



News Release

Singtel delivers strong Q4 and full year earnings; proposes increased dividends

Quarter ended 31 March 2015

- Operating revenue up 5% to S\$4.34 billion; up 9% in constant currency
- Regional mobile associates pre-tax earnings grow 12%; up 8% in constant currency
- Net profit up 5% to S\$939 million; up 5% in constant currency

Financial year ended 31 March 2015

- Net profit increases 4% to S\$3.78 billion; up 6% in constant currency
- Strong free cash flow; up 9% to S\$3.55 billion
- Proposed final dividend per share of 10.7 cents; total dividend per share up 4% to 17.5 cents

Singapore, 14 May, 2015 – Singapore Telecommunications Limited (Singtel) reported a strong fourth quarter with net profit up 5% to S\$939 million. These results reflected the underlying strength and resilience of its core business and startup losses in business transformation.

The Group and its associates successfully captured the strong growth in mobile data services, with strategic investments in networks, distribution, customer initiatives and support.

Ms Chua Sock Koong, Singtel Group CEO said, "This quarter's performance underscores the strong execution of our core business. We have taken bold measures in the face of industry challenges. We aspire to be a significant global player in cyber security and our acquisition of Trustwave augments our organic initiatives.

"In the digital space, we are sharpening our focus in three key areas – digital marketing, regional premium video and advanced analytics. Our unique telco assets put us in the right place to seize opportunities in today's digital age as these services become integral in our day-to-day lives."

In the Consumer segment, Optus gained momentum in Australia. With its popular data plans and a keen focus on customer experience, Optus won new customers and delivered strong top line growth. In the Enterprise segment, the Group recorded higher revenue from the carriage business, as well as increased contribution from cloud and managed ICT services.

To capitalise on the potential of mobile data services in the emerging markets, the regional mobile associates continued to invest in spectrum and build next generation data



networks. During the quarter, Airtel acquired significant wireless spectrum in the auctions and firmly established its position as the leading 3G and 4G service provider in India. The Group's share of regional mobile associates' pre-tax earnings grew 12% to S\$623 million¹, on strong growth in customers and mobile data services.

Consolidated operating revenue for the Group rose 5% to S\$4.34 billion despite the weaker Australian dollar. This would have grown 9% in constant currency terms. EBITDA dipped 2% to S\$1.27 billion and would have risen 2% in constant currency terms.

The Group and its regional mobile associates registered robust customer growth with increased smartphone penetration and data usage. As at 31 March 2015, the Group's combined mobile customer base² was up 8% to 555 million from a year ago.

Group Consumer revenue gained 6%. Revenue growth in Singapore and Australia rose strongly, driven by higher mobile data uptake and equipment sales. Group Consumer EBITDA was stable, despite the weaker Australian dollar.

Singapore Consumer held its market leadership. Revenue rose 11% as equipment sales posted a 85% growth with higher re-contracting activities and demand for data continued to climb. A majority of its customers on the *Combo* plan actively used the Singtel premium Wi-Fi service. Mobile data revenue grew 19% and mitigated continued declines in roaming, voice and SMS usage.

Singapore Consumer home revenue was up 4% with enhanced content packages and speed upgrades. It has migrated more than 70% of broadband customers onto fibre as at end March 2015.

Australia Consumer revenue jumped 12% with growth in mobile handset customers and higher ARPU (average revenue per user). EBITDA rose 9% boosted by strong mobile service revenue growth and higher take-up of device repayment plans³, which resulted in lower selling costs.

With the growing popularity of the *My Plan* offers, outgoing mobile service revenue grew 4% with 59,000⁴ new mobile handset customers.

Optus 4G network reached 86% of population coverage as at the end of April 2015.

Group Enterprise revenue and EBITDA improved 1% respectively on steady performance from the Singapore and Australia operations.

¹ For the quarter ended 31 March 2015, post-tax profit contributions from the regional mobile associates grew 20% to S\$428 million.

² Combined mobile customer base refers to the total number of mobile customers in Singtel, Optus and the regional mobile associates.

³ Plans that enable customers to pay for devices in full or in part through monthly instalment payments over 24 months.

⁴ Including Enterprise customers, total Optus postpaid handset customers grew 64,000 to 4.62 million.



Group Enterprise entrenched its leadership position in the managed services market. It expanded its suite of managed ICT services and actively stepped up on growth initiatives in cyber security, smart city and cloud services.

Singtel announced a series of initiatives to grow its cyber security business, including the acquisition of US-based Trustwave and the opening of the Singtel-FireEye Advanced Security Operations Centre in March 2015. It also introduced the cyber security cadet scholarship programme, in partnership with the Singapore Polytechnic to nurture and build talent in digital security.

Through these investments, Singtel will gain deep expertise in technology, threat intelligence and significant talent, to achieve its goal to be a leading global managed security services provider.

NCS launched SURF (Solutions for Urbanised Future) and is in collaboration with 15 technology partners to drive smart city innovations in Singapore.

Optus Business clinched a 5-year contract to build and operate the Wi-Fi network for Australia's largest shopping centre chain, Westfield Shopping Centres.

Group Digital Life nearly tripled its revenue, with Amobee's investments in Adconion and Kontera. During the quarter, Amobee rolled out Brand Intelligence, a proprietary and patented technology that analyses online content and sentiment to help brands effectively reach their target audience.

In May 2015, the Group launched its premium video service, *HOOQ*, in Thailand, shortly after its debut in the Philippines.

Financial Year ended 31 March 2015

The Group met its guidance for the financial year ended 31 March 2015. Group net profit was up 4% to S\$3.78 billion and underlying net profit grew 5% to S\$3.78 billion. In constant currency terms, net profit would have grown 6% and underlying net profit up 8%.

Operating revenue increased 2% to S\$17.22 billion but would have risen 5% in constant currency terms. EBITDA was down slightly by 1% to S\$5.09 billion but would have grown 1% in constant currency terms.



The regional mobile associates' strong performance drove earnings growth with significant improvement in pre-tax and post-tax contributions by Airtel India, Globe and Telkomsel. The regional mobile associates' pre-tax earnings contribution jumped 18% to S\$2.49 billion⁵, and would have grown 22% in constant currency terms.

Free cash flow rose 9% to S\$3.55 billion with increased cashflows from Singapore, Australia and the associates.

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 payout of approximately S\$2.79 billion, an increase of 4% from the previous year.

"We are committed to growing shareholder returns. We are pleased to announce an increase in dividends, underpinned by the resilience of our operations and confidence in our future," said Ms Chua.

For the Group's guidance for the financial year ending 31 March 2016, please refer to Appendix 2.

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About Singtel

Singtel is Asia's leading communications group providing a portfolio of services including voice and data solutions over fixed, wireless and Internet platforms as well as infocomm technology and pay TV. The Group has presence in Asia, Australia and Africa with over 550 million mobile customers in 25 countries, including India, Indonesia, the Philippines and Thailand. It also has a network of offices throughout Asia Pacific, Europe and the United States. For details, visit www.singtel.com

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⁵ For the financial year ended 31 March 2015, post-tax profit contributions from the regional mobile associates grew 19% to S\$1.66 billion.

Financial Highlights for the Quarter Ended 31 March 2015

	2015 (S\$m)	2014 (S\$m)	YOY Change	YOY Change Constant Currency ⁶
Group revenue	4,339	4,128	5.1%	9.1%
EBITDA	1,274	1,297	(1.8%)	2.3%
Regional Mobile Associates pre-tax earnings ⁷	623	558	11.6%	7.8%
EBITDA and share of associates' pre-tax earnings	1,920	1,863	3.0%	4.8%
Underlying net profit ⁷	950	920	3.3%	3.8%
Exceptional items (post tax)	(11)	(21)	(49.5%)	(45.3)
Net profit	939	898	4.5%	5.0%
Free cash flow	964	868	11.0%	nm

Financial Highlights for the Year Ended 31 March 2015

	2015 (S\$m)	2014 (S\$m)	YOY Change	YOY Change Constant Currency ⁶
Group revenue	17,223	16,848	2.2%	4.8%
EBITDA	5,091	5,155	(1.3%)	1.3%
Regional Mobile Associates pre-tax earnings ⁷	2,492	2,115	17.8%	21.5%
EBITDA and share of associates' pre-tax earnings	7,670	7,357	4.3%	7.1%
Underlying net profit ⁷	3,779	3,610	4.7%	7.5%
Exceptional items (post tax)	3	42	(94.1%)	(104.5%)
Net profit	3,782	3,652	3.5%	6.2%
Free cash flow	3,549	3,249	9.2%	nm

⁶ Assuming constant exchange rates from the corresponding periods in FY2014.

⁷ Exclude exceptional items.

Foreign Exchange Movements

Currency	Quarter Ended 31 March 2015			Year Ended 31 March 2015	
	Exchange Rate	Increase/ (Decrease) Against S\$		Exchange Rate	Increase / (Decrease) Against S\$
		YOY	QOQ		YOY
1 AUD ⁸	S\$1.066	(6.3%)	(3.7%)	S\$1.123	(4.3%)
IDR	9,434	(0.9%)	-	9,395	(8.5%)
INR	45.9	5.4%	4.0%	47.5	1.5%
PHP	32.8	7.1%	5.2%	34.3	0.6%
THB	24.0	6.6%	5.1%	25.2	(1.2%)

⁸ Average A\$ rate for translation of Optus' operating revenue.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2016

Macro-economic Environment

The Singapore economy is forecasted to grow between 2.0% and 4.0% in 2015. The Australia GDP is projected to grow by 2.0% to 3.0% for the fiscal year ending June 2016.

India, Indonesia and the Philippines are expected to register economic growth of between 5% and 7% and the Thai economy is anticipated to grow by 4%. Airtel's key countries in Africa are expected to deliver GDP growth of between 4% and 8%.

Strategic focus

Singtel continues to strengthen its core business and build new growth engines.

In its core business⁹, Singtel will drive profitable revenue growth, build scale and a competitive cost structure in delivering its brand promise. These will be underpinned by strategic investments in networks, systems, technologies and talent.

In its digital business, Singtel will sharpen its focus in three key areas - digital marketing, mobile video and data analytics. It will leverage its unique telco assets to build successful global digital businesses and grow new revenue streams.

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% holding by 22 April 2018.

Currency

The guidance for FY2016 is based on the following average exchange rates during FY 2015.

Australian Dollar	AUD 1	SGD 1.1234
Indonesian Rupiah	SGD 1	IDR 9,395
Indian Rupee	SGD 1	INR 47.5
Thailand Baht	SGD 1	THB 25.2
Philippine Peso	SGD 1	PHP 34.3

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

⁹ Comprises Group Consumer and Group Enterprise.



Group

Excluding Trustwave¹⁰ and acquisitions, consolidated revenue of the Group is expected to increase by mid single digit level and EBITDA is expected to grow at low single digit level.

Capital expenditure on an accrual basis is expected to be approximately S\$3.0 billion (FY 2015: S\$2.4 billion) with S\$1.9 billion for Australia and S\$1.1 billion for Singapore. The increased capital expenditure reflects multi-year investments to support the transformation in its core business, including:

- A new data centre in Singapore, expected to be ready in FY 2017, to meet the growing demand for cloud and managed services in the enterprise sector,
- Investments in Australia's mobile infrastructure to deliver a competitive network for enhanced 4G data coverage and performance, and
- New unified billing and customer care systems for greater flexibility and long term cost savings. By leveraging advanced analytics, the new systems will also drive a better customer experience across the Group's core operations in Singapore and Australia.

Capital expenditure on a cash basis is however expected to be S\$2.3 billion with credit terms in place.

Free cash flow, excluding associates' dividends, is expected to be around S\$1.5 billion. Free cash flow is expected to be lower due to increased working capital requirements to accelerate customer growth in Australia, higher tax payments, as well as the cessation of fibre rollout and maintenance businesses with OpenNet's fibre rollout completion and subsequent transfer of this business to NetLink Trust.

Ordinary dividends from the regional mobile associates are expected to be approximately S\$1.1 billion.

Key Business Units

Core Business

- Revenue from the Core Business is expected to increase at mid single digit level and EBITDA to increase by low single digit level.
- Mobile service revenue from Australia is expected to increase by low single digit level.
- Mobile Communications revenue from Singapore is expected to increase by mid single digit level.
- Group ICT revenue (comprising Managed Services and Business Solutions) is expected to increase by mid single digit level.

For **Group Consumer**, Optus will drive growth in mobile data revenue, supported by significant network investments for a deeper coverage and improved data experience. It also aims to capture an increased share in the fixed line with innovative service offerings.

¹⁰ The Group's acquisition of Trustwave is subject to the fulfilment of certain conditions precedent, including relevant approvals from regulatory authorities and other third parties, and is expected to complete by October 2015.



In Singapore, Singtel will increase mobile data penetration and usage among customers. In the residential segment, it will offer differentiated home services, through better content and network experience, to win the homes.

Group Enterprise will leverage enhanced capabilities in cyber security, cloud computing and smart cities solutions to grow new revenues.

Group Digital Life

- Revenue from Amobee Group is projected to be S\$350-S\$400 million.
- Group Digital Life is expected to record negative EBITDA of S\$150-S\$180 million.

Group Digital Life will execute with a focus to gain scale and profitability. This will be led by Amobee in the digital marketing space. HOOQ will target consumers with compelling video content in close collaboration with the regional mobile associates. DataSpark will deliver analytics solutions focused on geospatial insights for the telco and public sectors.

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.