



News Release

Singtel delivers strong earnings with resilient core business and higher contributions from associates

Quarter ended 31 Mar 2016

- Mobile data, cloud and cyber security services and digital marketing drive growth
- Net profit stable at S\$946 million; up 4% in constant currency terms
- Operating revenue, impacted by Australia mobile termination rates decline, fell 6% to S\$4.09 billion; down 3% in constant currency terms

Financial year ended 31 Mar 2016

- Full-year net profit up 2% to S\$3.87 billion; up 6% in constant currency terms
- Operating revenue dipped 1.5% to S\$16.96 billion; up 4% in constant currency terms
- Free cash flow lower by 23% to S\$2.72 billion on increased investments and receipts last year from fibre rollout completion
- Proposed unchanged final dividend per share of 10.7 cents; total dividend per share of 17.5 cents

Singapore, 12 May 2016 – Singtel delivered a strong performance for the quarter and financial year, underpinned by its resilient core business and robust contributions from associates. Mobile data was a key contributor to growth, particularly among the regional mobile associates, alongside cloud and cyber security services.

Reported net profit for the quarter was stable at S\$946 million but would have risen 4% in constant currency terms. Foreign currency movements against the Singapore dollar affected the Group's net profit by 3% or S\$27 million for the quarter. Excluding Trustwave¹, a newly acquired cyber security business, net profit for the quarter rose 2% and 5% in reported and constant currency terms respectively. Underlying net profit for the quarter grew 8%, excluding Trustwave and forex impact. Operating revenue for the quarter fell 6% due to reduced mobile termination rates in Australia and lower handset sales in Singapore. In constant currency terms, it would have dipped 3%.

Ms Chua Sock Koong, Singtel Group CEO said, "Mobile data was the bright spot. Our regional markets are now making their respective transitions from mobile telephony to mobile internet

¹ Trustwave was acquired in September 2015.



and harnessing the benefits of extensive investments in 3G and 4G networks and services. We worked with our regional associates to navigate this shift from voice to data. In Singapore and Australia, our businesses were the first to launch innovative data add-on plans and zero-rated music services to meet customers' increasing demands for OTT content services and data allowances, driving further data monetisation."

Regional mobile associates' pre-tax contribution for the quarter increased 12% and 16% in reported and constant currency terms respectively.

In Indonesia, Telkomsel gained revenue market share with a significant increase in 3G and 4G subscribers who now make up 42% of its total customer base. In Thailand, AIS continued with its migration of 2G customers to 3G or 4G networks, against an accelerated 4G network rollout with the 1800MHz spectrum acquired last year.

ICT, which included cloud and cyber security, was the other growth driver, now comprising 45% of the Enterprise business. Ms Chua Sock Koong, Singtel Group CEO said, "Our ICT business is delivering strong results in spite of the slowing global economy. Government agencies and businesses are increasingly turning to cloud computing and data analytics to drive productivity and manage large amounts of complex data. We have been able to strengthen the business with our investments in talent and capability building."

GROUP CONSUMER

In Group Consumer, mobile operations in Singapore and Australia continued to grow on increasing demand for data which offset declines in voice. However, revenue was impacted by the reduced mobile termination rates in Australia and lower handset sales in Singapore. EBITDA was down 1.4% but would have risen 3% in constant currency terms.

In Australia, Optus grew its mobile and fixed services. Prepaid handset customers were up 16,000 while branded postpaid consumers increased by 68,000 excluding wholesale deactivations. Mass market fixed revenues were up 4% as NBN or national broadband network customers increased and entertainment bundles drove Pay-TV take-up. The new range of entertainment services included Optus Music, a zero-rated music streaming service for prepaid customers, and EPL football for postpaid and home broadband customers to be introduced from August this year.



In Singapore, the mobile business proved resilient as postpaid customers continued to move to higher tier plans on innovative data offerings and an LTE network recognised as providing the widest coverage and fastest nationwide. Singtel led the market with new data plans such as DataX2, a double data add-on option and Singtel Music, a zero-rated streaming service. Data revenue growth offset the declines in roaming, voice and SMS. On the home front, revenues remained steady with stable Pay-TV ARPU and increased customers on bundled services.

GROUP ENTERPRISE

In Group Enterprise, the ICT business stayed strong amid a more cautious business environment across key markets. Overall revenues grew 5% but EBITDA declined 5% from trade-related foreign currency movements and increased staff costs reflecting investments in the growth areas of cyber security, cloud and smart nation projects.

In Singapore, excluding Trustwave, revenue grew 4% on increased ICT services and continued on-boarding to cloud services. Through NCS and a consortium partner, the Group recently secured the project for Singapore's next generation Electronic Road Pricing or ERP system. In Australia, growth in Managed Services partially mitigated price erosion and migration of legacy services to IP networks as well as one-off project-related equipment sales in the previous year.

To further enhance its ICT offerings, the Group continued to invest in cyber security. The Singtel Cyber Security Institute was launched with the aim to strengthen the preparedness of public agencies and enterprises in dealing with cyber threats and disruptions. A strategic partnership agreement with Inmarsat, the leading global mobile satellite operator was also signed to enhance cyber security for maritime companies.

GROUP DIGITAL LIFE

Group Digital Life maintained its growth momentum driven by revenue growth from Amobee and DataSpark. EBITDA improved as Amobee scales and DataSpark registered positive contributions.

Amobee added companies such as Airbnb, Red Bull and Paypal to its client list while DataSpark's capabilities are being leveraged by our regional associates to improve their respective network initiatives.



Mobile video streaming service HOOQ recently launched in Indonesia, adding to its presence in India, the Philippines and Thailand.

Financial Year ended 31 March 2016

Group net profit was up 2% to S\$3.87 billion and underlying net profit was stable at S\$3.81 billion. In constant currency terms, net profit would have grown 6% and underlying net profit by 4%. Forex movements against the Singapore dollar impacted net profit by 3% or S\$119 million for the year.

Operating revenue dipped 1.5% to S\$16.96 billion but would have risen 4% in constant currency terms. EBITDA was down slightly by 1.5% to S\$5.01 billion but would have grown 4% in constant currency terms.

The regional mobile associates' strong performance drove earnings growth with increased contributions from Telkomsel. Regional mobile associates' pre-tax earnings contribution grew 5% to S\$2.60 billion, and would have grown 6% in constant currency terms.

Free cash flow was lower by 23% to S\$2.72 billion due to increased investments in mobile customer acquisitions and retentions in Australia, higher vendor payments and receipts last year from OpenNet fibre rollout completion.

The Board is recommending a final ordinary dividend per share of 10.7 cents, bringing the total ordinary dividend per share for the year to 17.5 cents, representing a total payout of approximately S\$2.79 billion.

For the Group's guidance for the financial year ending 31 March 2017, please refer to Appendix 2.

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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 25 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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Financial Highlights for the Quarter Ended 31 Mar 2016

	2016 (S\$m)	2015 (S\$m)	YOY Change	YOY Change Constant Currency ²
Group revenue	4,094	4,339	(5.6%)	(3.1%)
EBITDA	1,262	1,274	(0.9%)	2.1%
Regional Mobile Associates pre-tax earnings ³	699	623	12.3%	16.1%
EBITDA and share of associates' pre-tax earnings	1,983	1,920	3.3%	6.5%
Underlying net profit ⁴	981	950	3.3%	6.4%
Exceptional items (post-tax)	(35)	(11)	@	@
Net profit	946	939	0.8%	3.7%
Free cash flow	681	964	(29.3%)	nm

Financial Highlights for the Year Ended 31 Mar 2016

	2016 (S\$m)	2015 (S\$m)	YOY Change	YOY Change Constant Currency ²
Group revenue	16,961	17,223	(1.5%)	4.1%
EBITDA	5,013	5,091	(1.5%)	4.1%
Regional Mobile Associates pre-tax earnings ³	2,604	2,492	4.5%	6.1%
EBITDA and share of associates' pre-tax earnings	7,804	7,670	1.7%	6.0%
Underlying net profit ⁴	3,805	3,779	0.7%	4.0%
Exceptional items (post-tax)	66	3	@	@
Net profit	3,871	3,782	2.4%	5.5%
Free cash flow	2,718	3,549	(23.4%)	nm

@ denotes over +200%

nm denotes not meaningful

² Assuming constant exchange rates from the corresponding period in FY 2015.

³ Excludes exceptional items.

⁴ Defined as net profit before exceptional items.



Appendix 1 (continued)

Foreign Exchange Movements

Currency	Quarter Ended 31 Mar 2016			Year Ended 31 Mar 2016	
	Exchange Rate ⁵	Increase/(Decrease) Against S\$		Exchange Rate ⁵	Increase/(Decrease) Against S\$
		YOY	QOQ		
1 AUD ⁶	S\$1.0129	(5.0%)	(0.1%)	S\$1.0201	(9.2%)
IDR	9,615	(1.9%)	1.9%	9,803	(4.3%)
INR	48.1	(4.8%)	(3.0%)	47.2	0.6%
PHP	33.7	(2.7%)	(1.2%)	33.4	2.6%
THB	25.4	(5.8%)	-	25.2	-

⁵ Average exchange rates for the quarter and year ended 31 March 2016.

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



OUTLOOK FOR THE FINANCIAL YEAR ENDING 31 MARCH 2017

Macro-economic Environment⁷

The Singapore economy is forecasted to grow between 1.0% and 3.0% in 2016. The Australia GDP is projected to grow by 2.5% to 3.5% for the fiscal year ending June 2017.

India, Indonesia and the Philippines are expected to register economic growth of between 5% and 8% and the Thai economy is anticipated to grow by 2%. Airtel's key countries in Africa are expected to deliver GDP growth of between 4% and 9%.

Strategic focus

Singtel continues to re-engineer its core business for profitable growth. It will continue to focus on addressing consumers' changing consumption in media and communications, and working with enterprises to harness ICT for productivity and growth.

Group Digital Life is focused on three key areas - digital marketing, mobile video and data analytics, to deliver revenue growth for the Group.

To successfully execute its strategies, Singtel continues to make significant investments in networks, spectrum, systems, technology and talent.

Singtel also continues to review opportunities for upstakes in the regional mobile associates.

Singtel has given an undertaking to IDA to divest its stake in NetLink Trust to less than 25% ownership by 22 April 2018.

Currency

The guidance for FY 2017 is based on the following average exchange rates during FY 2016.

Australian Dollar	AUD 1	SGD 1.0201
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
United States Dollar	USD 1	S\$1.3859

The Group's consolidated results and cash flow may be impacted by material exchange rate movements in the Australian Dollar, United States Dollar and regional currencies.

Group

Excluding acquisitions, consolidated revenue and EBITDA for the Group are both expected to grow by low single digit.⁸

⁷ Singapore's GDP is based on Ministry Of Trade and Finance (Feb 2016); Australia's GDP is based on Reserve Bank Of Australia (May 2016) and the rest are based on World Bank (Jan 2016).

⁸ Includes the impact of decline in mobile termination rates in Australia from 1 January 2016.



Capital expenditure is expected to approximate S\$2.8 billion (FY2016: S\$2.4 billion), with A\$1.8 billion for Optus and S\$1.0 billion for the rest of Singtel Group. 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 that incorporate advanced analytics to drive better customer experience.

Cash capital expenditure is expected to be S\$2.4 billion.

Free cash flow, excluding associates' dividends, is expected to be around S\$1.5 billion.

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

Key Business Units

Core Business (comprising Group Consumer and Group Enterprise)

In **Group Consumer**, Optus continues to grow mobile data services, riding on an extensive suite of digital products and content partnerships to meet consumers' growing appetite for online entertainment. This is underpinned by significant network investments for a deeper coverage and improved data experience.

The impact of Australia mobile termination rates decline is approximately A\$800 million for the next financial year (FY2016: A\$186 million). However, it is not expected to have a material impact on Optus' EBITDA.

In Singapore, Singtel will continue to strengthen its leadership position in both mobile and home by delivering the best integrated network experience and offering exciting and innovative products and services.

Group Enterprise aims to drive profitable growth by leveraging on its enhanced capabilities in cyber security, cloud computing and smart cities solutions to grow new revenues.

- Both operating revenue and EBITDA from the Core Business are expected to increase by low single digit.
- Mobile service revenue from Australia is expected to decline by low teens due mainly to the decline in mobile termination rates.
- Mobile Communications revenue from Singapore is expected to be stable.
- Group ICT revenue (comprising Managed Services and Business Solutions) is expected to increase by low teens. Cyber Security revenue (classified under Managed Services), including a full year's contribution from Trustwave, is expected to be S\$450-550 million.



Group Digital Life

Group Digital Life continues to drive scale and returns. This will be led by Amobee in the digital marketing space. HOOQ will enhance its suite of content offerings and distribution. DataSpark will deliver analytics solutions focused on geospatial insights.

- Revenue from Amobee Group is projected to grow by mid single digit.
- Group Digital Life is expected to record negative EBITDA of S\$150-S\$180 million as HOOQ continues to ramp up its operations.

Dividend policy

Singtel's dividend payout ratio is between 60% and 75% of underlying net profit. The dividend payout is influenced by the Group's cash flow generation, including dividends from associates.

The Group remains committed to an optimal capital structure and investment grade credit ratings, while maintaining financial flexibility to pursue growth.