

CHAIRMAN'S STATEMENT



We are deepening our customer engagement to compete in the merging telecoms and internet space, while maintaining our lead in the core telecoms business.

SIMON ISRAEL
Chairman

Dear Shareholders,

FY2013 was a pivotal year in SingTel's multi-year transformation journey. The industry trends I mentioned in last year's annual report continued to be the driving force behind our transformation to deliver sustained growth in shareholder value.

The convergence of the telecommunications and digital industries presents both challenges and opportunities for the Group. While we face non-traditional competition from the likes of over-the-top and internet players offering free services that ride on our networks, the Group is focused on strengthening its core business and leveraging our unique assets to boldly take on the digital space as well.

STABLE EARNINGS

Against these industry challenges, the SingTel Group continued to deliver stable earnings and the core business performed well. The Group also made significant investments to accelerate our growth in the digital space. These investments are essential for driving longer-term growth but the costs associated with these acquisitions will impact our earnings in the short term.

The Group's underlying net profit fell 2%, due to adverse currency movements, weaker performance of Airtel, higher depreciation and amortisation charges as well as startup losses of our digital investments. This is a credible performance in the context of our transformation. It also highlights the resilience of our core business as a strong foundation for continued profitability.

The Group regularly reviews its various operations to ensure optimum performance. With regards to India, it is your Board's view that the current industry consolidation will result in a more rational market. As a leading operator, Airtel will improve in the medium to long term. Conversely, in Pakistan, after an extensive review of the business, we made the decision to exit.

THE NEED TO TRANSFORM

Our transformation strategy is fundamentally focused on reshaping the business so it continually meets customers' needs in the future. We are deepening our customer engagement to compete in the merging telecoms and internet space, while maintaining our lead in the core telecoms business.

As part of our transformation, the Group introduced a new company structure comprising three business units aligned with our customer segments in April 2012. A year on, each of these business units have delivered on a number of transformative initiatives, including making inroads into global digital advertising and capturing growth from mobile data.

Our acquisition of Amobee catapulted us to the top ranks of global mobile advertising companies. It competes in the fast-growing digital mobile space and has a global customer base. In Singapore and Australia, we are steadily moving customers onto tiered data plans that are better aligned with data consumption. These investments and changes will help us develop new revenue streams and enhance the returns on our network investments.

OUR PEOPLE ARE DRIVING THE CHANGE

Our people are at the heart of our transformation. They are passionate about what we do and are dedicated to our transformation. To successfully transform, we are nurturing the necessary culture and global mindset. To broaden the diversity of talents within the Group, we are welcoming digital natives through acquisitions and hires, and adding people with strong track records to our core businesses. My appreciation goes to all employees in the Group who in their own way, are shaping the SingTel of the future.

In closing, let me express appreciation to my fellow Board members for their commitment and for giving their time generously over and beyond scheduled Board discussions. In 2012, the Board made a trip to two innovation hubs, New York and Boston, building on our 2011 trip to Silicon Valley.

On behalf of the Board, I thank Mr Ong Peng Tsin, who will be stepping down, for his contributions. We are also delighted to have Mr David Gonski AC, a well-respected businessman and one of Australia's leading corporate directors, join the Board.



SIMON ISRAEL

Chairman