News Release

Singtel's resilient Q3 performance underpinned by strong core business and higher associates' contribution

- **Operating revenue down 2% to S$4.41 billion due to mandated cuts in Australian mobile termination rates. Excluding this rate impact, revenue grew 3%**
- **Core business sees ICT growth, particularly cyber security and growth in consumer home services**
- **Pre-tax contributions from regional mobile associates grew 2% to S$660 million**
- **Underlying net profit up 4% for the quarter at S$994 million**
- **Net profit up 2% at S$973 million**

Singapore, 9 February 2017 – Singtel delivered a resilient third quarter performance with a strong core business and higher contributions from regional mobile associates. In the core business, ICT revenues grew, bolstered by contract wins by NCS and demand for cyber security services. Higher consumer home services revenue in Singapore and growth in postpaid mobile customer numbers in Australia helped mitigate continued voice to data substitution and roaming revenue declines. Among the associates, strong performance from Telkomsel offset the impact of very intense competition in India, driving associates' pre-tax contributions up 2% to S$660 million. Operating revenue was down 2%, with the impact of mandated cuts to mobile termination rates in Australia. The Group's underlying net profit for the quarter was up 4% at S$994 million and would have been up 3% in constant currency terms. Net profit was up 2% at S$973 million and would have been stable in constant currency terms.

Ms Chua Sock Koong, Singtel Group CEO said, "This is a resilient set of results. We have managed to hold good ground against the backdrop of a slowing Singapore economy and more challenging business environment all around. Our ICT business, particularly cyber security, has held us in good stead. This quarter, we focused on building out our global network of security operation centres while increasing resources in sales and delivery to meet the growing demand for cyber security services. Our consumer business also did well, due primarily to ongoing cost management, the sub-license of Premier League content rights in Singapore and significant growth in branded postpaid mobile customers migrating to higher-tier plans in Australia."

On the associates front, Telkomsel delivered a strong performance with pre-tax profits up 31% on the back of robust growth across data and digital businesses. However, Airtel's pre-tax profits fell 27%, with the combined effects of intensifying competition from a new operator in India, higher spectrum amortisation and financing costs, further exacerbated by demonetisation. In Thailand, AIS continued its revenue growth momentum, leveraging its nationwide 4G network that now covers 98% of the population. However, AIS' earnings were affected by higher amortisation charges as well as higher costs incurred through the leasing of 2100Mhz spectrum and equipment from TOT. In the Philippines, Globe's earnings increased on stable revenues and tight cost management.

Ms Chua said, "While there are concerns of a global economic slowdown, the growth story in the developing markets where we are invested remains compelling as mobile data usage continued to grow across all our mobile associates. While Airtel India focused on defending scale and market position and AIS incurred higher network costs and charges to maintain its network leadership in Thailand, strong results from our associates in the other regions helped overall contributions to grow. The Group's customer base grew another 2% in the quarter to 640 million customers across the region."

The Group's share of associate's earnings this quarter includes a 21% stake in Intouch and an additional 7.4% stake in Bharti Telecom acquired in November 2016.

The Group has begun preparations for the public listing of NetLink Trust (NLT) given Singtel's undertaking to the Infocomm Media Development Authority (IMDA) to divest its stake in NLT to less than 25% before 22 April 2018. In July 2011, NLT was established as part of IMDA's effective open access requirements under Singapore's "Next Generation Nationwide Broadband Network". Singtel currently owns 100% economic interest in NLT.

GROUP CONSUMER

The Singapore consumer business showed improvement this quarter, with consumer revenues up 4% as home services revenue grew 7%. Home services revenue grew as the sub-license of Premier League content rights and customer migration to higher-speed fibre broadband plans offset declines in roaming, voice and SMS. Mobile communication revenue was stable, as the slight growth in postpaid customer base was offset by lower postpaid ARPU. The launch of popular handsets, with more consumers re-contracting at higher-tier plans to take advantage of higher-tier data allowances, helped mitigate the decline in mobile revenue. EBITDA rose 6% as ongoing cost management initiatives and higher home services and content resale revenue offset increased mobile customer acquisition and retention costs.

In Australia, Optus leveraged an expanded 4G network to chalk up strong growth in Optus branded mobile. Some 94,000 branded postpaid customers were added in the quarter, mitigating declines in the wholesale business. Overall revenue declined 10%, impacted by mobile termination rate cuts and service credits from device repayment plans. Excluding the previous year's one-off items, EBITDA would have been up 3% despite higher network costs and content charges. Optus' 4G network now covers 95.9% of the population.

GROUP ENTERPRISE

Group Enterprise revenue was stable as ICT and cyber security services helped offset declines in carriage services due to a more subdued business environment in Singapore and heightened competition in Australia. Revenue from cyber security grew 10% to S$113 million. EBITDA fell 7% with the increased investments to build capabilities in cyber security as well as higher mobile customer acquisition and retention costs in Singapore.

Singtel recently extended its cyber security services to Japan, with the set-up of a new security operations (SOC) centre in Tokyo. This brings the Group's global cyber security network to nine SOCs around the world.

The Australian enterprise business was further impacted by declines in traditional voice and roaming services, price erosion in corporate messaging and recognition of one-off project revenues last year.

In Singapore, ICT and data revenues rose on increased demand for international bandwidth and strong contract wins.

GROUP DIGITAL LIFE

Group Digital Life's revenue rose 22% driven by digital marketing arm Amobee's strong performance in social, video and display advertising. It scored key customer wins for the quarter, signing on clients such as BlackRock and Dell while its campaign for Lexus won "Best Programmatic Creative" and "Mobile Marketing Campaign of the Year" at the 2016 Online Marketing Media and Advertising awards. Amobee also worked with Optus to launch Optus Xtra, allowing prepaid customers to earn more data when viewing advertisements.

In October 2016, Singtel's HOOQ video streaming service debuted in Singapore, giving prepaid customers more content options. HOOQ was previously only available in India, Thailand, Indonesia and the Philippines. A joint venture with Sony Entertainment and Warner, HOOQ continues to expand its content suite with the creation of its first original production, a six-part mini-series called *On The Job*, to be premiered in the coming months.

Outlook for the current financial year ending 31 March 2017

The Group affirms its outlook updated in November 2016.

Please refer to Appendix 2 for further details on the outlook for the current financial year.

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 640 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.

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Appendix 1

Financial Highlights for the Quarter Ended 31 December 2016

	FY2017 (S$m)	FY2016 (S$m)	YOY Change	YOY Change Constant Currency[2]
Group revenue	4,410	4,474	(1.5%)	(3.6%)
EBITDA	1,221	1,220	-	(2.2%)
Regional Mobile Associates pre-tax earnings[3]	660	647	2.0%	0.6%
EBITDA and share of associates' pre-tax earnings	1,938	1,918	1.0%	(0.9%)
Underlying net profit[4]	994	955	4.2%	2.5%
Exceptional items (post-tax)	(22)	(1)	@	@
Net profit	973	954	2.0%	0.4%
Free cash flow	559[1]	585	(4.4%)	nm

Financial Highlights for the Nine Months Ended 31 December 2016

	FY2017 (S$m)	FY2016 (S$m)	YOY Change	YOY Change Constant Currency[2]
Group revenue	12,404	12,867	(3.6%)	(4.1%)
EBITDA	3,689	3,751	(1.6%)	(2.1%)
Regional Mobile Associates pre-tax earnings[3]	2,053	1,904	7.8%	8.5%
EBITDA and share of associates' pre-tax earnings	5,911	5,821	1.5%	1.5%
Underlying net profit[4]	2,927	2,824	3.6%	3.6%
Exceptional items (post-tax)	(38)	101	nm	nm
Net profit	2,889	2,925	(1.2%)	(1.2%)
Free cash flow	2,291	2,036	12.5%	nm

@ denotes more than 200%

nm denotes not meaningful

[1] Excludes payment of S$142m (A$134m) to the Australian Tax Office (ATO) for amended assessments under dispute.

[2] Assuming constant exchange rates from the corresponding period in FY 2016.

[3] Exclude exceptional items.

[4] Defined as net profit before exceptional items.

Appendix 1 (continued)

Foreign Exchange Movements

	Quarter Ended 31 December 2016			Nine Months Ended 31 December 2016	
	Exchange Rate[5]	Increase/(Decrease) Against S$		Exchange Rate[5]	Increase/(Decrease) Against S$
Currency		YOY	QOQ		YOY
1 AUD[6]	S$1.0568	4.2%	3.0%	S$1.0323	1.0%
1 USD[7]	S$1.4099	0.2%	4.2%	S$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%)

[5] Average exchange rates for the quarter and nine months ended 31 December 2016.

[6] Average A$ rate for translation of Optus' operating revenue.

[7] Average US$ rate for translation of Trustwave, Amobee and HOOQ's operating revenue.

Appendix 2

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2017

- Consolidated results and cash flow may be impacted by material exchange rate movements in the Australian Dollar, United States Dollar and regional currencies. The Group's outlook for the current financial year is based on the following average exchange rates during FY 2016:

Australian Dollar	AUD 1	SGD 1.0201
United States Dollar	USD 1	SGD 1.3859
Indonesian Rupiah	SGD 1	IDR 9,803
Indian Rupee	SGD 1	INR 47.2
Thailand Baht	SGD 1	THB 25.2
Philippine Peso	SGD 1	PHP 33.4

- Operating revenue from the Core Business (comprising Group Consumer and Group Enterprise) to decline by low single digit level and EBITDA to be stable.

- Mobile service revenue from Australia to decline by mid-teens.

- Mobile Communications revenue from Singapore to be stable.

- Group ICT revenue (comprising Managed Services and Business Solutions) to increase by low teens. Cyber security revenue (classified under Managed Services), including a full year's contribution from Trustwave, to be S$450-550 million.

- Revenue from Amobee Group to grow by mid-single digit level.

- Group Digital Life to record negative EBITDA of S$150-S$180 million.

- Excluding acquisitions, consolidated revenue of the Group to decline by low single digit level and EBITDA to be stable.

- Capital expenditure for the Group on an accrual basis is expected to approximate S$2.8 billion, comprising approximately A$1.8 billion for Optus and S$1.0 billion for the rest of the Group in FY 2017. This reflects the Group's multi-year investments in a new data centre in Singapore, continued strategic investments in mobile network, particularly in Australia, and new unified billing and customer care systems.

- Capital expenditure for the Group on a cash basis is expected to approximate S$2.4 billion.

- Group free cash flow[8] (excluding dividends from associates) to be approximately S$1.5 billion.

- Ordinary dividends from regional mobile associates are expected to be approximately S$1.2 billion.

[8] Excluding payment of S$142 milion (A$134 million) to the ATO for amended assessments received in respect of the acquisition financing of Optus. The payment has been recognised as a receivable. Singtel has objected to the amended assessments and intends to vigorously defend its position.