

“ FY 2015 saw us continue to make significant progress. We successfully raised the performance of our core consumer businesses in both Singapore and Australia despite strong competition. We tightened the focus on our promising digital businesses: digital marketing, premium OTT video and advanced analytics. We laid the foundations for enterprise growth in cyber security and cloud technology. ”



OUR TRANSFORMATION PROGRESS

We are three years into our transformation – a journey that is focused on two objectives. The first is to re-engineer and strengthen our core businesses so that they continue to thrive in the digital world. The second is to leverage our unique assets as a telco to create new global digital businesses.

FY 2015 saw us continue to make significant progress in both areas. We successfully raised the performance of our core consumer businesses in both Singapore and Australia despite strong competition. We tightened the focus on our promising digital businesses: digital marketing, premium over-the-top (OTT) video and advanced analytics. We laid the foundations for enterprise growth in cyber security and cloud technology.

One visible change we made in FY 2015 was the launch of our new brand identity. The new Singtel aims to celebrate customers’ everyday lives and help them discover experiences – at work, at home, or when doing their favourite things – in an effortless and seamless way through better service, technology and content. It reflects the shift we have made from a traditional telecommunications company to a provider of rich multimedia and infocomm technology (ICT) solutions. This ethos is carried into the role we play in the community. We work with key partners to enable sustainable business practices and help vulnerable segments of society.

STRONG FINANCIAL PERFORMANCE

Through this period of transformation, our financial performance remains resilient despite significant foreign

currency volatility. Over the past three years, we have experienced unprecedented weakness in the regional currencies, especially the Australian Dollar, Indian Rupee and Indonesian Rupiah. These have masked the underlying profit improvement in our operations when translated into Singapore Dollars.

In FY 2015, our net profit grew 4% to S\$3.8 billion. On a constant currency basis, net profit increased 6%.

RAISING THE PERFORMANCE OF OUR CORE BUSINESSES

We continue to drive change throughout our core businesses to deliver to the evolving expectations of our consumer and enterprise customers. The foundation of our

services will always be our networks, and we continue to invest to bring the latest capabilities to our customers. In Singapore, we launched 4G speeds of 300Mbps and a full suite of Voice over LTE (VoLTE) services, becoming the first operator globally to do so. Across Singapore and Australia, we invested more than S\$3 billion in our networks and spectrum in FY 2015.

We continue to invest strategically for the future and expect investment in our core businesses to increase in the coming year. This includes new billing and customer care systems to provide greater flexibility and an improved experience for customers in Singapore and Australia. We are also enhancing our 4G network in Australia to meet the rapidly growing demand for mobile data. To support our enterprise growth, we are boosting data centre

capacity in Singapore and the region. These investments are complemented by ongoing cost improvements throughout our core businesses as we look to build operating models that are responsive to the future and not held back by the legacy of the past.

A key priority over the past three years has been to put in place more sustainable revenue models. Our data pricing plans in Singapore and Australia give customers greater peace of mind to use more mobile data services. We saw higher data usage, with mobile data revenues increasing by more than 20% across Singapore and Australia. We regained momentum in Australia with our investments in network, spectrum and customer experience.

Optus' mobile service revenues returned to growth and increased 3% in FY 2015. I am pleased that Optus now competes from a stronger base.

We will continue to explore opportunities to collaborate with OTT players. With our customer knowledge and billing relationships, we can significantly enhance the content and delivery in the apps ecosystem. Globe, our Philippine regional mobile associate, partnered



with Facebook to run promotions that gave mobile customers free access to the social network. This opened up the world of social media to a new cohort of users. Such collaborations are a win-win for both parties as they seek to grow their influence with customers.

GAINING TRACTION IN DIGITAL

We made the decision three years ago to boldly venture into the digital space. We have learned much during this time – how to build teams that are effective in the fast-paced digital world, how to make decisions quickly on what ventures to pursue and grow and when to exit, and how best to leverage our unique telco assets to create successful digital services.

After this period of experimentation, we have sharpened our focus on businesses that have gained good traction and are able to scale. We have migrated some of our digital lifestyle services to our core consumer business, where they can be deployed to enhance the user experience of our telecommunications offerings.

We have identified digital marketing, premium OTT video and advanced analytics as key growth areas. We will double our efforts to build these businesses – under the respective brands of Amobee, HOOQ and DataSpark – to become significant players. Amobee made important investments that broadened its market reach and acquired new technology with better targeting capabilities.

To help them navigate and grow in the fast-moving digital space, each of these businesses will be guided by a Board that includes independent directors with relevant industry and domain expertise.

The Group's ability to innovate and gain operating leverage in the digital space is key to our transformation success. Singtel Innov8, our corporate venture capital fund, continues to give the Group access to leading innovations.

DRIVING GROWTH IN ENTERPRISE

Group Enterprise is a significant business for us, representing more than a third of revenues across Singapore and Australia. We continue to maintain market leadership in Asia Pacific. Our ICT solutions play a key role in improving the efficiency and security of businesses and governments across the region.

In FY 2015, we doubled down on two priority areas – cyber security and cloud services – to extend our ICT leadership and provide platforms for global growth.

Our acquisition of Trustwave will significantly strengthen our global cyber security capabilities. Its managed service capabilities will complement our existing partnerships with FireEye and Akamai, two leading cyber security solutions providers.

We continue to invest in cloud capabilities. We accelerated the growth in G-Cloud services in Singapore, with multiple government agencies on board, and acquired Ensys, a leading cloud consulting and migration services company in Australia. We are also working with our associates to enhance their cloud offerings in their markets.

GROWING WITH OUR REGIONAL MOBILE ASSOCIATES

FY 2015 was overall a good year for our associates, with all but our Africa operations gaining market share. Pre-tax profit contributions from our regional mobile associates increased 18%, and an impressive 22% in constant currency terms.

Our associates are experiencing strong mobile data growth, spurred by a burgeoning middle class as well as the increased availability and affordability of smartphones and other connected devices. These devices will become the staple of everyday life and the must-have for people to surf the internet, pay bills and interact on social media. Innovation will not stop there. New content, business models and fresh marketing concepts, together with affordable internet prices, can change lives as deeply as, if not more than, mobile voice services did.

As part of the Singtel Group, our associates can move more quickly to build the necessary data-centric capabilities, and create better products and operating models. In FY 2015, we launched new initiatives to facilitate greater collaboration across our mobile operations. We established six Centres of Excellence to help our associates develop key capabilities more quickly in areas such as network design, analytics and data pricing. We held Product Innovation Fairs at our regular CEO gatherings to cross-pollinate new ideas. Harnessing our Group's scale, we entered into group-level strategic partnerships with key vendors, including Samsung.

" Our results over the last three years have shown that we have a quality business, can respond to industry challenges and deliver resilient financial performance. I am confident that our businesses are in a much stronger position today to thrive in the digital era. "

We also worked with content partners and our associates to launch HOOQ, our OTT premium video service, which can be delivered to a wide array of devices and on different platforms. The product has been launched in the Philippines, Thailand and India.

BUILDING OUR TEAM

Our plans cannot be implemented successfully without the right leadership and talent in our businesses. We have put in place long-term commitments and initiatives to nurture talent and build competencies in network engineering, cyber security, smart cities, customer experience and data analytics. These programmes are in collaboration with key Singapore government agencies and leading educational institutions.

We strive to create a working environment that fosters creativity and innovation, underpinned by a shared set of ethical values that drive us as a company. I am pleased to report that our employee engagement scores continue to be at all-time highs for us.

ENABLING POSITIVE CHANGES IN THE COMMUNITY

We aim to create long-term growth for our business, while enabling positive changes in the marketplace and communities we operate in.

We have developed a Group-wide Sustainable Supply Chain Management Framework to engage our key vendors and partners in responsible business practices, and will continue to work on reducing our environmental footprint.

Our community focus is on the well-being of people and helping the less privileged realise their potential through digital and infocomm technologies. We have begun building the Singtel Enabling Innovation Centre to support skills training and assistive technology development for persons with disabilities to enhance their employability. Our corporate philanthropy programme, the Singtel Touching Lives Fund, has raised S\$30 million over the past 13 years for children and young people with special needs. Across Singapore and Australia, we have also rolled out cyber wellness programmes for youths and parents.

LOOKING FORWARD

We have made good progress so far, though we still have much to do. The fast pace of change in our markets will certainly continue, and we will face new challenges in the coming years. However, our results over the last three years have shown we have a quality business, can respond to industry challenges and deliver resilient financial performance. I am confident that our businesses are in a much stronger position today to thrive in the digital era.



CHUA SOCK KOONG
GROUP CHIEF EXECUTIVE OFFICER