



## News Release

# Singtel posts resilient results with strong growth in Australia

### Quarter ended 30 June 2018

- Operating revenue stable at S\$4.13 billion, up 2% in constant currency terms
- Underlying net profit fell 19% to S\$733 million due to lower associates' contributions, higher withholding taxes on dividend receipts and adverse currency movements
- Net profit down 7% to S\$832 million, down 4% in constant currency terms
- Free cash flow up 13% to S\$1.47 billion on higher dividends from associates

**Singapore, 8 August 2018** – Singtel's first quarter results were resilient despite keen competition. Australia performed strongly, registering higher customer growth across both the consumer and enterprise segments, while mobile data remained a key growth driver. Operating revenue was up 2% and EBITDA was stable in constant currency terms. Underlying net profit fell 19% due to weaker results from Airtel and Telkomsel, reduced economic interest in NetLink NBN Trust<sup>1</sup>, an increase in withholding taxes from higher dividends and adverse currency movements. Net profit declined 7% to S\$832 million and would have been down 4% in constant currency terms.

"This quarter's results reflect the resilience of our core business against intense competition and increasing business headwinds. The Group continued to record data growth and Optus made gains in both the consumer and enterprise markets, bolstered by our quality networks, differentiated content and comprehensive ICT capabilities. Our overall focus on digitalisation and automation has also improved customer engagement and delivered productivity gains and cost savings," Ms Chua Sock Koong, Singtel Group CEO, said. "We start the year with 23% of Group revenue from ICT and digital businesses and we expect contributions from these businesses to rise further as we continue to build capabilities in these new growth areas. Our digital marketing arm Amobee recently acquired the assets of Videology, an ad-tech platform provider for advanced TV and video advertising."

Mobile data continued to grow strongly for the Group's regional associates. However, in the key markets of India and Indonesia, intense competition faced by Airtel and Telkomsel led to a decline in regional associates' overall profits. Airtel's results were also affected by mandated cuts in mobile termination rates in India although Africa saw continued growth momentum. In July, Airtel announced plans to list its African unit, Airtel Africa, and started preparations. In Indonesia, Telkomsel's earnings were impacted by intense price competition particularly during the mandatory registration of prepaid SIM cards. This exercise has since been completed and the pricing situation has improved towards end June and after the Lebaran national holiday. In the Group's other two markets, AIS and Globe continued to perform

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<sup>1</sup> Singtel divested its stake in NetLink Trust in July 2017. It continues to have an interest of 24.79% in NetLink NBN Trust, the holding company of NetLink Trust.



strongly. AIS registered robust growth from revenue improvement and cost control. Globe also posted strong earnings growth, driven by strong data revenue growth and cost management.

Ms Chua said, “While competition remains keen in Indonesia and particularly India, both Telkomsel and Airtel have nonetheless gained market share. We have started to see revenue stabilise on a sequential quarter basis for India. As leading operators in their markets, all our regional associates continue to ride the growth in data and we are positive on their long-term growth potential. As a Group, we continue to invest in content, networks and spectrum to maintain our lead in customer experience and better engage our more than 730 million customers across 21 countries.”

The Group has established a 5G Centre of Excellence in Singapore, and aims to prepare for the communications ecosystem for 5G services as standards are progressively introduced. Singtel will launch Singapore’s first 5G pilot network later this year while Optus and Globe will introduce fixed wireless solutions for homes in early and mid-2019 respectively.

To create new forms of digital content for customers across its footprint in the Asia Pacific region, the Group also announced the launch of PVP eSports Championship, a multi-title and regional league which marks its first foray into the fast-growing esports and gaming market.

The Group’s cash position remains strong. Free cash flow rose 13% to S\$1.47 billion on higher dividends from associates and lower capital expenditure by Optus.

## **GROUP CONSUMER**

In Australia, revenue rose 5% as strong customer growth and higher equipment sales offset lower NBN migration revenues from the temporary suspension of NBN connections. EBITDA grew 3% and would have been up a strong 7% excluding NBN migration revenues. Mobile service revenue grew 2% with the addition of 60,000 customers across postpaid and prepaid handset, and wireless broadband. However, postpaid ARPU continued to be impacted by a growing demand for SIM-only plans and data price competition. Mass market fixed revenue was stable and would have increased 5% excluding migration revenues.

In July, Optus signed exclusive rights for all major European international team football until 2022. This takes Optus a step closer to establishing itself as the home of international football in Australia.

In Singapore, consumer revenue rose 2% while EBITDA was stable excluding the cessation of Premier League sub-licensing revenue. Mobile service revenue continued to be impacted by voice to data substitution as well as an increase in demand for SIM-only plans. Mobile data remained a growth driver with data roaming revenues offsetting declines in voice roaming. Equipment sales grew 6% with higher take-up of premium handsets.

On the home services front, despite the cessation of Premier League sub-licensing, revenue rose 7% boosted by growth in broadband services and the 2018 FIFA World Cup.



In May, Singtel expanded its suite of data-free music options with an exclusive partnership with Apple Music that further cements its position as a leading content provider.

Singtel was recognised as Asia's Best Mobile Carrier at the Telecom Asia Awards 2018 for its commitment to creating the best mobile experience for customers by providing robust connectivity, innovative mobile data options and an enriched suite of digital content.

## **GROUP ENTERPRISE**

Group Enterprise revenue was down 3% on continued declines in the carriage business and the completion of a major infrastructure project in the preceding year. Notwithstanding the impact of this project completion on ICT revenue, the growth trend for managed security and technology services remains positive. On the cyber security front, managed cyber services grew 4%, and overall revenue was flat in constant currency terms mainly from pricing erosion in the legacy payment card industry (PCI) compliance business. Overall EBITDA declined 7% due to continued investments in capabilities and products.

In Singapore, Singtel launched the FutureNow Innovation Centre to help enterprises accelerate their digital transformation. The Centre showcases advanced and emerging technologies such as 5G, the Internet of Things, robotics and artificial intelligence, and demonstrates how enterprises in key sectors of the economy can apply these technologies and innovate.

In Australia, Optus Business recorded sustained growth in the ICT business and stable carriage revenue.

Group Enterprise continued to demonstrate its market leadership, winning Best Enterprise Service provider at the Asia Communication Awards 2018 and recognition as a leading managed service provider in APAC by market intelligence firm IDC.

## **GROUP DIGITAL LIFE**

Group Digital Life's revenue declined 1% in constant currency terms, impacted primarily by the timing of marketing spend by certain Amobee customers. Amobee continued to leverage Turn's programmatic platform, building self-service capabilities and successfully doubling revenue contribution from its agency trading business from a year ago. Both Group Digital Life and Amobee recorded stable EBITDA on lower operating costs.

In July, Amobee announced the acquisition of the assets of Videology, a software provider for advanced TV and video advertising. The addition of Videology's capabilities will strengthen Amobee's omni-channel platform and position it for the fast-growing linear and advanced TV segments. Amobee continued to win industry recognition for excellence in digital marketing, winning multiple awards from the Internet Advertising Competition and DFW Interactive Marketing Association for its campaigns.

Mobile video streaming service HOOQ further strengthened its value proposition with the launch of nine free-to-air Live TV channels in Indonesia.



## Outlook for the current financial year ending 31 March 2019

The Group affirms its outlook issued in May 2018.

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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 700 million mobile customers in 21 countries. Its infrastructure and technology services for businesses span 21 countries, with more than 428 direct points of presence in 362 cities.

For more information, visit [www.singtel.com](http://www.singtel.com).

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## Appendix 1

### Financial Highlights for the Quarter Ended 30 June 2018<sup>2</sup>

	Q1FY19 (S\$m)	Q1FY18 (S\$m)	YOY Change	YOY Change Constant Currency <sup>3</sup>
Group revenue	4,134	4,156	(0.5%)	1.7%
EBITDA	1,207	1,240	(2.7%)	(0.9%)
Regional associates pre-tax earnings <sup>4</sup>	391	673	(42.0%)	(38.6%)
EBITDA and share of associates' pre-tax earnings	1,623	1,970	(17.6%)	(15.4%)
Underlying net profit <sup>5</sup>	733	909	(19.3%)	(16.6%)
Exceptional items (post-tax)	98	(19)	nm	nm
Net profit	832	890	(6.6%)	(3.7%)
Free cash flow	1,466	1,294	13.3%	nm

nm denotes not meaningful

<sup>2</sup> With effect from 1 April 2018, the Group has adopted all applicable Singapore Financial Reporting Standards (International) and also restated results of prior periods for comparison. The new standards do not have a material impact on the Group's net results.

<sup>3</sup> Assuming constant exchange rates from the corresponding quarter in FY 2018.

<sup>4</sup> Excludes exceptional items.

<sup>5</sup> Defined as net profit before exceptional items.