



News Release

## **Strong Q1 for Singtel with solid contributions from associates and resilient core business**

### **Quarter ended 30 June 2016**

- Mobile data and cyber security services are key growth drivers
- Regional mobile associates' post-tax earnings up 19%
- Underlying net profit up 7% for the quarter, up 9% in constant currency terms
- Net profit impacted by exceptional items, stable at S\$944 million, up 2% in constant currency terms

**Singapore, 11 August 2016** – Singtel delivered a strong performance for the quarter, underpinned by its resilient core business and increased contributions from regional mobile associates. Mobile data services remained a key growth driver across the operations. Cyber security was another bright spot, as revenues grew on the back of last September's Trustwave acquisition. Underlying net profit for the quarter was up 7% while net profit, due to comparison with exceptional profit in the previous year, was stable at S\$944 million and would have risen 2% in constant currency terms. In the same quarter last year, the Group had recorded exceptional gains on the divestment of certain venture investments and Airtel Africa's tower assets. Operating revenue for the quarter fell 7% and in constant currency fell 6%, due to mandated cuts to mobile termination rates in Australia. Excluding the impact of the rate reduction, operating revenue dipped 1% in constant currency terms.

Ms Chua Sock Koong, Singtel Group CEO said, "The recurring theme across all our markets is mobile data. Having invested extensively in 3G and 4G networks and services and with the rise of smartphone adoption, our associates were well-positioned to successfully drive data usage and customer growth. Across Singapore and Australia, our quality networks, differentiated content and flexible data pricing plans also helped us stand out from competitors."



Strong performances by Telkomsel and Airtel saw pre-tax contributions from the regional associates increase 14% for the quarter to S\$714 million. Telkomsel recorded strong growth across its voice, data and digital businesses and data customers now constitute almost half of its mobile customer base. In India, Airtel continued to strengthen its market leadership and accelerate its 4G network rollout – also delivering growth in data and voice services. In Thailand, AIS successfully acquired the 900MHz spectrum, securing continuity of its network leadership while Globe in the Philippines has entered into an agreement to acquire 50% of the telecom assets of San Miguel, including its 700MHz spectrum.

ICT was also a key performer as demand for cyber security services grew, with cyber security revenues of S\$109 million for the quarter. Ms Chua added, “Our ICT business is getting a solid boost from new opportunities in cyber security which has emerged as a critical issue for both governments and businesses. Our capabilities and expertise in this global field, together with our trusted partners’ capabilities, are winning new business.”

## **GROUP CONSUMER**

Mobile data services continued to drive growth across the consumer businesses in Singapore and Australia, mitigating the declining trends in voice and roaming. While overall Group revenue fell on service credits from device repayment plans in Australia and lower equipment sales across both markets, EBITDA held stable, with reduced traffic expenses, lower mobile acquisitions and retention costs.

In Australia, EBITDA grew 2%. Postpaid handset customers increased 51,000 excluding wholesale deactivations while prepaid handset customers decreased by 24,000 due to a regulated change in customer verification. Mass market fixed revenues were up 4% due to an increase in NBN or national broadband network customers and higher pay TV take-up. Optus also launched Optus Sport, with exclusive live broadcast in Australia of all Premier League games, across its fixed and mobile services.



In Singapore, strong demand for mobile data services offset declines in voice, text and roaming as postpaid customers migrated to higher-tier plans and more than 60% of prepaid customers are data users. Singtel continued to lead the market with the introduction of innovative mobile plans, such as 'Supersized DataMore' which allows customers to share huge data bundles of up to 50GB. The one-for-one data add-on service that was introduced for SIM Only plans was also well received by customers.

On the home front, revenue was boosted by popular content offerings such as the UEFA Euro 2016 and Copa America 2016 football as well as increased take-up of higher speed fibre broadband plans.

## **GROUP ENTERPRISE**

Singtel won the Telecom Group of the Year and the Telco Cloud Service Provider of the Year at the 2016 Frost & Sullivan Asia Pacific ICT Awards – reflecting the Group's leadership. Group Enterprise saw higher contributions from ICT services as cyber security and NCS' business solutions services drove strong revenue growth. Overall revenues were up 5% while EBITDA rose 1%.

In Singapore, Singtel continued to be a leading provider of government infrastructure, cloud and maintenance services. NCS recently won a S\$10 million contract from HDB and will leverage advanced analytics and integrated data sources to deliver and showcase smart estate management services.

In Australia, Optus Business signed a strategic ICT services agreement to support QBE Insurance and its 4,000 end users across 42 locations throughout Australia.

## **GROUP DIGITAL LIFE**

Group Digital Life's revenue rose 34%, as its digital marketing arm Amobee continued to scale and DataSpark expanded its geo-analytics business beyond Singapore into Australia, Indonesia and Thailand.



Amobee continued to enhance its customer proposition, extending its social media channels to include Snapchat and offering video advertising campaigns on Twitter. It also secured new global customers such as Honda and Philips, and was selected as a Managed Marketing Partner by Facebook, giving Amobee preferential support and access to Facebook's feature enhancements.

Mobile video streaming service HOOQ widened its content suite, adding both Hollywood titles and local content. Across its markets, HOOQ also leveraged direct carrier billing relationships with the Group's associates and partners to boost service adoption.

The Group affirms its outlook issued in May 2016.

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## About Singtel

Singtel is Asia's leading communications and ICT solutions group, providing a portfolio of services from next-generation communication, technology services to infotainment to both consumers and businesses. For consumers, Singtel delivers a complete and integrated suite of services, including mobile, broadband and TV. For businesses, Singtel offers a complementary array of workforce mobility solutions, data hosting, cloud, network infrastructure, analytics and cyber security capabilities. The Group has presence in Asia, Australia and Africa and reaches over 600 million mobile customers in 23 countries. Its infrastructure and technology services for businesses spans 21 countries, with more than 200 direct points of presence in 160 cities. For more information, visit [www.singtel.com](http://www.singtel.com).

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**Financial Highlights for the Quarter Ended 30 June 2016**

	FY2017 (S\$m)	FY2016 (S\$m)	YOY Change	YOY Change Constant Currency <sup>1</sup>
Group revenue	3,908	4,209	(7.1%)	(5.7%)
EBITDA	1,236	1,241	(0.4%)	1.3%
Regional Mobile Associates pre-tax earnings <sup>2</sup>	714	625	14.3%	17.1%
EBITDA and share of associates' pre-tax earnings	2,003	1,907	5.1%	7.1%
Underlying net profit <sup>3</sup>	954	895	6.6%	8.8%
Exceptional items (post-tax)	(10)	47	nm	nm
Net profit	944	942	0.3%	2.3%
Free cash flow	1,232	974	26.5%	nm

nm denotes not meaningful

<sup>1</sup> Assuming constant exchange rates from the corresponding period in FY 2016.

<sup>2</sup> Post-tax earnings grew by 19.2% for the quarter ended 30 June 2016. Excluded exceptional items classified at Group level.

<sup>3</sup> Defined as net profit before exceptional items.



Appendix 1 (continued)

Foreign Exchange Movements

Currency	Quarter Ended 30 June 2016		
	Exchange Rate <sup>4</sup>	Increase/(Decrease) Against S\$	
		YOY	QOQ
1 AUD <sup>5</sup>	S\$1.0125	(3.1%)	-
1 USD <sup>6</sup>	S\$1.3580	1.1%	(3.1%)
IDR	9,837	(0.3%)	(2.3%)
INR	49.2	(4.2%)	(2.3%)
PHP	34.3	(3.3%)	(1.8%)
THB	25.9	(4.4%)	(2.0%)

<sup>4</sup> Average exchange rates for the quarter ended 30 June 2016.

<sup>5</sup> Average A\$ rate for translation of Optus' operating revenue.

<sup>6</sup> Average US\$ rate for translation of Trustwave, Amobee and HOOQ's operating revenues.