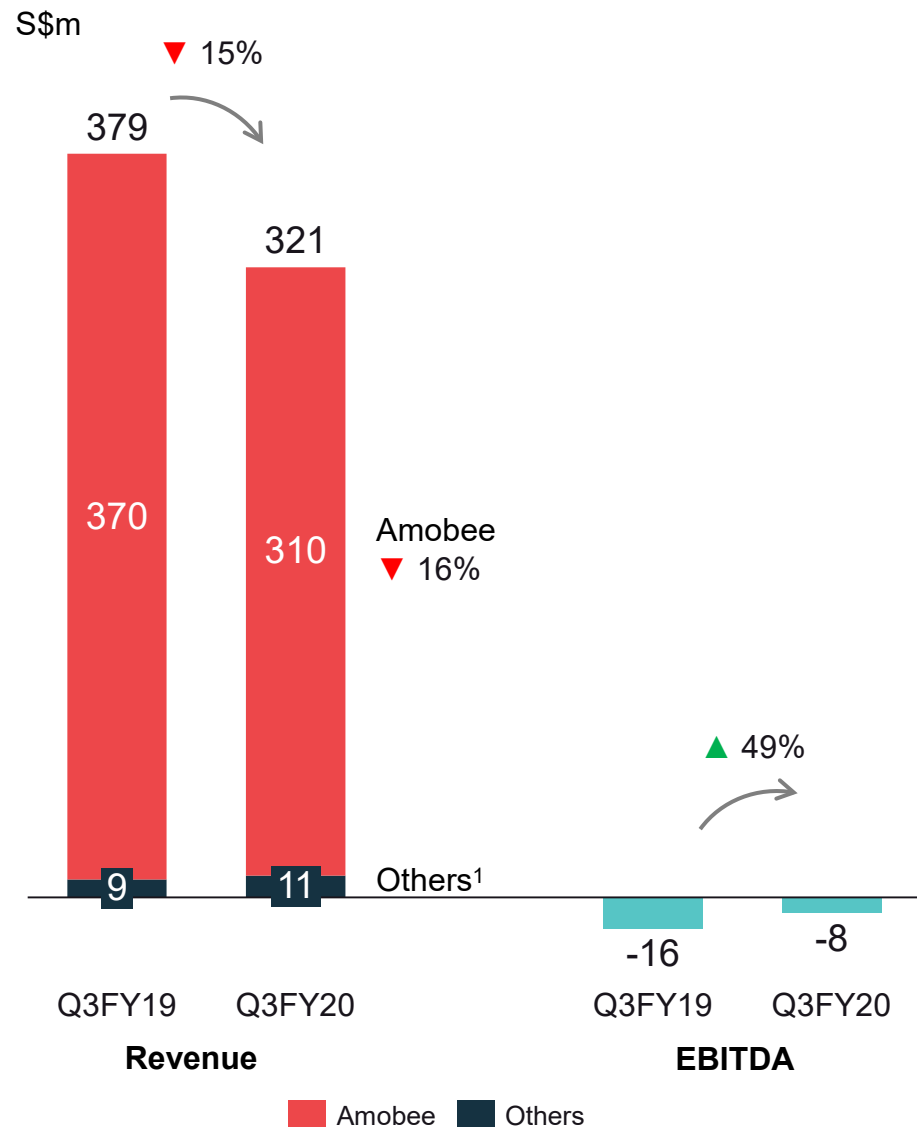
- Weaker demand from slower economy
- Increase in competition from NBN disruption
- QoQ improvement in revenue, EBITDA & order book

EBITDA down 11%

- Impacted by carriage margin erosion & higher ICT mix

1. In A\$ terms, Australia revenue was down 14%.

Group Digital Life



Amobee revenue down 16%

- Revenue fell from lower account spend & continued declines in managed media & social businesses
- Increased mix of programmatic revenue

EBITDA up 49%

- Amobee's EBITDA improved on delivery of ITV contract milestone and cost management

1. Includes revenues from HOOQ and DataSpark.

Quarter December 2019	PBT ¹ (S\$m)	% Change (S\$)	% Change (constant ccy)	Highlights
Regional Associates Ex-Airtel	393 480	15% 2%	9% (2%)	<ul style="list-style-type: none"> Strong data growth across associates
Telkomsel	289	(5%)	(9%)	<ul style="list-style-type: none"> Intense competition outside Java
Airtel²	(87)	(32%)	(33%)	<ul style="list-style-type: none"> India: Lower losses from price-up & strong 4G customer net adds Africa: Growth momentum across voice, data & mobile money Raised US\$3b from share placement & bond offering
AIS	84	6%	(2%)	<ul style="list-style-type: none"> Robust device & service revenue growth; offset by higher cost of sales & marketing expenses
Intouch	22	5%	(2%)	
Globe	85	31%	26%	<ul style="list-style-type: none"> Strong growth in mobile & broadband

1. Excludes exceptional items.

2. Includes BTL. Share of Airtel's pre-tax losses was S\$129m in the prior comparative period.



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Group	<ul style="list-style-type: none">Revenue to be stable. Ex NBN migration revenue to decline mid-single digit (updated)
	<ul style="list-style-type: none">EBITDA to decrease low single digit. Ex NBN migration revenue to decline by low teens (updated)
	<ul style="list-style-type: none">Capital expenditure to be ~S\$2.1b
	<ul style="list-style-type: none">Free cash flow, excluding spectrum payments and dividends from associates, to be ~S\$2.3b (updated)
	<ul style="list-style-type: none">Dividends from regional associates to be ~S\$1.3b (updated)
ICT & Digital Businesses	<ul style="list-style-type: none">ICT services revenue to grow by low single digit
	<ul style="list-style-type: none">Cyber security revenue to increase by mid single digit
	<ul style="list-style-type: none">Amobee revenue³ to decline by mid single digit and EBITDA to improve

1. Based on average exchange rates during FY2019.

2. Excludes acquisitions.

3. Includes intragroup revenue.



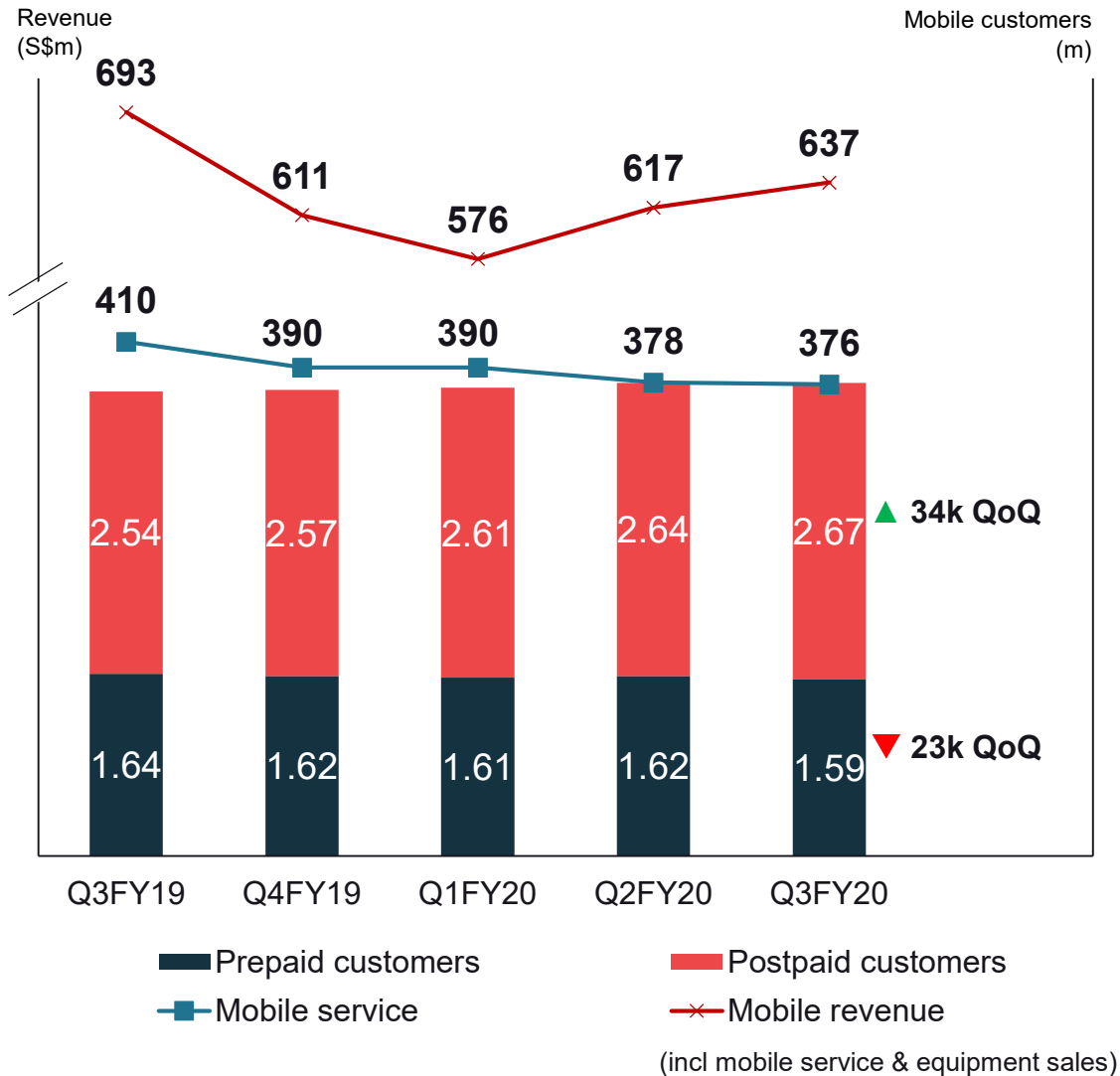
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Singapore Mobile

Mobile revenue

S\$637m



Average quarterly smartphone data usage

6.4Gb

- 4.5Gb in Dec 2018 quarter
- 6.0Gb in Sep 2019 quarter

Postpaid ARPU down 10%

S\$39

- Decline in voice usage
- Amortisation of handset subsidy

Prepaid ARPU down 12%

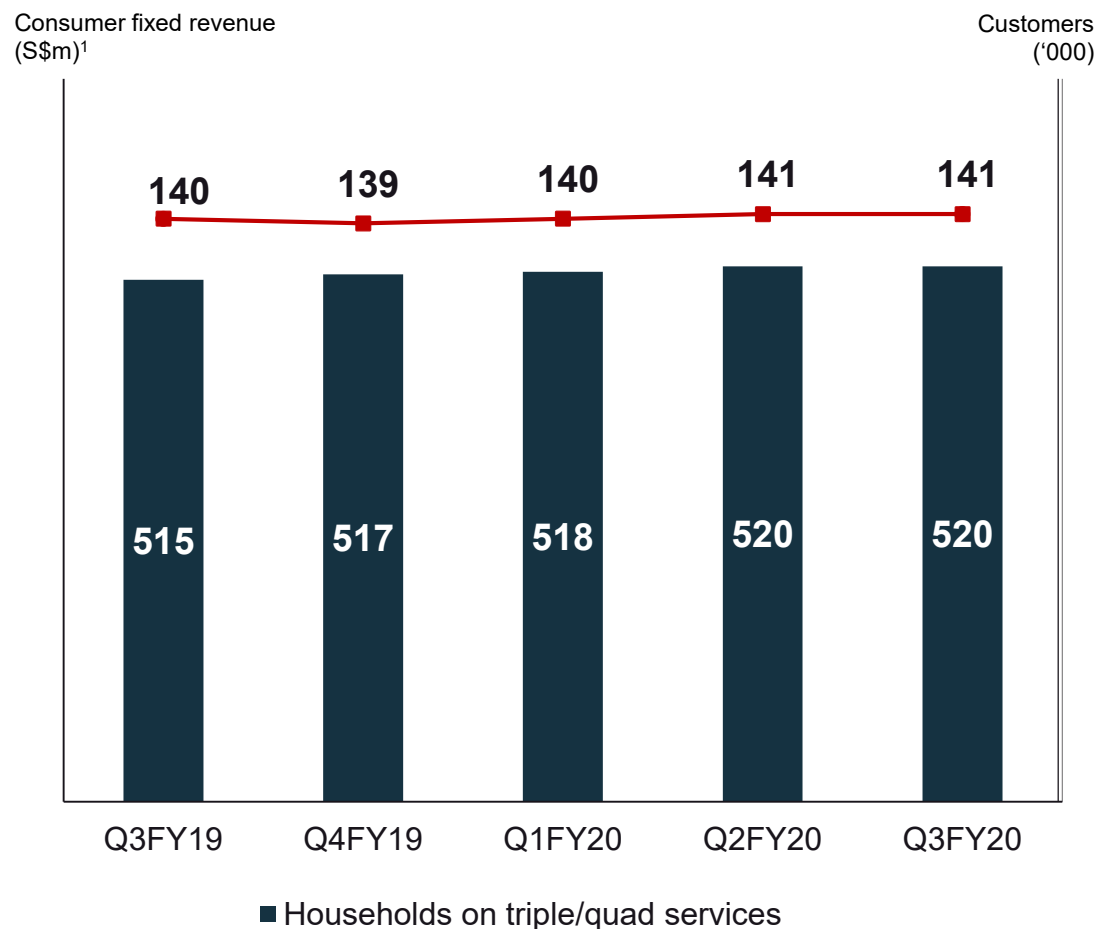
S\$16

- Lower data usage

Singapore Fixed

Consumer fixed revenue¹

S\$141m



Singtel TV

- Revenue up 1%
- Customer base stable QoQ

S\$55m
383k

Singtel OTT services (CAST & Singtel TV GO)

- Users grew 31k QoQ

193k

Residential fixed broadband

- Revenue up 4%
- Customer base up 4k QoQ

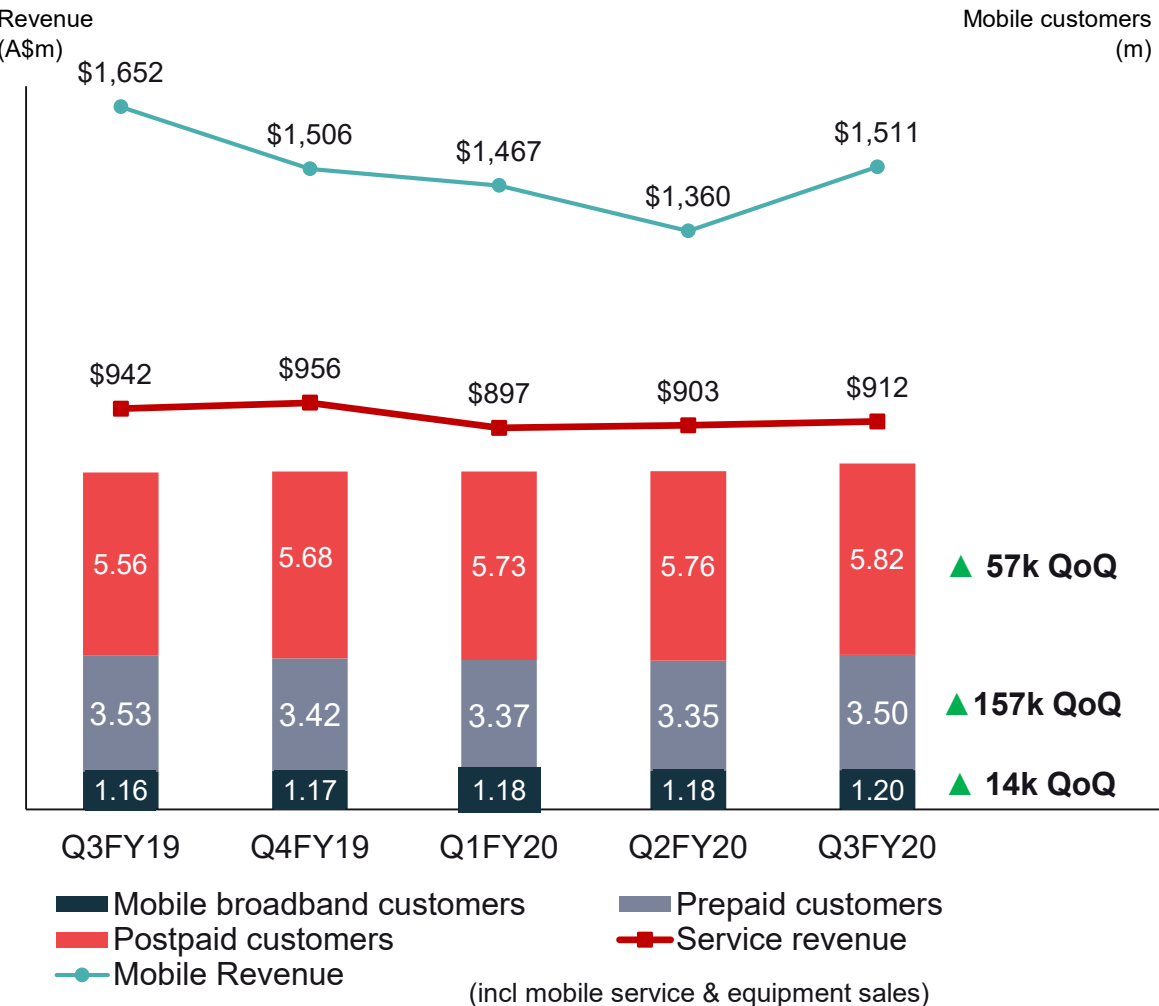
S\$64m
643k

1. Comprises of fixed broadband, fixed voice, Singtel TV and broadband and Smart Home equipment in the residential segment only and does not include mobile.

Australia Mobile

Mobile revenue

A\$1,511m



Postpaid

- ARPU **A\$38**
 - Down 8% YoY and stable QoQ
- Churn **1.4%**
 - Up 0.1ppt YoY & stable QoQ

Prepaid

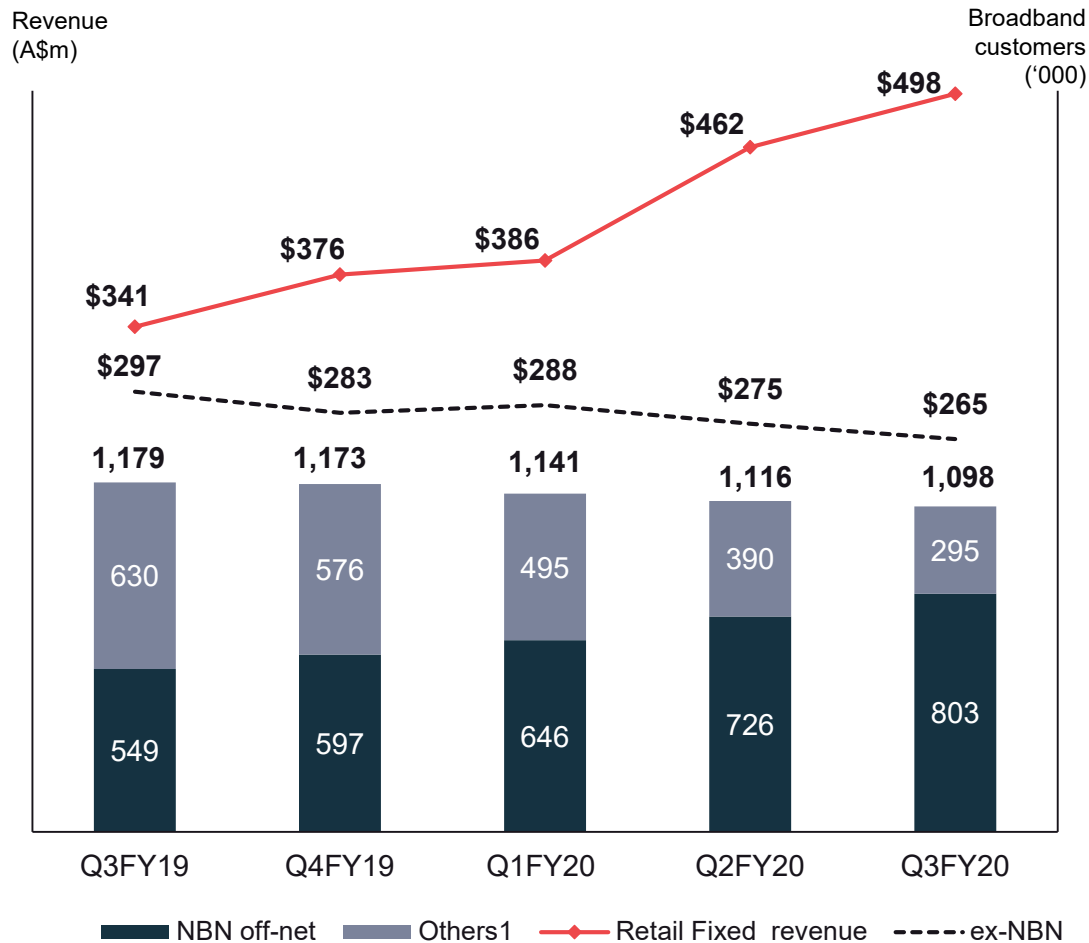
- ARPU **A\$18**
 - Down 1% YoY

Mobile Broadband

- ARPU **A\$19**
 - Down 5% YoY

Retail Fixed revenue

A\$498m



Retail Fixed ARPU

A\$76

- Down 4% YoY

NBN Customers

803k

- Up 77k QoQ

TV Customers

399k

- Down 7k QoQ

1. Others – mainly on-net BB customers.

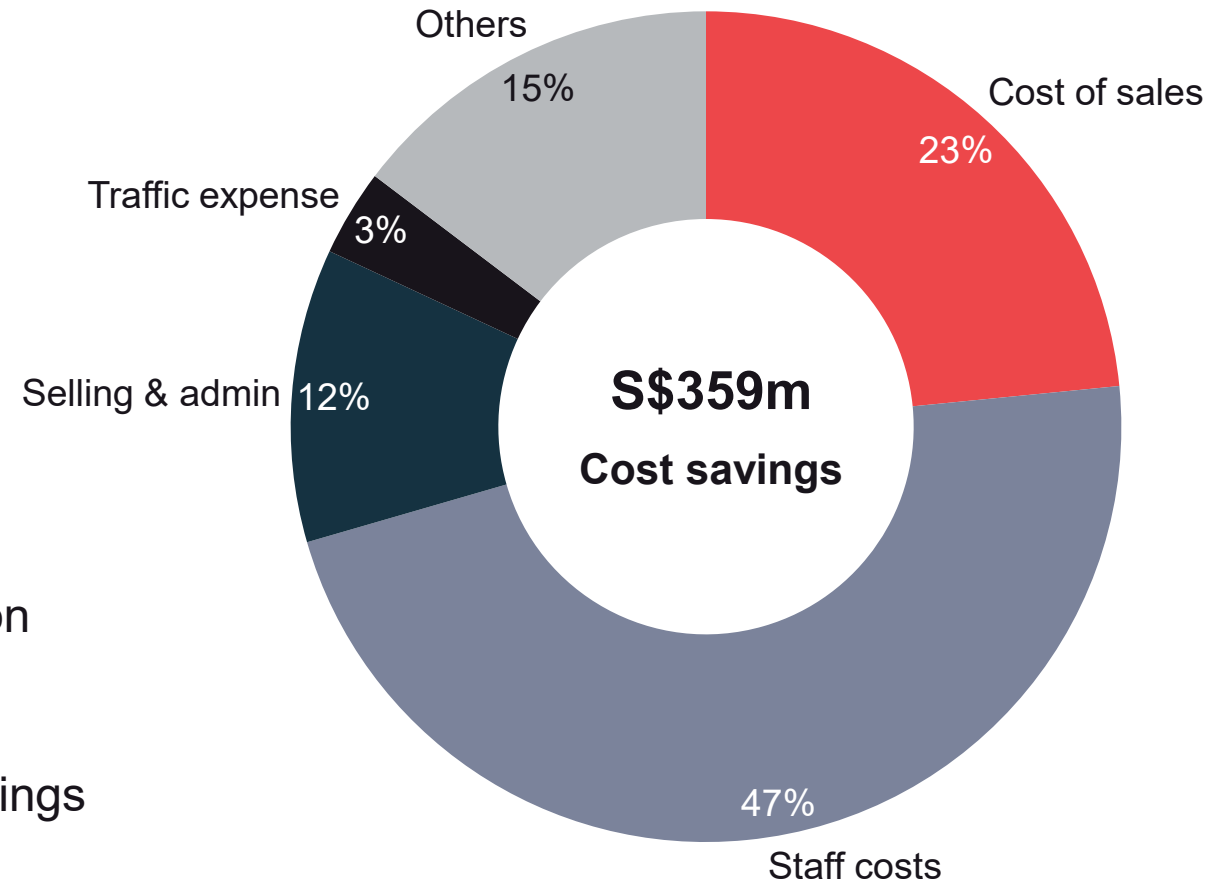
9MFY20: Cost savings

Customer experience

- Increased adoption of self-service channels
- Integrate online & offline sales channels
- Optimise customer acquisition costs
- Renegotiation of content costs

Network & operations

- Process re-engineering, digitalisation & automation
- Headcount optimisation
- Leverage Group scale to deliver procurement savings
- Shut-down of legacy networks and systems









Summary Income Statement

(S\$m)	Quarter			Nine months		
	Dec 19	Dec 18	YoY %	Dec 19	Dec 18	YoY %
Operating revenue	4,378	4,626	(5%)	12,643	13,030	(3%)
EBITDA	1,164	1,190	(2%)	3,509	3,526	Stable
- <i>margin</i>	26.6%	25.7%	-	27.8%	27.1%	-
Associates pre-tax earnings ¹	420	371	13%	1,222	1,117	9%
EBITDA & share of associates' pre-tax earnings	1,584	1,561	2%	4,731	4,642	2%
Depreciation & amortisation	(633)	(553)	14%	(1,919)	(1,661)	16%
EBIT	951	1,007	(6%)	2,812	2,981	(6%)
Net finance expense	(156)	(98)	59%	(189)	(262)	(28%)
Tax	(250)	(235)	7%	(779)	(609)	28%
Underlying net profit	551	680	(19%)	1,863	2,128	(12%)
Exceptional Items (post tax) ²	76	143	(47%)	(1,363)	194	N.M.
Net profit after tax	627	823	(24%)	500	2,322	(79%)

1. Excludes exceptional items. 2. Includes exceptional losses from Airtel for provisions for regulatory demands following an adverse Indian Supreme Court ruling.
N.M. – not meaningful

Foreign exchange movements

(S\$)		Quarter ¹			Nine months ¹	
		Dec 19	YoY	QoQ	Dec 19	YoY
	1 Australian Dollar ²	0.9317	(5.5%)	(1.2%)	0.9427	(5.6%)
	1 United States Dollar ³	1.3642	(0.6%)	(0.8%)	1.3674	0.6%
	Indonesian Rupiah	10,309	4.1%	Stable	10,309	3.1%
	Indian Rupee	52.4	Stable	(2.1%)	51.5	(0.4%)
	Thai Baht	22.2	7.1%	0.4%	22.6	5.8%
	Philippine Peso	37.5	2.8%	0.3%	37.7	3.6%

1. Average exchange rates for the quarter and nine months ended 31 December 2019. Percentage denotes appreciation/ (depreciation) against the Singapore dollar.

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

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

Trends in constant currency terms¹

Quarter December 2019	Q3FY20 (reported S\$m)	YoY % Change (reported S\$)	YoY % Change (at constant currency S\$)
Group revenue	4,378	(5.4%)	(2.5%)
Group reported NPAT	627	(23.8%)	(24.6%)
Group underlying NPAT	551	(18.9%)	(20.1%)
Optus revenue	2,229	(6.6%)	(1.1%)
Regional associates pre-tax earnings ²	393	15.0%	9.3%
Nine months December 2019	9MFY20 (reported S\$m)	YoY % Change (reported S\$)	YoY % Change (at constant currency S\$)
Group revenue	12,643	(3.0%)	(0.1%)
Group reported NPAT	500	(78.5%)	(78.5%)
Group underlying NPAT	1,863	(12.4%)	(13.3%)
Optus revenue	6,458	(4.8%)	0.8%
Regional associates pre-tax earnings ²	1,142	10.3%	4.9%

1. Assuming constant exchange rates from corresponding periods in FY2019.

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

