



News Release

Singtel delivers resilient Q1 performance underpinned by strong core and diversified operations

Quarter ended 30 June 2017

- Strong core and digital businesses drive revenue and EBITDA growth
- Operating revenue up 8% to S\$4.23 billion; EBITDA up 3%
- Underlying net profit down 4%; up 3% excluding Airtel
- Net profit down 6% at S\$892 million due to exceptional items

Singapore, 11 August 2017 – Singtel began the financial year with a resilient set of results. Strong performances by its core and digital businesses underpinned revenue and EBITDA growth. The Australian consumer business grew on the back of higher uptake in mobile and fixed broadband services. Among the regional associates, Telkomsel increased its pre-tax profit contribution by 18% due to robust growth in data and digital services. The Group's digital businesses continued to scale. Operating revenue for the quarter increased 8% to S\$4.23 billion with global digital and cyber security businesses contributing more than 9% of revenue. EBITDA was up 3% while underlying net profit for the quarter slid 4%. Excluding Airtel, which is facing intense price competition in India, underlying net profit would have increased 3%. Net profit declined 6% to S\$892 million as a result of lower associates' contributions and exceptional charges from workforce restructuring at Optus.

Ms Chua Sock Koong, Singtel Group CEO said, "We've had a good start to the year with a more challenging business environment. This speaks to the resilience of our core consumer business and the investments we've made in the digital space in our efforts to grow new businesses. We are encouraged by their performance as they scale up to capture the opportunities in the new economy."

The Group has made substantial investments in network and spectrum to capture higher mobile data consumption. In Singapore, Singtel will deploy 800Mbps LTE mobile speeds at selected high-traffic locations across the country by the end of August 2017. In Australia, Optus is investing A\$1 billion in its mobile network over the next year to enhance capacity and 4G coverage by another 500 sites in regional Australia. Its 4G network now covers 96.4% of the population.

The regional associates successfully drove customer growth and data usage with significant network and spectrum investments. However, the resultant increase in depreciation and amortisation, as well as intense competition in India led to a 4% decline in their profits. Airtel's pre-tax profit contribution dropped 42% despite strong cost management and lower depreciation in Africa. Notwithstanding the competition, Airtel strengthened its revenue market share leadership in India.



Ms Chua said, "The growth potential of our regional associates' markets remains strong despite the headwinds, and strategic investments in networks and customer experience will lay the foundation for future growth. The Group's customer base grew another 3% in the quarter to 655 million customers across the region."

In July 2017, NetLink NBN Trust was successfully listed, raising proceeds of S\$2.3 billion. This public offering fulfils Singtel's undertaking to the Info-communication Media Development Authority to divest its 100% stake in NetLink Trust to less than 25% before 22 April 2018. A net gain of approximately S\$2 billion from this divestment will be recorded in the second quarter.

GROUP CONSUMER

In Australia, revenue increased 6% with growth across mobile and fixed services. EBITDA rose 3% as customer growth offset higher content cost and credits from device repayment plans. Optus continued to drive customer growth and attract higher value customers with its strategic investments in network and exclusive content. Over 59,000 postpaid handset customers were added while prepaid handset customers decreased by 18,000 due to Optus' focus on acquiring quality customers. Mass market fixed revenues were up 13% mainly on higher NBN revenues driven by strong customer growth and migration payments.

Last month, Optus became the first mobile operator in the world to launch a mobile app in an exclusive partnership with National Geographic which will provide customers with data-free video, photo and editorial content all in one place.

In Singapore, revenue rose 2% as growth in data usage, home services and equipment sales offset declines in voice and roaming services. Equipment sales rose on strong demand for new smartphones and more consumers re-contracting at higher tier plans to enjoy higher tier data allowances. Mobile communication revenue remained resilient as data growth offset lower voice traffic. On the home front, revenue increased due to growth in subscriptions of higher-tier fibre broadband plans and add-on services as well as the sub-license of Premier League content rights. EBITDA dipped 3%. Excluding one-off items from the year before, EBITDA grew 2% on higher contributions from home services and content cost management.

With the goal to achieve ubiquitous adoption of mobile payments, Consumer Singapore successfully launched Singapore's first virtual Visa account on its all-in-one mobile payments app, Dash which currently has more than 500,000 users. Dash Visa further expands its reach to over 50,000 merchants and local e-commerce sites.

GROUP ENTERPRISE

Group Enterprise revenue was up 1% as growth in ICT services partially offset the decline in traditional carriage services. ICT revenues rose 6%, bolstered by demand for managed services and NCS' wins in infrastructure projects and services. ICT services now contribute 44% of Group Enterprise revenue. EBITDA dipped 1% as a result of lower contributions from carriage services and continued investments in ICT and cyber security capabilities.



In Singapore, Singtel partnered with the polytechnics, Institutes of Technical Education and SkillsFuture Singapore to launch the Cyber Security Experience, an interactive cyber education platform aimed at building up the country's cyber security talent.

Singtel won Frost and Sullivan's Asia Pacific Telecom Group of the Year, reflecting its market leadership in ICT services.

GROUP DIGITAL LIFE

Group Digital Life's revenue jumped 91%, driven by Amobee's strong performance in social and media advertising, and first-time revenue contribution from Turn, a global technology platform for marketers and agencies, which was acquired by Amobee in April 2017. Overall EBITDA improved despite higher content investments at HOOQ. Amobee achieved EBITDA breakeven this quarter. With the integration of Turn, Amobee is realising synergies and winning new companies such as KIA, Spotify and Constellation Brands as clients.

Amobee continued to gain industry recognition for its excellence in digital marketing. It was the gold winner for Innovation in Paid Media Planning & Management and for Marketing Campaign of the Year in the Travel category at the Stevie Awards.

Mobile video streaming service HOOQ announced a line-up of original local productions for audiences in the Philippines and Indonesia.

The Group affirms its outlook issued in May 2017.

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About Singtel

Singtel is Asia's leading communications technology 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 650 million mobile customers in 22 countries. Its infrastructure and technology services for businesses span 21 countries, with more than 428 direct points of presence in 360 cities. For more information, visit www.singtel.com.

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Appendix 1

Financial Highlights for the Quarter Ended 30 June 2017

| | FY2018 (S\$m) | FY2017 (S\$m) | YOY Change | YOY Change Constant Currency ¹ |
|--|------------------|------------------|---------------|---|
| Group revenue | 4,232 | 3,908 | 8.3% | 6.3% |
| EBITDA | 1,269 | 1,236 | 2.7% | 0.9% |
| Regional associates pre-tax earnings ² | 673 | 700 | (3.8%) | (6.6%) |
| EBITDA and share of associates' pre-tax earnings | 1,999 | 1,989 | 0.5% | (1.5%) |
| Underlying net profit ³ | 910 | 943 | (3.5%) | (5.4%) |
| Exceptional items (post-tax) | (18) | 1 | nm | nm |
| Net profit | 892 | 944 | (5.6%) | (7.4%) |
| Free cash flow | 1,294 | 1,232 | 5.0% | nm |

nm denotes not meaningful

¹ Assuming constant exchange rates from the corresponding period in FY 2017.

² Excludes exceptional items.

³ Defined as net profit before exceptional items.