



## **Singapore Telecommunications Limited And Subsidiary Companies**

### **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS FOR THE FIRST QUARTER ENDED 30 JUNE 2019**

*With effect from 1 April 2019, the Group has adopted SFRS(I) 16, Leases, on prospective basis with no restatement to the comparatives. SFRS(I) 16 replaced SFRS(I) 1-17 and related interpretations. The financial statements for the quarter ended, and as at, 30 June 2019 are unaudited.*

*Numbers in all tables may not exactly add due to rounding.*

*For all pages, "@" denotes more than +/- 500%, "\*" denotes less than +/- S\$0.5 million or A\$0.5 million and "\*\*\*" denotes less than +/- 0.05%, unless otherwise indicated.*

*For all tables, a negative sign for year-on-year change denotes a decrease in operating revenue, expense, gain or loss.*

## Table Of Contents

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<b>Section 1 : Group</b>	<b>Pg</b>
Financial Highlights.....	1
Group Summary Income Statement.....	3
Business Segments.....	4
Adoption of SFRS(I) 16, Leases.....	5
Review Of Group Operating Performance.....	5
Sequential Quarterly Results.....	7
Outlook For The Current Financial Year Ending 31 March 2020.....	8
Operating Revenue.....	8
Operating Expenses.....	10
Staff Costs.....	11
Net Finance Expense.....	12
Exceptional Items (Post-Tax).....	13
Tax Expense.....	14
Summary Statements Of Financial Position.....	15
Liquidity And Gearing.....	16
Cash Flow And Capital Expenditure.....	17
<b>Section 2 : Group Consumer</b>	
Financial Highlights.....	19
Group Consumer Summary Income Statement .....	20
Operating Highlights.....	21
Singapore Consumer Summary Income Statement.....	22
Australia Consumer Summary Income Statement.....	25
<b>Section 3 : Group Enterprise</b>	
Financial Highlights.....	28
Group Enterprise Summary Income Statement.....	29
Operating Highlights.....	30
Supplementary Information.....	32
<b>Section 4 : Group Digital Life</b>	
Financial Highlights.....	35
Group Digital Life Summary Income Statement.....	36
Operating Highlights.....	37

**Table Of Contents (continued)**

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<b>Section 5 : Associates/ Joint Ventures</b>	<b>Pg</b>
Financial Highlights.....	38
Share Of Results Of Associates/ Joint Ventures.....	39
Proforma Information.....	47
Other Information.....	49
Cash Dividends/ Distributions From Associates/ Joint Ventures.....	50
Key Operational Data.....	51
<b>Section 6 : Product Information</b>	
Singapore Mobile (Product View).....	52
Australia Mobile (Product View).....	53
Singtel TV (Product View).....	54
Singapore Consumer Fixed.....	54
Other Products.....	55
<b>Section 7 : Glossary</b> .....	57
<b>Appendix 1 : Impact On Adoption Of SFRS(I) 16, Leases</b>	
<b>Appendix 2 : Group Statements Of Financial Position</b>	
<b>Appendix 3 : Cash Flow Statements of Singtel And Optus</b>	
<b>Appendix 4 : Optus Financials In Australian Dollars</b>	
<b>Appendix 5 : Currency Risk Management &amp; Other Matters</b>	
<b>Appendix 6 : Outlook For The Current Financial Year Ending 31 March 2020</b>	

**SECTION 1 : GROUP**

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**FINANCIAL HIGHLIGHTS****FOR THE FIRST QUARTER ENDED 30 JUNE 2019**

- **In constant currency terms<sup>1</sup>, operating revenue and EBITDA grew 2.3% and 1.3% respectively on higher NBN migration revenues.**
- **With 6% depreciation in the Australian Dollar, operating revenue was stable while EBITDA fell 1.9%.**
- **The associates' post-tax profit contributions fell 29% due mainly to net losses at Airtel.**
- **Underlying net profit declined 22%.**
- **With net exceptional loss compared to net exceptional gain in the last corresponding quarter, net profit fell 35%.**
- **Excluding Airtel, underlying net profit and net profit would be down 2.9% and 3.4% respectively.**
- **Free cash flow declined 17% due mainly to lower dividends from associates and higher capital expenditure.**

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<sup>1</sup> Assuming constant exchange rates for the Australian Dollar, United States Dollar and/or regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2018.

## SECTION 1 : GROUP

	Quarter		YOY	
	30 Jun		Chge %	Chge in cc <sup>(1)</sup> %
	2019 S\$ m	2018 S\$ m		
Operating revenue	4,113	4,134	-0.5	2.3
EBITDA	1,184	1,207	-1.9	1.3
- EBITDA margin	28.8%	29.2%		
Share of associates' pre-tax profits	359	416	-13.7	-16.2
EBITDA and share of associates' pre-tax profits	1,543	1,623	-4.9	-3.2
EBIT	898	1,069	-16.0	-15.5
(exclude share of associates' pre-tax profits)	539	653	-17.4	-15.2
Underlying net profit	575	733	-21.6	-21.5
(exclude Airtel and BTL) <sup>(2)</sup>	694	714	-2.9	-2.6
Exceptional items (post-tax)	(34)	98	nm	nm
Net profit	541	832	-34.9	-35.2
(exclude Airtel and BTL) <sup>(2)</sup>	769	796	-3.4	-3.2
Free cash flow	1,223	1,466	-16.6	-15.5
Underlying earnings per share (S cents)	3.52	4.49	-21.6	-21.6
Basic earnings per share (S cents)	3.32	5.09	-34.8	-35.2

	As at		
	30 Jun 2019 S\$ m	31 Mar 2019 S\$ m	30 Jun 2018 S\$ m
	Total assets	50,373	48,915
Shareholders' funds	29,980	29,838	30,452
Net debt <sup>(3)</sup>	11,849	9,883	8,490
Net debt gearing ratio <sup>(4)</sup>	28.4%	24.9%	21.8%
Net debt to EBITDA and share of associates' pre-tax profits <sup>(5)</sup>	1.92X	1.59X	1.31X
Interest cover: EBITDA and share of associates' pre-tax profits/ net interest expense <sup>(6)</sup>	13.5X	16.2X	18.0X

**Notes:**

- (1) Assuming constant exchange rates for the Australian Dollar, United States Dollar and/or regional currencies from the corresponding quarter ended 30 June 2018.
- (2) The profits were adjusted to exclude the results of Airtel and its shareholder, Bharti Telecom Limited ("BTL").
- (3) Net debt is defined as gross debt less cash and bank balances adjusted for related hedging balances.
- (4) Net debt gearing ratio is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt, shareholders' funds and minority interests.
- (5) Net debt to EBITDA and share of associates' pre-tax profits is calculated on an annualised basis.
- (6) Net interest expense refers to interest expense less interest income.

**SECTION 1 : GROUP****GROUP SUMMARY INCOME STATEMENT**  
For The First Quarter Ended 30 June 2019

	Quarter		YOY	
	30 Jun		Chge %	Chge in cc <sup>(1)</sup> %
	2019 S\$ m	2018 S\$ m		
<b>Operating revenue</b>	<b>4,113</b>	<b>4,134</b>	<b>-0.5</b>	<b>2.3</b>
Operating expenses	(2,978)	(2,992)	-0.5	2.2
	1,135	1,142	-0.6	2.7
Other income	49	65	-24.5	-22.4
<b>EBITDA</b>	<b>1,184</b>	<b>1,207</b>	<b>-1.9</b>	<b>1.3</b>
- <i>EBITDA margin</i>	<b>28.8%</b>	<b>29.2%</b>		
Share of associates' pre-tax profits	359	416	-13.7	-16.2
<b>EBITDA and share of associates' pre-tax profits</b>	<b>1,543</b>	<b>1,623</b>	<b>-4.9</b>	<b>-3.2</b>
Depreciation & amortisation	(644)	(554)	16.4	20.8
<b>EBIT</b>	<b>898</b>	<b>1,069</b>	<b>-16.0</b>	<b>-15.5</b>
Net finance expense				
- net interest expense	(114)	(90)	26.0	29.5
- other finance income	63	20	211.9	210.9
	(51)	(70)	-27.5	-22.6
<b>Profit before exceptional items and tax</b>	<b>847</b>	<b>999</b>	<b>-15.2</b>	<b>-15.0</b>
Taxation	(279)	(271)	2.8	3.1
<b>Profit after tax</b>	<b>569</b>	<b>728</b>	<b>-21.9</b>	<b>-21.8</b>
Minority interests	6	5	18.9	15.1
<b>Underlying net profit</b>	<b>575</b>	<b>733</b>	<b>-21.6</b>	<b>-21.5</b>
Exceptional items (post-tax)	(34)	98	nm	nm
<b>Net profit</b>	<b>541</b>	<b>832</b>	<b>-34.9</b>	<b>-35.2</b>

Unless otherwise stated, the presentation of income statements in this document is consistent with prior periods. For income statements presented in accordance with SFRS(I) 1-1, *Presentation of Financial Statements*, please refer to "SGX Appendix 7.2 Announcement".

**Note:**

(1) Assuming constant exchange rates for the Australian Dollar, United States Dollar and/or regional currencies from the corresponding quarter ended 30 June 2018.

## SECTION 1 : GROUP

### BUSINESS SEGMENTS

The Group is organised by three business segments, Group Consumer, Group Enterprise and Group Digital Life, to better serve the evolving needs of its customers and to capture growth opportunities globally.

Group Consumer comprises the consumer businesses across Singapore and Australia, as well as the Group's investments, mainly, AIS and Intouch in Thailand, Airtel in India, Africa and Sri Lanka, Globe in the Philippines, and Telkomsel in Indonesia. It focuses on driving greater value and performance from the core carriage business including mobile, pay TV, fixed broadband and voice, as well as equipment sales.

Group Enterprise comprises the business groups across Singapore, Australia, U.S.A., Europe and the region, and focuses on growing the Group's position in the enterprise markets. Key services include mobile, equipment sales, fixed voice and data, managed services, cloud computing, cyber security, IT services and professional consulting.

Group Digital Life ("GDL") focuses on using the latest Internet technologies and assets of the Group's operating companies to develop new revenue and growth engines by entering into adjacent businesses where it has a competitive advantage. It focuses on three key businesses in digital life – digital marketing, regional premium OTT video and advanced analytics and intelligence capabilities, in addition to strengthening its role as Singtel's digital innovation engine through Innov8.

Corporate comprises the costs of Group functions not allocated to the business segments.

The following table shows the operating performance of the three business segments:

Based on post elimination basis	Quarter		YOY	
	30 June		Chge %	Chge in cc <sup>(1)</sup> %
	2019 S\$ m	2018 S\$ m		
<b>Operating revenue</b>				
Group Consumer	2,369	2,356	0.6	5.1
Group Enterprise	1,442	1,519	-5.1	-4.0
<b>Core Business</b>	<b>3,812</b>	<b>3,875</b>	<b>-1.6</b>	<b>1.5</b>
Group Digital Life	301	259	16.5	14.1
<b>Group</b>	<b>4,113</b>	<b>4,134</b>	<b>-0.5</b>	<b>2.3</b>
<b>EBITDA</b>				
Group Consumer	799	794	0.6	5.2
Group Enterprise	417	449	-7.0	-6.5
<b>Core Business</b>	<b>1,216</b>	<b>1,243</b>	<b>-2.2</b>	<b>1.0</b>
Group Digital Life	(12)	(23)	-50.4	-50.4
Corporate	(21)	(13)	62.2	62.2
<b>Group</b>	<b>1,184</b>	<b>1,207</b>	<b>-1.9</b>	<b>1.3</b>
<b>EBIT (exclude share of associates' pre-tax profits)</b>				
Group Consumer	340	404	-15.9	-12.4
Group Enterprise	253	299	-15.3	-15.2
<b>Core Business</b>	<b>593</b>	<b>703</b>	<b>-15.6</b>	<b>-13.6</b>
Group Digital Life	(32)	(36)	-12.4	-13.8
Corporate	(22)	(13)	63.9	63.9
<b>Group</b>	<b>539</b>	<b>653</b>	<b>-17.4</b>	<b>-15.2</b>

**Note:**

(1) Assuming constant exchange rates for the Australian Dollar and United States Dollar from the corresponding quarter ended 30 June 2018.

## SECTION 1 : GROUP

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### ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) (“SFRS(I)”) 16, LEASES

With effect from 1 April 2019, the Group has mandatorily applied SFRS(I) 16, *Leases*, prospectively with no restatement of financial statements for the comparative periods. SFRS(I) 16 superceded SFRS(I) 1-17, *Leases* and the related interpretations. The cumulative effects of initial application are reflected as adjustments to the opening statement of financial position as at 1 April 2019.

Under SFRS(I) 16, a lessee recognises a right-of-use asset representing its rights to use the underlying asset and a lease liability representing its obligation to make lease payments in the statement of financial position. Depreciation charges on the right-of-use assets and interest expense on the lease liability are recorded in the income statement. Lease payments, split between principal payments and interest payments of lease liability, are classified as financing cash flows in the statement of cash flows. Lessor accounting remains largely similar to the previous accounting standard.

The Group is a lessee mainly for central offices, data centres, corporate offices, retail stores, network equipment, ducts and manholes.

See **Appendix 1** for the impact on adoption of SFRS(I) 16 for the current quarter.

### REVIEW OF GROUP OPERATING PERFORMANCE

#### For The First Quarter Ended 30 June 2019

The Group’s results for the quarter were adversely impacted by Airtel’s net losses, the weaker Australian Dollar and declines in traditional carriage businesses especially voice.

Operating revenue was stable and would have grown 2.3% in constant currency terms with higher equipment sales, NBN migration and digital service revenues partially offset by lower carriage revenue. EBITDA declined 1.9% but grew 1.3% in constant currency terms.

Group Consumer contributed 58% (Q1 FY2019: 57%) and 67% (Q1 FY2019: 66%) to the Group’s operating revenue and EBITDA respectively. Operating revenue and EBITDA were stable. In constant currency terms, operating revenue and EBITDA would have increased by 5.1% and 5.2% respectively.

In Singapore, competition continued to be intense with entry of new Mobile Virtual Network Operators (MVNO) and launch of all-digital brands by mobile operators. Singapore Consumer revenue declined 5.1%, and would have declined 2.4% excluding the 2018 FIFA World Cup TV revenue. The decline was mainly due to lower voice revenue partly mitigated by higher equipment sales. Consequently, EBITDA fell 4.0%. In Australia, operating revenue and EBITDA grew 8.2% and 8.8% respectively with higher NBN migration revenues.

Group Enterprise contributed 35% (Q1 FY2019: 37%) to both the Group’s operating revenue and EBITDA. Operating revenue fell 5.1%, adversely impacted by Optus Business on lower voice usage, price erosions, and weaker demand from the government and financial sectors. EBITDA fell 7.0%, reflecting lower Optus Business and legacy carriage revenues, price reductions on some major public sector ICT contracts in Singapore and higher ICT mix.



## SECTION 1 : GROUP

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GDL contributed 7% to the Group's operating revenue, up from 6% in the same quarter last year. Operating revenue for the quarter grew a strong 17% (14% in constant currency terms) driven by contributions from Videology acquired in August 2018 and technology licensing fees received from ITV plc. Excluding contributions from Videology and the technology licensing fees, operating revenue remained stable. EBITDA improved by 50% mainly due to positive EBITDA from Amobee with contributions from the technology licensing fees.

Depreciation and amortisation charges increased 16% (21% in constant currency terms) due mainly to depreciation of right-of-use assets, higher investments in mobile networks and project related capital spending.

EBIT (before share of results of associates) fell 17% to S\$539 million.

The Group and its regional associates continued to record strong customer growth. The combined mobile customer base reached 700 million as at 30 June 2019, up by 7.9 million or 1.1% from a quarter ago.

The associates' post-tax underlying profit contributions declined 29%. If the regional currencies had remained stable, the associates' post-tax underlying profit contributions would have declined by 31% due to net losses at Airtel, partly mitigated by higher profit at Telkomsel.

Net finance expense fell 28% on higher investment income partly offset by higher interest expense on increases in average borrowings (including lease liabilities) and interest rates.

The Group's tax expense grew 2.8% on higher share of taxes from the associates as a deferred tax credit in Nigeria was recognised by Airtel in the last corresponding quarter, partly offset by lower dividend withholding taxes and lower tax from operations.

Consequently, underlying net profit declined by 22%.

The net exceptional loss (post-tax) of S\$34 million in the quarter comprised mainly share of Airtel's exceptional losses partly offset by gain on dilution in Singtel's effective equity shareholding in Airtel following Airtel's rights issue in May 2019.

With net exceptional loss compared to net exceptional gain in the last corresponding quarter, net profit declined 35%.

Excluding Airtel, underlying net profit and net profit would be down 2.9% and 3.4% respectively.

Free cash flow for the quarter was S\$1.22 billion, down 17% from the last corresponding quarter mainly on lower dividends received from associates and higher capital expenditure.

The Group continued to maintain a healthy capital structure. As at 30 June 2019, net debt gearing ratio was 28.4% after including lease liabilities recognised under the new lease accounting standard.

The Group has successfully diversified its earnings base through its expansion and investments in overseas markets. Hence, the Group is exposed to currency movements. On a proportionate basis if the associates are consolidated line-by-line, operations outside Singapore accounted for three-quarters of both the Group's proportionate revenue and EBITDA.

**SECTION 1 : GROUP****SEQUENTIAL QUARTERLY RESULTS**

Results for the current quarter compared to the preceding quarter ended 31 March 2019 were as follows:

	Quarter		QOQ Chge %
	30 June 2019 S\$ m	31 Mar 2019 S\$ m	
Operating revenue	4,113	4,342	-5.3
EBITDA <i>- margin</i>	1,184 28.8%	1,166 26.9%	1.5
Share of associates' pre-tax profits	359	419	-14.4
EBIT	898	1,025	-12.3
Underlying net profit	575	697	-17.5
Exceptional items (post-tax)	(34)	76	nm
Net profit	541	773	-30.0
Free cash flow	1,223	1,120	9.2

Operating revenue declined from the preceding quarter due mainly to a weaker Australian Dollar and seasonally higher ICT revenue recorded in the March quarter, partly offset by higher revenue from Amobee.

Underlying net profit fell on lower associates' earnings and higher withholding taxes from associates' dividends this quarter.

Free cash flow improved on lower operating lease expenses and higher dividends from associates, partly offset by working capital movements and higher capital expenditure.

**SECTION 1 : GROUP****OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2020**

The Group affirms the guidance previously issued in May 2019 for the financial year ending 31 March 2020, updated to reflect the change in lease accounting standard.

Consolidated EBITDA (excluding NBN migration revenues) is expected to increase by high single digit and free cash flow, excluding spectrum payments and dividends from associates, is expected to be around S\$2.4 billion.

Please refer to **Appendix 6** for further details on the outlook for the current financial year.

**OPERATING REVENUE**

By Products and Services	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
Mobile service (includes international call revenue)	1,245	1,392	-10.6
Sale of equipment	682	579	17.9
Handset leasing	50	17	197.0
Mobile	1,976	1,988	-0.6
Data and Internet (includes NBN migration revenues)	859	827	3.9
Managed Services <sup>(1)</sup>	403	426	-5.3
Business Application Services <sup>(2)</sup>	131	120	9.2
Cyber Security	120	114	5.8
Communications Engineering <sup>(3)</sup>	27	20	35.0
Infocomm Technology ("ICT")	682	679	0.3
Digital businesses <sup>(4)</sup>	307	271	13.1
Fixed voice	194	246	-21.3
Pay television	80	104	-23.4
Others	16	18	-13.6
<b>Total</b>	<b>4,113</b>	<b>4,134</b>	<b>-0.5</b>
<b>Operating revenue</b>	<b>4,113</b>	<b>4,134</b>	<b>-0.5</b>
Associates' proportionate revenue <sup>(5)</sup>	3,421	3,282	4.2
<b>Group's proportionate revenue</b>	<b>7,534</b>	<b>7,416</b>	<b>1.6</b>

**Notes:**

- (1) Include facility management, managed and network services, and value-added reselling and services.
- (2) Include applications management services and outsourcing, system integration and business process outsourcing.
- (3) Include telecommunications infrastructure, aviation communications, secured communications, video technology, sensors, as well as command and control systems.
- (4) Include revenues from Amobee, HOOQ, and DataSpark.
- (5) Based on operating revenue of the associate multiplied by Singtel's effective ownership interest.

**SECTION 1 : GROUP**

Operating Revenue Mix	Quarter	
	30 Jun	
	2019	2018
	%	%
Mobile service (includes international call revenue)	30.3	33.7
Sale of equipment	16.6	14.0
Leasing	1.2	0.4
Mobile	48.1	48.1
Data and Internet (includes NBN migration revenues)	20.9	20.0
Managed Services	9.8	10.3
Business Application Services	3.2	2.9
Cyber Security	2.9	2.7
Communications Engineering	0.7	0.5
ICT	16.6	16.4
Digital businesses	7.5	6.6
Fixed voice	4.7	6.0
Pay television	1.9	2.5
Others	0.4	0.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Operating revenue was stable and would have increased 2.3% in constant currency terms.

ICT and digital businesses, as well as equipment sales, which have lower margins, contributed 24% and 17% of the Group's revenue respectively. The contributions were at 23% and 14% respectively in June quarter last year.

Total Mobile revenue was stable. It would have grown 3.5% in constant currency terms with higher equipment sales revenue. Mobile service revenue, however, declined 11% (7.0% in constant currency terms) due mainly to intense data price competition and lower voice usage.

Data and Internet revenue increased 3.9% (7.3% in constant currency terms) from higher NBN migration revenues, partly offset by price erosion.

Revenue from ICT was stable but was up 1.3% in constant currency terms. Enterprise digital revenue grew as the Group focuses on building digital businesses offset by lower ICT revenue in Australia.

Revenue from digital businesses increased strongly by 13% with contributions from Videology acquired in August 2018 and technology licensing fees received from ITV plc.

Including the proportionate share of operating revenue from the associates, the Group's enlarged revenue rose 1.6%.

**SECTION 1 : GROUP****OPERATING EXPENSES (Before Depreciation and Amortisation)**

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
Cost of sales <sup>(1)</sup>	1,371	1,234	11.2
Staff costs	628	677	-7.2
Selling & administrative	497	622	-20.1
Traffic expenses	383	392	-2.2
Repair & maintenance	98	86	13.4
Others	1	(17)	nm
<b>Total</b>	<b>2,978</b>	<b>2,992</b>	<b>-0.5</b>
Direct costs <sup>(2)</sup>	1,923	1,792	7.3
Other operating expenses	1,056	1,201	-12.0
<b>Total</b>	<b>2,978</b>	<b>2,992</b>	<b>-0.5</b>

As a percentage of operating revenue	Quarter	
	30 Jun	
	2019 %	2018 %
Cost of sales <sup>(1)</sup>	33.3%	29.8%
Staff costs	15.3%	16.4%
Selling & administrative	12.1%	15.0%
Traffic expenses	9.3%	9.5%
Repair & maintenance	2.4%	2.1%
Others	**	-0.4%
<b>Total</b>	<b>72.4%</b>	<b>72.4%</b>
Direct costs <sup>(2)</sup>	46.7%	43.3%
Other operating expenses	25.7%	29.1%
<b>Total</b>	<b>72.4%</b>	<b>72.4%</b>

“\*\*” denotes less than +/- 0.05%.

**Notes:**

- (1) Cost of sales include cost of goods sold and service costs such as costs of content and programming.  
(2) Comprise mainly cost of sales, traffic expenses, staff costs and selling & administrative expenses directly attributable to revenue earned from sale of equipment and services rendered.

Total operating expenses were stable and would have increased 2.2% in constant currency terms mainly attributable to higher direct costs. Other operating expenses, however, declined 12% on strong cost control and reduction in operating lease expenses<sup>2</sup>.

The increase in Cost of Sales was in line with higher sales, particularly equipment sales and digital businesses.

<sup>2</sup> Some leases such as short term leases and leases of low value assets continue to be expensed as incurred under SFRS(I) 16.

**SECTION 1 : GROUP****STAFF COSTS**

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$m	
<b>Staff costs</b>			
Optus	218	274	-20.5
Singtel and other subsidiaries	410	402	1.9
<b>Group</b>	<b>628</b>	<b>677</b>	<b>-7.2</b>

	Quarter			YOY Chge %
	30 Jun	31 Mar	30 Jun	
	2019	2019	2018	
<b>Average number of staff</b>				
Optus	7,242	7,326	8,370	-13.5
Singtel and other subsidiaries	16,089	16,098	16,737	-3.9
<b>Group <sup>(1)</sup></b>	<b>23,331</b>	<b>23,424</b>	<b>25,107</b>	<b>-7.1</b>
<b>Headcount as at end of period</b>				
Optus	7,114	7,297	8,146	-12.7
Singtel and other subsidiaries	16,120	16,029	16,611	-3.0
<b>Group <sup>(1)</sup></b>	<b>23,234</b>	<b>23,326</b>	<b>24,757</b>	<b>-6.2</b>

**Note:**

(1) Headcount for staff deployed in capital projects are included in the table above, though the related staff costs are capitalised as part of the cost of property, plant and equipment.

Staff costs declined 7.2% due to lower average headcount.

As at 30 June 2019, Group headcount was 23,234, down 6.2% from a year ago on staff restructurings.

**SECTION 1 : GROUP****NET FINANCE EXPENSE**

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
<b>Net interest expense</b>			
- Interest expense under SFRS(I) 16	(20)	-	nm
- Other interest expense	(97)	(92)	4.7
	(116)	(92)	25.9
- Interest income	2	2	22.2
	<b>(114)</b>	<b>(90)</b>	<b>26.0</b>
<b>Other finance income</b>			
- Dividend income from Southern Cross	11	13	-16.9
- Investment income <sup>(1)</sup>	55	*	nm
- Other foreign exchange gain	*	6	nm
- Net fair value (loss)/ gain <sup>(2)</sup>	(3)	1	nm
	<b>63</b>	<b>20</b>	<b>211.9</b>
<b>Net finance expense</b>	<b>(51)</b>	<b>(70)</b>	<b>-27.5</b>
<b>(ex-SFRS(I) 16)</b>	<b>(31)</b>	<b>(70)</b>	<b>-55.4</b>

**Notes:**

(1) Comprise mainly dividend and other income from 'Fair Value through Other Comprehensive Income' investments.

(2) Comprise mainly adjustments for hedging instruments and other financial instruments including options measured at fair values under SFRS(I) 9, *Financial Instruments*.

\*\*\* denotes less than +/- S\$0.5 million.

Net finance expense fell mainly due to receipt of income from an investment.

Interest expense rose 26% on increases in average borrowings (including lease liabilities) and interest rates.

**SECTION 1 : GROUP****EXCEPTIONAL ITEMS (POST-TAX) <sup>(1)</sup>**

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
Dilution gain on Airtel	87	-	nm
Gain on sale of property	5	106	-95.0
Staff restructuring costs	(22)	(29)	-23.4
Group exceptional items	70	77	-8.1
Share of Airtel's one-off items (pre-tax)	(111)	10	nm
Share of associates' exceptional items	(111)	10	nm
<b>Group net exceptional (loss)/ gain (pre-tax)</b>	<b>(41)</b>	<b>87</b>	<b>nm</b>
<b>Exceptional tax</b>			
Share of tax credit on Airtel's one-off items	2	7	-73.1
Other tax credit	5	5	2.0
	<b>7</b>	<b>12</b>	<b>-40.7</b>
<b>Group net exceptional (loss)/ gain (post-tax)</b>	<b>(34)</b>	<b>98</b>	<b>nm</b>

**Note:**

(1) Exceptional items are material non-recurring items for which separate disclosure is considered necessary to avoid distortion of reported results of performance.

The Group's net exceptional loss in the quarter mainly comprised the Group's share of Airtel's exceptional losses (post-tax) of S\$109 million, partly offset by S\$87 million of gain from dilution in its effective equity shareholding in Airtel of 4.3 percentage points<sup>3</sup> following Airtel's rights issue in May 2019.

Airtel's net exceptional loss was attributable mainly to incremental provision for derivative liabilities relating to customary indemnities provided to a group of investors of Airtel Africa, and expenses relating to its listing.

<sup>3</sup> After the rights issue, the Group's effective shareholding interest in Airtel reduced from 39.5% to 35.2%, comprising:

- (i) a direct shareholding interest of 15.0% in Airtel, and
- (ii) a shareholding interest of 48.9% in BTL, which held a direct shareholding interest of 41.2% (previously 50.1%) in Airtel.



**SECTION 1 : GROUP****TAX EXPENSE**

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
<b>Income tax expense</b>			
Optus	49	73	-33.4
Singtel and other subsidiaries	54	64	-15.9
Total (a)	103	137	-25.2
Share of associates' tax expense (b)	86	32	168.8
Withholding and dividend distribution taxes on associates' dividend income <sup>(1)</sup>	90	102	-11.7
<b>Total</b>	<b>279</b>	<b>271</b>	<b>2.8</b>
Profit before exceptional items and tax	847	999	-15.2
Exclude:			
Share of associates' pre-tax profits	(359)	(416)	-13.7
<b>Adjusted pre-tax profit (c)</b>	<b>489</b>	<b>583</b>	<b>-16.2</b>
<b>Effective tax rate of Singtel and subsidiaries (a)/(c)</b>	<b>21.0%</b>	<b>23.5%</b>	
Share of associates' pre-tax profits (d)	359	416	-13.7
<b>Effective tax rate of associates (b)/(d)</b>	<b>24.0%</b>	<b>7.7%</b>	

**Note:**

(1) Withholding and Indian dividend distribution taxes are deducted at source when dividends are remitted by the overseas associates. For accounting purposes, the dividend income and related withholding or dividend distribution taxes are accrued when declared by the associates. Dividend income has no impact on the income statement of the Group as they are eliminated at Group. The cash inflows upon the receipt of dividend are shown in **Section 5**.

The Group's tax expense increased on higher share of tax expense from the associates as a deferred tax credit in Nigeria was recognised by Airtel in the last corresponding quarter, partly offset by lower dividend withholding taxes and lower tax on operations.

**SECTION 1 : GROUP****SUMMARY STATEMENTS OF FINANCIAL POSITION**

	As at		
	30 Jun	31 Mar	30 Jun
	2019	2019	2018
	S\$ m	S\$ m	S\$ m
Current assets (excluding cash)	6,295	6,565	6,205
Cash and bank balances	579	513	625
Right-Of-Use assets	2,159	-	-
Other non-current assets	41,340	41,837	40,973
<b>Total assets</b>	<b>50,373</b>	<b>48,915</b>	<b>47,803</b>
Current liabilities	9,350	8,794	7,696
Non-current liabilities	11,078	10,311	9,660
<b>Total liabilities</b>	<b>20,427</b>	<b>19,105</b>	<b>17,356</b>
<b>Net assets</b>	<b>29,946</b>	<b>29,810</b>	<b>30,447</b>
Share capital	4,127	4,127	4,127
Retained earnings	27,784	27,513	28,101
Currency translation reserve (loss)	(1,670)	(1,768)	(1,416)
Other reserves	(262)	(35)	(361)
<b>Equity attributable to shareholders</b>	<b>29,980</b>	<b>29,838</b>	<b>30,452</b>
Minority interests and other reserve	(34)	(28)	(5)
	<b>29,946</b>	<b>29,810</b>	<b>30,447</b>

The Group continued to be in a strong financial position as at 30 June 2019. It is rated A1 by Moody's and A+ by S&P Global Ratings. Singtel's ratings continued to be strong among its peers in the global telecommunications industry.

The currency translation reserve (loss) in equity decreased by S\$98 million from a quarter ago due mainly to transfer of proportionate share of Airtel's translation reserve to the income statement upon the Group's dilution of effective equity shareholding in Airtel.

**SECTION 1 : GROUP****LIQUIDITY AND GEARING**

	As at		
	30 Jun 2019 S\$ m	31 Mar 2019 S\$ m	30 Jun 2018 S\$ m
Gross debt			
Current debt	3,068	1,880	1,286
Non-current debt	9,699	8,784	8,029
Gross debt as reported in statement of financial position	<b>12,766</b>	<b>10,664</b>	<b>9,315</b>
Related net hedging asset <sup>(1)</sup>	(338)	(268)	(200)
<b>Hedged gross debt</b>	<b>12,428</b>	<b>10,396</b>	<b>9,115</b>
Less: Cash and bank balances	(579)	(513)	(625)
<b>Net debt</b>	<b>11,849</b>	<b>9,883</b>	<b>8,490</b>
<b>Gross debt gearing ratio <sup>(2)</sup></b>	<b>29.3%</b>	<b>25.9%</b>	<b>23.0%</b>
<b>Net debt gearing ratio</b>	<b>28.4%</b>	<b>24.9%</b>	<b>21.8%</b>

**Notes:**

(1) The net hedging asset relates to the fair values of cross currency and interest rate swaps.

(2) Gross debt gearing ratio refers to the ratio of gross debt to gross capitalisation. Gross capitalisation is the aggregate of gross debt, shareholders' funds and minority interests.

Net debt increased by S\$1.97 billion from a quarter ago to S\$11.85 billion as at 30 June 2019 mainly due to increase in lease liabilities partly offset by net repayment of borrowings. With higher net debt, net debt gearing ratio increased to 28.4%.

## SECTION 1 : GROUP

## CASH FLOW AND CAPITAL EXPENDITURE

	Quarter			YOY Chge %
	30 Jun 2019 S\$ m	30 Jun 2018 S\$ m	31 Mar 2019 S\$ m	
<b>Net cash inflow from operating activities</b>				
<b>Profit before exceptional items and tax</b>	<b>847</b>	<b>999</b>	<b>932</b>	<b>-15.2</b>
Non-cash items	330	183	234	79.9
<b>Operating cash flow before working capital changes</b>	<b>1,177</b>	<b>1,182</b>	<b>1,166</b>	<b>-0.4</b>
<b>Changes in operating assets and liabilities</b>	<b>(252)</b>	<b>(260)</b>	<b>504</b>	<b>-2.8</b>
Cash paid to employees under performance share plans	925	923	1,669	0.2
Tax paid on operating activities	*	*	-	nm
<b>Operating cash flow before dividends from associates</b>	<b>(83)</b>	<b>(58)</b>	<b>(100)</b>	<b>42.5</b>
Dividends/ Distributions received from associates	<b>842</b>	<b>865</b>	<b>1,569</b>	<b>-2.6</b>
Withholding tax paid on dividends received	1,009	1,182	41	-14.7
	(100)	(116)	(6)	-13.4
	<b>1,751</b>	<b>1,931</b>	<b>1,605</b>	<b>-9.4</b>
<b>Net cash outflow for investing activities</b>				
Accrued capital expenditure	(278)	(375)	(672)	-25.8
Changes in creditors' balances	(249)	(90)	187	177.1
Cash capital expenditure	(528)	(465)	(485)	13.4
Investment in associates	(735)	-	(1)	nm
Deferred proceeds from disposal of an associate	2	4	2	-47.5
Proceeds from disposal of a subsidiary	-	-	15	-
Payment for purchase of spectrum	(27)	(35)	-	-22.6
Payment for purchase of other intangibles	(33)	(21)	(82)	60.1
Investment in venture investments	(6)	(9)	(57)	-29.2
Proceeds from disposal of venture investments	14	3	1	396.4
Proceeds from disposal of property, plant and equipment	*	118	23	nm
Withholding tax paid on interest received on inter-company loans	-	-	(11)	-
Payment for acquisition of non-controlling interests	-	(16)	-	nm
Investment income from FVOCI investments	55	*	-	nm
Others	2	1	2	35.7
	<b>(1,256)</b>	<b>(419)</b>	<b>(593)</b>	<b>199.8</b>
<b>Net cash outflow for financing activities</b>				
Net (decrease)/ increase in borrowings	(308)	(1,320)	72	-76.7
Settlement of swap for bonds repaid	-	3	8	nm
Net interest paid on borrowings and swaps	(111)	(96)	(98)	15.1
Interim dividend paid to shareholders	-	-	(1,110)	-
Purchase of performance shares	(8)	(7)	(6)	14.5
	<b>(427)</b>	<b>(1,420)</b>	<b>(1,134)</b>	<b>-70.0</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>68</b>	<b>92</b>	<b>(122)</b>	<b>-26.5</b>
Exchange effects on cash and cash equivalents	(2)	7	(3)	nm
<b>Group cash and cash equivalents at beginning</b>	<b>513</b>	<b>525</b>	<b>637</b>	<b>-2.3</b>
<b>Group cash and cash equivalents at end</b>	<b>579</b>	<b>625</b>	<b>513</b>	<b>-7.3</b>
<b>Group free cash flow</b>				
Singtel	98	268	656	-63.6
Optus	217	131	428	64.8
<b>Group free cash flow (before associates' dividends/ distributions)</b>	<b>314</b>	<b>400</b>	<b>1,084</b>	<b>-21.4</b>
Dividends/ Distributions received from associates (net of withholding tax)	909	1,067	36	-14.8
<b>Group free cash flow</b>	<b>1,223</b>	<b>1,466</b>	<b>1,120</b>	<b>-16.6</b>
Optus free cash flow (in A\$)	230	130	446	77.0
<b>Cash capex to operating revenue</b>	<b>13%</b>	<b>11%</b>	<b>11%</b>	

“\*” denotes less than +/- S\$0.5 million.

**SECTION 1 : GROUP**

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Net cash inflow from operating activities (before associates' dividend receipts) for the quarter declined 2.6% to S\$842 million on higher tax payments partially offset by lower operating lease expenses. Dividends from the associates fell mainly attributable to lower dividends received from Telkomsel in line with its lower net profit. Consequently, total cash flow from operations fell 9.4% to S\$1.75 billion.

Net cash outflow for investing activities was S\$1.26 billion. In the quarter, Singtel paid S\$735 million for subscription to Airtel's rights issue based on its rights entitlement for its direct stake of 15%. Capital expenditure comprised S\$202 million for Singtel and S\$326 million (A\$340 million) for Optus. In Singtel, major capital investments in the quarter included S\$49 million for mobile network and S\$153 million for fixed and other core infrastructure. In Optus, capital investments in mobile network, and fixed and other core infrastructure were A\$235 million and A\$105 million respectively.

With lower operating cash and higher cash capital expenditure, the Group's free cash flow declined 17% to S\$1.22 billion.

Net cash financing outflow of S\$427 million in the quarter mainly comprised of S\$308 million in net repayment of borrowings and S\$111 million in interest payments for lease liabilities and other borrowings.

Overall cash balance increased S\$66 million from a quarter ago and the cash balance was S\$579 million as at 30 June 2019.

## SECTION 2 : GROUP CONSUMER

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### GROUP CONSUMER

#### MANAGEMENT DISCUSSION AND ANALYSIS

**Group Consumer** comprises the consumer businesses across Singapore and Australia, as well as the regional associates in the emerging markets. The results shown in this section exclude the results of the regional associates which are discussed in **Section 5**.

#### FINANCIAL HIGHLIGHTS

#### FOR THE FIRST QUARTER ENDED 30 JUNE 2019

- **Operating revenue and EBITDA were both stable, while EBIT declined 16%.**
- **In constant currency terms<sup>4</sup>, operating revenue and EBITDA grew 5.1% and 5.2% respectively, while EBIT fell 12%.**

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<sup>4</sup> Assuming constant exchange rates for the Australian Dollar from the corresponding quarter ended 30 June 2018.

**SECTION 2 : GROUP CONSUMER****GROUP CONSUMER SUMMARY INCOME STATEMENT <sup>(1)</sup>**

For The First Quarter Ended 30 June 2019

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
<b>Operating revenue</b>	<b>2,369</b>	<b>2,356</b>	<b>0.6</b>
Operating expenses	(1,603)	(1,602)	0.1
	766	754	1.6
Other income	33	40	-19.1
<b>EBITDA</b>	<b>799</b>	<b>794</b>	<b>0.6</b>
<b>- margin</b>	<b>33.7%</b>	<b>33.7%</b>	
Depreciation & amortisation	(459)	(390)	17.6
<b>EBIT</b>	<b>340</b>	<b>404</b>	<b>-15.9</b>

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
Cost of sales <sup>(2)</sup>	737	621	18.5
Selling & administrative	338	441	-23.2
Traffic expenses	271	266	2.2
Staff costs	194	238	-18.5
Repair & maintenance	56	42	33.3
Others	8	(5)	nm
<b>Operating expenses</b>	<b>1,603</b>	<b>1,602</b>	<b>0.1</b>

**Notes:**

(1) The above figures include International Group division which have responsibility over the regional associates.

(2) Cost of sales include costs of content and programming.

## SECTION 2 : GROUP CONSUMER

### GROUP CONSUMER OPERATING HIGHLIGHTS

#### For The First Quarter Ended 30 June 2019

Group Consumer recorded stable revenue and EBITDA for the first quarter, impacted by the 6% depreciation of the Australian Dollar against the Singapore Dollar. In constant currency terms, operating revenue and EBITDA would have increased by 5.1% and 5.2% respectively. The growth was mainly driven by higher equipment sales, handset leasing and NBN migration revenues in Australia. EBIT fell 16% and would have declined 12% in constant currency terms after including higher depreciation from investments in mobile network investments and right-of-use assets.

### SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2019 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2019 S\$ m	31 Mar 2019 S\$ m	
Operating revenue	2,369	2,436	-2.7
EBITDA	799	832	-4.0
- margin	33.7%	34.2%	
EBIT	340	451	-24.7

Against the preceding quarter, earnings fell mainly from Australia.



**SECTION 2 : GROUP CONSUMER****SINGAPORE CONSUMER SUMMARY INCOME STATEMENT**  
For The First Quarter Ended 30 June 2019

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	Restated <sup>(1)</sup> 2018 S\$ m	
<b>Operating revenue</b>	<b>518</b>	<b>545</b>	<b>-5.1</b>
Operating expenses	(336)	(356)	-5.5
	181	190	-4.4
Other income <sup>(2)</sup>	7	6	8.1
<b>EBITDA</b>	<b>188</b>	<b>196</b>	<b>-4.0</b>
<b>- margin</b>	<b>36.3%</b>	<b>35.9%</b>	
Depreciation & amortisation	(65)	(61)	6.4
<b>EBIT</b>	<b>123</b>	<b>135</b>	<b>-8.8</b>

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	Restated <sup>(1)</sup> 2018 S\$ m	
Mobile service	248	265	-6.3
Sale of equipment	115	103	12.1
Leasing revenue <sup>(3)</sup>	2	-	nm
Mobile	365	368	-0.6
Fixed broadband <sup>(4)</sup>	63	62	2.1
Residential Pay TV	48	65	-25.9
Fixed voice	29	33	-11.7
Others <sup>(5)</sup>	12	18	-33.9
<b>Operating revenue</b>	<b>518</b>	<b>545</b>	<b>-5.1</b>
Cost of sales	165	170	-3.1
Selling & administrative	69	72	-3.6
Staff costs	50	56	-9.5
Traffic expenses	44	52	-14.6
Repair & maintenance	12	12	-0.8
Others	(5)	(6)	-24.6
<b>Operating expenses</b>	<b>336</b>	<b>356</b>	<b>-5.5</b>
Direct costs <sup>(6)</sup>	154	167	-7.8
Other operating expenses	183	189	-3.3
<b>Operating expenses</b>	<b>336</b>	<b>356</b>	<b>-5.5</b>

**Notes:**

- (1) The comparatives have been restated to exclude digital businesses (mainly Singtel Dash) transferred to International Group from 1 April 2019.
- (2) Include trade foreign currency exchange differences, rental income, gain/loss on disposal of scrap copper and property, plant and equipment, and other miscellaneous recoveries. The net trade foreign exchange gain amounted to S\$0.3 million (Q1 FY2019: S\$0.1 million) for the quarter.
- (3) Comprise revenue from lease of handsets to mobile customers under 2-year contracts.

## SECTION 2 : GROUP CONSUMER

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- (4) Include sale of broadband equipment.
- (5) Include digital business, energy reselling, and revenues from mobile network cabling works and projects.
- (6) Comprise mainly cost of sales and traffic expenses directly attributable to revenue earned from sale of equipment and services rendered.

### SINGAPORE CONSUMER OPERATING PERFORMANCE

#### For The First Quarter Ended 30 June 2019

Competition in the Singapore mobile market continued its intensity with entry of new Mobile Virtual Network Operators (MVNO) and launch of all-digital brands by mobile operators. Against this challenging backdrop, operating revenue for Singapore Consumer declined 5.1%. Excluding 2018 FIFA World Cup TV revenue in the last corresponding quarter, operating revenue declined 2.4%.

Total Mobile revenue including equipment sales remained stable. Equipment sales grew 12% mainly on higher average prices of handsets. However, the growth was offset by 6.3% decline in mobile service revenue due to larger drop in voice usage (local, IDD and roaming), data price erosion and flow through impact from amortisation of higher handset subsidies<sup>5</sup>. Despite a highly saturated market, the postpaid customer base grew by 35,000<sup>6</sup> from a quarter ago. Singtel's all-digital GOMO saw strong traction and gained share in the SIM-only space. The prepaid customer base declined on migration to postpaid plans, driven by attractive promotions. With lower service revenues, both postpaid ARPU and prepaid ARPU decreased.

Fixed broadband revenue grew 2.1% on increased take-up of higher speed fibre plans and higher sales of WiFi mesh equipment. Pay TV revenue in June quarter last year was boosted by the 2018 FIFA World Cup. Excluding the World Cup revenue, Pay TV revenue fell 3.2% on decline in the average customer base. The number of residential pay TV customers, however, grew by 1,100 in this quarter after Singtel enhanced its content offerings. The number of customers who signed up for 'on-the-go' services, namely the Cast OTT and Singtel TV Go companion apps, grew by 12,000 in the quarter to 130,000 as at 30 June 2019.

With lower operating revenue partially offset by strong cost control, EBITDA declined by 4.0%.

EBIT fell 8.8% after including higher depreciation mainly from right-of-use assets.

In this quarter, Singtel launched UNBOXED, an unmanned 24/7 pop-up store featuring the convenience of digital technology in a friendly store environment. Customers can consult a roving live bot with facial recognition technology to receive personalised recommendations, try out phones, sign up for mobile plans at video-assisted self-serve kiosks and immediately collect their purchases from the in-store's POPstation.

Singtel launched digital self-registration or eKYC (electronic Know Your Customer) service for prepaid customers. This first-of-its-kind service in Singapore gives Singtel's prepaid customers the convenience of registering their new SIM cards on their mobile phones and activating the service anytime. The fuss-free and easy self-registration process can be completed within minutes. Singtel also introduced bundled personal insurance coverage with prepaid top-ups, in order to provide differentiated service offerings.

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<sup>5</sup> Handset subsidies are amortised against mobile service revenue over the term of the mobile customer contract.

<sup>6</sup> Based on total product view (i.e. include Enterprise mobile).

## SECTION 2 : GROUP CONSUMER

On the network front, Singtel topped IMDA's 4G quality of service chart with a 99.9% outdoor coverage score for 17 consecutive quarters.

Singtel partnered AIA to unveil StepUp, a wellness platform that allows customers to earn local mobile data with every step they take. Singtel customers can also take on the AIA Vitality Challenge on StepUp to earn lifestyle rewards while getting fit. The strategic collaboration between the two industry leaders aims to deliver relevant products and services to their customers by leveraging on each other's strength on communications technology and life insurance.

### SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2019 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2019 S\$ m	31 Mar 2019 S\$ m	
Operating revenue	518	539	-4.0
EBITDA	188	172	9.1
- margin	36.3%	31.9%	
EBIT	123	109	13.1

Operating revenue fell due to lower equipment sales from lower connections while EBITDA grew on strong cost management.

**SECTION 2: GROUP CONSUMER****AUSTRALIA CONSUMER SUMMARY INCOME STATEMENT**  
For The First Quarter Ended 30 June 2019

	Quarter		YOY Chge %
	30 Jun		
	2019 A\$m	2018 A\$m	
<b>Operating revenue</b>	<b>1,938</b>	<b>1,792</b>	<b>8.2</b>
Operating expenses	(1,315)	(1,227)	7.2
	623	565	10.3
Other income	26	32	-18.9
<b>EBITDA</b>	<b>649</b>	<b>597</b>	<b>8.8</b>
<b>- margin</b>	<b>33.5%</b>	<b>33.3%</b>	
Depreciation & amortisation	(411)	(325)	26.6
<b>EBIT</b>	<b>238</b>	<b>272</b>	<b>-12.6</b>

	Quarter		YOY Chge %
	30 Jun		
	2019 A\$m	2018 A\$m	
Incoming	54	53	1.2
Outgoing	802	863	-7.2
Total Mobile Service	855	916	-6.7
Equipment	501	380	32.0
Leasing Revenue <sup>(1)</sup>	50	17	201.4
<b>Total Mobile Revenue</b>	<b>1,406</b>	<b>1,313</b>	<b>7.2</b>
Retail Fixed On-net	135	179	-24.9
Retail Fixed Off-net <sup>(2)</sup>	251	144	74.2
<b>Total Retail Fixed <sup>(3)</sup></b>	<b>386</b>	<b>323</b>	<b>19.2</b>
<b>Total Wholesale Fixed <sup>(4)</sup></b>	<b>146</b>	<b>156</b>	<b>-6.2</b>
<b>Operating revenue</b>	<b>1,938</b>	<b>1,792</b>	<b>8.2</b>

**Notes:**

- (1) Comprise revenue from lease of handsets to mobile customers under 2-year contracts. Handset leasing plans are no longer offered from July 2019.
- (2) Include NBN migration and site preparation revenues of A\$98 million (Q1 FY2019: A\$24 million) for the quarter.
- (3) Include small-sized businesses.
- (4) Include medium-sized businesses.

**SECTION 2 : GROUP CONSUMER**

	Quarter		YOY Chge %
	30 Jun		
	2019 A\$m	2018 A\$m	
Cost of sales	599	447	34.0
Selling & administrative	276	361	-23.6
Traffic expenses	238	211	12.5
Staff costs	144	177	-18.5
Repair & maintenance	45	29	55.8
Others	13	1	@
<b>Operating expenses</b>	<b>1,315</b>	<b>1,227</b>	<b>7.2</b>
Direct costs <sup>(1)</sup>	884	713	24.0
Other operating expenses	431	514	-16.2
<b>Operating expenses</b>	<b>1,315</b>	<b>1,227</b>	<b>7.2</b>

**Note:**

(1) Comprise mainly cost of sales, traffic expenses and selling expenses directly attributable to revenue earned from sale of equipment and services rendered.

"@" denotes more than +/- 500%.

**AUSTRALIA CONSUMER OPERATING PERFORMANCE****For The First Quarter Ended 30 June 2019**

Australia Consumer reported operating revenue growth of A\$146 million or 8.2%. The growth was driven mainly by higher Mobile and NBN migration revenues.

Mobile revenue grew 7.2% from higher equipment sales, partially offset by lower mobile service revenue which declined by 6.7%. Mobile Service revenue was impacted by lower ARPU from a higher mix of SIM-only plans and data price competition across both the postpaid and prepaid markets.

Despite intense price competition, the postpaid handset customer base grew by 50,000<sup>7</sup> in the quarter, with branded handset customer base up 64,000.

Optus Sport continues to gain traction with over 700,000 customers. During the UEFA Champions League final, Optus Sport hit a new viewership record and during June, Optus Sport also delivered the most comprehensive coverage of the FIFA Women's World Cup, with all 52 matches shown live and on-demand supported by more than 100 live shows.

Optus' content differentiation was enhanced with exclusive rights to Apple Music, thus providing world class entertainment to customers who can enjoy over 50 million songs anytime.

During the quarter, Optus continued to roll out 5G sites and strengthened its 4G mobile network. As at 30 June 2019, its 7,450 4G sites provided 97.3% coverage of the Australian population.

In Retail Fixed, operating revenue grew 19% from higher NBN migration revenue. NBN customer base grew by 151,000 customers from a year ago, and accounted for 57% (Q1 FY2019: 42%) of total fixed broadband base as at 30 June 2019.

<sup>7</sup> Including Enterprise customers, Optus' total postpaid handset customer base grew 51,000.

## SECTION 2 : GROUP CONSUMER

Wholesale Fixed revenue declined 6.2% primarily due to price erosion from renewals of long-term satellite contracts.

Total operating expenses increased 7.2% in line with higher operating revenues. Direct costs were up 24% mainly on increases in cost of sales and traffic expenses including NBN access costs. Indirect costs included benefits of strong cost control and lower staff headcount.

EBITDA grew 8.8%, while EBIT declined 13% after including depreciation and amortisation which rose 27% mainly from depreciation of right-of-use assets and investments in mobile network and spectrum.

### SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2019 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2019 A\$m	31 Mar 2019 A\$m	
<b>Operating revenue</b>	<b>1,938</b>	<b>1,964</b>	<b>-1.3</b>
<b>EBITDA - margin</b>	<b>649 33.5%</b>	<b>697 35.5%</b>	<b>-6.9</b>
<b>EBIT</b>	<b>238</b>	<b>369</b>	<b>-35.6</b>

The lower earnings were due mainly to lower mobile service revenue, higher mix of NBN revenue which have lower margins, and depreciation of right-of-use assets.

**SECTION 3 : GROUP ENTERPRISE**

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**GROUP ENTERPRISE****MANAGEMENT DISCUSSION AND ANALYSIS**

**Group Enterprise** provides comprehensive and integrated ICT solutions to enterprise customers in Singapore, Australia, U.S.A., Europe and the region, covering mobile, equipment sales, fixed voice and data, managed services, cloud computing, cyber security, IT services and professional consulting.

**FINANCIAL HIGHLIGHTS****FOR THE FIRST QUARTER ENDED 30 JUNE 2019**

- **Operating revenue fell 5.1%.**
- **EBITDA down 7.0%.**
- **EBIT fell 15%.**
- **In constant currency terms<sup>8</sup>, operating revenue, EBITDA and EBIT declined 4.0%, 6.5% and 15% respectively.**

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<sup>8</sup> Assuming constant exchange rates for the Australian Dollar and United States Dollar from the corresponding quarter ended 30 June 2018.

**SECTION 3 : GROUP ENTERPRISE****GROUP ENTERPRISE SUMMARY INCOME STATEMENT**

For the First Quarter Ended 30 June 2019

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
<b>Operating revenue</b>	<b>1,442</b>	<b>1,519</b>	<b>-5.1</b>
Operating expenses	(1,041)	(1,095)	-4.9
	401	425	-5.5
Other income <sup>(1)</sup>	16	24	-33.5
<b>EBITDA</b>	<b>417</b>	<b>449</b>	<b>-7.0</b>
<b>- margin</b>	<b>28.9%</b>	<b>29.5%</b>	
Depreciation & amortisation	(164)	(150)	9.5
<b>EBIT</b>	<b>253</b>	<b>299</b>	<b>-15.3</b>

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
Managed Services <sup>(2)</sup>	403	426	-5.3
Business Application Services <sup>(3)</sup>	131	120	9.2
Cyber Security	120	114	5.8
Communications Engineering <sup>(4)</sup>	27	20	35.0
<b>ICT</b>	<b>682</b>	<b>679</b>	<b>0.3</b>
<i>Digital revenue <sup>(5)</sup> as % of ICT revenue</i>	<i>38%</i>	<i>33%</i>	
Mobile service	179	202	-11.1
Sale of equipment	88	91	-3.6
Mobile	267	293	-8.8
Data and Internet <sup>(6)</sup>	378	405	-6.7
Fixed voice	103	124	-17.0
Others <sup>(7)</sup>	13	18	-27.5
<b>Carriage</b>	<b>761</b>	<b>840</b>	<b>-9.4</b>
<b>Operating revenue</b>	<b>1,442</b>	<b>1,519</b>	<b>-5.1</b>
<b>ICT as % of total</b>	<b>47%</b>	<b>45%</b>	

**Notes:**

- (1) Include trade foreign exchange differences, rental income, gain/loss on disposal of scrap copper, property, plant and equipment, and other miscellaneous recoveries. The net trade foreign exchange loss amounted to S\$0.2 million (Q1 FY2019: S\$0.3 million of gain) for the quarter.
- (2) Include facility management, managed and network services, and value-added reselling and services.
- (3) Include applications management services and outsourcing, system integration and business process outsourcing.
- (4) Include telecommunications infrastructure, aviation communications, secured communications, video technology, sensors, as well as command and control systems.
- (5) Refers to services provided using digitalisation methods and technologies which include cyber, cloud, analytics, mobility, interactive (UI/UX), as well as artificial intelligence (AI), Internet of Things (IoT) and blockchain.
- (6) Include local leased circuits, international leased circuits, fixed broadband, Singtel Internet exchange and satellite.
- (7) Include TV, facility rentals and other miscellaneous revenue.



**SECTION 3 : GROUP ENTERPRISE**

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
Cost of sales	408	410	-0.3
Staff costs	357	370	-3.5
Selling & administrative	133	155	-13.8
Traffic expenses	112	127	-11.9
Repairs, maintenance and others	32	34	-7.9
<b>Operating expenses</b>	<b>1,041</b>	<b>1,095</b>	<b>-4.9</b>
Direct costs <sup>(1)</sup>	690	697	-0.9
Other operating expenses	351	398	-11.9
<b>Operating expenses</b>	<b>1,041</b>	<b>1,095</b>	<b>-4.9</b>

**Note:**

(1) Comprise cost of sales, traffic expenses, staff costs, selling & administrative and repair & maintenance expenses directly attributable to revenue earned from sale of equipment and services rendered.

**GROUP ENTERPRISE OPERATING HIGHLIGHTS****For the First Quarter Ended 30 June 2019**

Group Enterprise's operating revenue fell 5.1% amid a cautious business environment. In constant currency terms, operating revenue would have declined by 4.0%. Performance was adversely impacted by Optus Business on lower voice usage, price erosions and weaker demand from the government and financial sectors.

Overall ICT revenue was stable due to a large ICT sale in the last corresponding quarter from Australia. Digital revenue as a percentage of ICT revenue grew to 38% (Q1 FY2019: 33%) as Group Enterprise pursues its strategy to be a key enabler of smart cities and digital enterprises through provision of data analytics, artificial intelligence, IoT and other digital technologies.

Cyber security revenue grew 5.8% with solid growth in Managed security services as well as Technology and consulting services, offsetting the decline in the legacy compliance business.

Mobile revenue declined 8.8% attributable mainly to 11% decline in mobile service revenue on price declines from stiff competition and lower voice usage (local, IDD and roaming).

Data and Internet revenue fell 6.7% due to price erosion and lower volumes.

Fixed voice revenue decreased 17% on lower call usage with continued mobile substitution. The impact of the decline was partially mitigated by lower outpayment costs.

Overall operating expenses declined 4.9%. Staff costs fell on lower incentive accruals. Selling and administrative expenses fell on lower operating lease expenses. Traffic expenses declined on lower call and roaming traffic, and unit cost.

EBITDA fell 7.0% reflecting lower Optus Business and legacy carriage revenues, price reductions on some major public sector ICT contracts in Singapore as well as higher ICT mix. ICT contributed 47% of Group Enterprise's overall revenue this quarter, up from 45% in the same quarter last year.

## SECTION 3 : GROUP ENTERPRISE

EBIT was down 15% after including higher depreciation mainly arising from right-of-use assets.

Singtel was awarded the 'Best Managed Security Services Provider' and 'Best Broadband Carrier' at the Telecom Asia Awards 2019, a testament to the Group's cyber security and core services capabilities.

Singtel also laid out new initiatives to accelerate Singapore's 5G innovation ecosystems in the manufacturing and maritime industries. The INDIGO subsea cable was also deployed, signifying a new era of high speed connectivity between Australia and Southeast Asia to fuel the growth of digital economies.

### SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2019 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2019 S\$ m	31 Mar 2019 S\$ m	
<b>Operating revenue</b>	<b>1,442</b>	<b>1,632</b>	<b>-11.6</b>
<b>EBITDA</b>	<b>417</b>	<b>379</b>	<b>10.2</b>
<b>- margin</b>	<b>28.9%</b>	<b>23.2%</b>	
<b>EBIT</b>	<b>253</b>	<b>216</b>	<b>17.1</b>

Operating revenue declined mainly due to seasonally higher ICT revenue recorded in the March quarter. EBITDA and EBIT grew 10% and 17% respectively on strong cost control.

**SECTION 3 : GROUP ENTERPRISE****SUPPLEMENTARY INFORMATION****NCS <sup>(1)</sup>**

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
Managed Services <sup>(2)</sup>	252	232	8.3
Business Application Services <sup>(3)</sup>	134	124	7.8
Communications Engineering <sup>(4)</sup>	39	37	3.8
Cyber Security	35	30	18.1
<b>Operating revenue</b>	<b>459</b>	<b>423</b>	<b>8.4</b>
<i>Digital revenue <sup>(5)</sup> as % of total revenue</i>	<i>31%</i>	<i>23%</i>	
<b>Gross margin (%) <sup>(6)</sup></b>	<b>16.1%</b>	<b>19.9%</b>	
<b>EBITDA</b>	<b>66</b>	<b>66</b>	<b>-0.5</b>
<b>EBIT</b>	<b>47</b>	<b>51</b>	<b>-6.3</b>

**Notes:**

- (1) Based on the standalone results of NCS group, which include revenue earned as a vendor to the other Singtel entities in the Group. Certain products and services purchased by the other Singtel entities from NCS are subsequently sold to third parties.
- (2) Include facility management, managed and network services, and value-added reselling and services.
- (3) Include applications management services and outsourcing, system integration and business process outsourcing.
- (4) Include telecommunications infrastructure, aviation communications, secured communications, video technology, sensors, as well as command and control systems.
- (5) Refers to services provided using digitalisation methods and technologies which include cyber, cloud, analytics, mobility, interactive (UI/UX), as well as artificial intelligence (AI), Internet of Things (IoT) and blockchain.
- (6) Gross margin refers to revenue less direct operating expenses and related depreciation & amortisation charges.

NCS operating revenue grew 8.4% across all businesses, mainly driven by implementation of systems integration and applications development projects, provision of application and infrastructure maintenance services, as well as equipment sales. In this quarter, digital revenue accounted for 31% (Q1 FY2019: 23%) of total operating revenue, as a result of NCS' focus on building digital businesses through strategic partnerships with customers on business-transformation projects.

EBITDA was stable despite higher revenue as margins were adversely impacted by lower prices on renewal of major public sector contracts in Singapore, partially mitigated by cost control.

NCS' order book was S\$2.9 billion as at 30 June 2019 on renewal of major contracts and new wins.

**SECTION 3 : GROUP ENTERPRISE****TRUSTWAVE** <sup>(1)(2)</sup>

	Quarter		YOY Chge %
	30 Jun		
	2019 US\$ m	2018 US\$ m	
Technology and Consulting Services	48	45	8.1
Managed Security Services	23	19	18.0
Security Business	71	64	11.1
Compliance Business	12	15	-20.1
<b>Operating revenue</b>	<b>84</b>	<b>80</b>	<b>5.0</b>
<b>Gross margin (%) <sup>(3)</sup></b>	<b>34.3%</b>	<b>36.4%</b>	
<b>EBITDA</b>	<b>(14)</b>	<b>(15)</b>	<b>-5.3</b>
<b>EBIT</b>	<b>(26)</b>	<b>(24)</b>	<b>8.2</b>

**Notes:**

- (1) Based on the standalone results of Trustwave group, which include revenue earned as a vendor to the other Singtel entities in the Group. Certain products and services purchased by the other Singtel entities from Trustwave are subsequently sold to third parties.
- (2) Trustwave completed the acquisition of 100% shares of Hivint Pty Limited on 28 December 2018.
- (3) Gross margin refers to revenue less direct operating expenses and related depreciation & amortisation charges.

Trustwave reported operating revenue growth of 5.0% with increase in security revenue partially offset by lower compliance revenue.

Security revenue increased 11% on the back of robust growth in the Asia Pacific region. This was mainly led by growth in both its Managed Security as well as Technology and Consulting services in the government and transport segments.

Compliance revenue fell 20%, impacted by lower sales in the United States and Europe due to commoditisation in the traditional payment card industry (PCI) compliance business and price competition.

With higher operating revenue, negative EBITDA reduced by 5.3%. Negative EBIT increased by 8.2% from higher depreciation and amortisation charges due to investments in project related capital expenditure and product development.

With continued investments in Trustwave's cyber security capabilities, Trustwave was placed in the coveted Leaders Quadrant by Gartner<sup>9</sup> for the second consecutive year. Its position improved based on completeness of vision and ability to execute compared to the 2018 report.

<sup>9</sup> Source: Gartner, Magic Quadrant for Managed Security Services, Worldwide, 2 May 2019, Toby Bussa, Kelly Kavanagh, Sid Deshpande, Pete Shoard.

## SECTION 3 : GROUP ENTERPRISE

### OPTUS BUSINESS

	Quarter		YOY Chge %
	30 Jun		
	2019 A\$ m	2018 A\$ m	
Managed Services	113	153	-26.1
Cyber Security	22	19	14.1
ICT	135	173	-21.6
<i>Digital revenue as % of ICT revenue</i>	33%	26%	
Data and IP	65	78	-15.8
Mobile <sup>(1)</sup>	60	72	-17.5
Voice	52	64	-18.7
Carriage	177	214	-17.2
<b>Operating revenue</b>	<b>312</b>	<b>386</b>	<b>-19.2</b>
<b>EBITDA</b>	<b>38</b>	<b>58</b>	<b>-33.9</b>
<i>- margin</i>	<i>12.2%</i>	<i>15.0%</i>	

**Note:**

(1) Include mobile service revenue and equipment sales.

Operating revenue was down 19% due to a large ICT sale in the last corresponding quarter and decline in legacy carriage services with significant slowdown in customer spending especially in the key government and financial sectors. With lower operating revenue, EBITDA fell 34%.

Managed Services revenue declined mainly due to a large ICT sale in the same quarter last year.

Data and IP revenue was impacted by price erosion and lower volumes.

Mobile revenue declined on lower equipment sales and pricing impact on messaging and roaming. However, the number of mobile customers grew 9% from a year ago.

Voice revenue fell due to steep price erosions and declines in switched voice business and enterprise customers continuing to migrate to lower cost IP-based solutions.

During the quarter, Optus Business announced a strategic, multi-year partnership for digital network and telecommunications services with Australia's largest private hospital group, Ramsay Health Care. Under the agreement, Optus will provide voice and data services for Ramsay's facilities across Australia, serving over one million patients and 30,000 employees. The strategic alliance is focused on delivering a digital-led unified patient experience, with a range of benefits which will enable healthcare professionals to provide a seamless experience that meets patients' current and future needs.

## SECTION 4 : GROUP DIGITAL LIFE

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### GROUP DIGITAL LIFE

#### MANAGEMENT DISCUSSION AND ANALYSIS

**Group Digital Life** (“GDL”) focuses on using the latest Internet technologies and assets of the Group’s operating companies to develop new revenue and growth engines by entering into adjacent businesses where it has a competitive advantage.

GDL has three key businesses – digital marketing (Amobee), regional premium OTT video (HOOQ) and advanced analytics and intelligence capabilities (DataSpark), and it also serves as Singtel’s digital innovation engine through Innov8.

#### FINANCIAL HIGHLIGHTS

##### FOR THE FIRST QUARTER ENDED 30 JUNE 2019

- **Operating revenue grew 17% with contributions from iTV license fee and Videology.**
- **Negative EBITDA reduced 50% to S\$12 million.**
- **Negative EBIT at S\$32 million.**
- **In constant currency terms<sup>10</sup>, operating revenue rose 14%, negative EBITDA and EBIT down 50% and 14% respectively.**

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<sup>10</sup> Assuming constant exchange rates for the United States Dollar from the corresponding quarter ended 30 June 2018.

**SECTION 4 : GROUP DIGITAL LIFE****GROUP DIGITAL LIFE SUMMARY INCOME STATEMENT**  
For The First Quarter Ended 30 June 2019

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
Amobee group	305	269	13.3
Others <sup>(1)</sup>	11	7	41.9
<b>Operating revenue (before intercompany eliminations)</b>	<b>316</b>	<b>277</b>	<b>14.0</b>
Intercompany eliminations	(14)	(18)	-21.4
<b>Operating revenue</b>	<b>301</b>	<b>259</b>	<b>16.5</b>
Operating expenses	(313)	(283)	10.6
	(12)	(24)	-52.0
Other income	*	1	nm
<b>EBITDA</b>	<b>(12)</b>	<b>(23)</b>	<b>-50.4</b>
Depreciation & amortisation	(20)	(13)	56.6
<b>EBIT</b>	<b>(32)</b>	<b>(36)</b>	<b>-12.4</b>

Amobee group	Quarter		YOY Chge %
	30 June		
	2019 US\$ m	2018 US\$ m	
Operating revenue (before intercompany eliminations)	224	202	10.9
Intercompany eliminations	(10)	(13)	-28.0
<b>Operating revenue</b>	<b>214</b>	<b>189</b>	<b>13.6</b>
<b>Gross margin %</b>	<b>28%</b>	<b>24%</b>	
<b>EBITDA</b>	<b>11</b>	<b>*</b>	<b>nm</b>
<b>EBIT</b>	<b>*</b>	<b>(7)</b>	<b>nm</b>

**Note:**

(1) Other revenues mainly comprise revenues from HOOQ and DataSpark.

	Quarter		YOY Chge %
	30 June		
	2019 S\$ m	2018 S\$ m	
Cost of sales	227	203	11.9
Staff costs	62	55	13.7
Selling & administrative	18	22	-16.5
Others	6	4	50.0
<b>Operating expenses</b>	<b>313</b>	<b>283</b>	<b>10.6</b>

\*A negative sign for year-on-year change in EBITDA and EBIT denotes decrease in losses.

“\*” denotes less than +/-S\$0.5 million, “nm” denotes not meaningful.

## SECTION 4 : GROUP DIGITAL LIFE

### GROUP DIGITAL LIFE OPERATING HIGHLIGHTS

#### For The First Quarter Ended 30 June 2019

Operating revenue grew by 17% driven by contributions from Videology acquired in August 2018 and recognition of technology licensing fees from ITV plc (“iTV”). Excluding contributions from Videology and the technology licensing fees, operating revenue remained stable.

Revenue from HOOQ grew 43% due to continued growth from higher paying subscriber base in Southeast Asia and India.

Negative EBITDA reduced by 50% to S\$12 million as Amobee continued to deliver positive EBITDA boosted by contributions from technology licensing fees.

Amobee continued to gain industry recognition for its digital marketing excellence. Amobee was named ‘Best Overall Adtech Company’ by the Martech Breakthrough Awards for its technological innovation to develop converged digital and TV advertising solutions for brands, agencies and broadcasters. Closer to home, Asia Pacific Stevie Awards gave Amobee the Bronze medal in the “Innovation in Technology Development” category for Amobee’s technology in digital marketing management, planning and implementation.

During the quarter, HOOQ extended its partnership with Grab to bring OTT video streaming on Grab’s superapp in Singapore after the successful launch in Indonesia. HOOQ further expanded its platform capabilities into Advertising Video-on-Demand in Indonesia, helping brands and agencies more effectively reach local audiences online.

### SEQUENTIAL QUARTERLY RESULTS

Results for the current quarter compared to the preceding quarter ended 31 March 2019 were as follows:

	Quarter		QOQ Chge %
	30 Jun 2019 S\$ m	31 Mar 2019 S\$ m	
<b>Operating revenue (before intercompany eliminations)</b>	<b>316</b>	<b>289</b>	<b>9.1</b>
Intercompany eliminations	(14)	(16)	-8.9
<b>Operating revenue</b>	<b>301</b>	<b>274</b>	<b>10.1</b>
<b>EBITDA</b>	<b>(12)</b>	<b>(18)</b>	<b>-34.1</b>
<b>EBIT</b>	<b>(32)</b>	<b>(35)</b>	<b>-8.1</b>

Negative EBITDA fell from the preceding quarter due to recognition of higher technology licensing fees.



**SECTION 5: ASSOCIATES / JOINT VENTURES**

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**FINANCIAL HIGHLIGHTS  
FOR THE FIRST QUARTER ENDED 30 JUNE 2019**

- **Pre-tax and post-tax underlying profit<sup>11</sup> contributions from associates fell 14% and 29% respectively on losses at Airtel partly mitigated by higher profit at Telkomsel. Excluding Airtel, pre-tax and post-tax underlying profit would have increased by 8.8% and 7.2% respectively.**
- **If the regional currencies had remained stable from last corresponding quarter, the pre-tax and post-tax underlying profit<sup>11</sup> contributions from associates would have declined by 16% and 31% respectively.**
- **The Group's combined mobile customer base<sup>12</sup> was up by 7.9 million or 1.1% in the quarter to 700 million.**

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<sup>11</sup> Exclude one-off items of the associates classified as exceptional items of the Group.

<sup>12</sup> Combined mobile customer base here refers to the total number of mobile customers in Singtel, Optus and the regional associates.

## SECTION 5 : ASSOCIATES/ JOINT VENTURES

Pre-tax profit contribution <sup>(1)</sup>	Quarter		YOY Chge %
	30 Jun		
	2019	2018	
	S\$ m	S\$ m	
<b>Regional associates</b>			
Telkomsel			
- operating results	280	236	18.6
- fair value gain	*	2	nm
	280	237	17.9
AIS			
- operating results	91	93	-1.7
- fair value gain	3	1	160.0
	94	94	**
Bharti Telecom ("BTL")/ Bharti Airtel ("Airtel")			
Airtel <sup>(2)</sup>			
- operating results (India and South Asia)	23	43	-45.7
- operating results (Africa) <sup>(3)</sup>	90	78	14.8
- operating results (Others)	(7)	(8)	-5.1
- net finance costs	(237)	(164)	44.2
- fair value loss	(19)	(2)	@
	(149)	(52)	185.7
BTL <sup>(4)</sup>	(13)	(11)	18.5
	(162)	(63)	157.1
Globe			
- operating results	97	94	4.1
- fair value gain	1	1	-44.4
	98	95	3.6
Intouch <sup>(5)</sup>			
- operating results	34	35	-2.9
- fair value (loss)/ gain	(1)	1	nm
- amortisation of acquired intangibles	(7)	(7)	-1.4
	26	28	-7.1
	<b>335</b>	<b>391</b>	<b>-14.1</b>
<b>Other Singtel associates</b>			
NetLink NBN Trust/ NetLink Trust ("NLT") <sup>(6)</sup>	13	13	4.8
Other associates <sup>(7)</sup>	10	13	-19.4
	<b>359</b>	<b>416</b>	<b>-13.7</b>
<b>Singtel share of pre-tax profit <sup>(2)</sup></b>			
<b>Optus share of pre-tax profit</b>	*	*	nm
<b>Group share of pre-tax profit <sup>(2)</sup></b> <i>(excluding Airtel and BTL)</i>	<b>359</b> 521	<b>416</b> 479	<b>-13.7</b> 8.8
<b>Group share of taxes <sup>(2)</sup></b>	<b>86</b>	<b>32</b>	<b>168.8</b>
<b>Effective tax rate</b>	<b>24.0%</b>	<b>7.7%</b>	

## SECTION 5 : ASSOCIATES/ JOINT VENTURES

Post-tax profit contribution <sup>(1)</sup>	Quarter				YOY Chge
	30 Jun				
	2019		2018		
	S\$ m	% <sup>(8)</sup>	S\$ m	% <sup>(8)</sup>	%
<b>Regional associates</b>					
Telkomsel	207	36	177	24	16.7
AIS	78	14	78	11	**
Airtel <sup>(2)</sup>					
- ordinary results (India and South Asia)	(120)		(49)		143.6
- ordinary results (Africa) <sup>(3)</sup>	22		35		-38.1
- ordinary results (Others)	(7)		(8)		-5.1
	(106)		(22)		377.0
- exceptional items (Africa)	-		52		nm
	(106)		30		nm
BTL <sup>(4)</sup>	(13)		(11)		18.5
	(119)	(21)	19	3	nm
Globe	66	11	65	9	0.5
Intouch <sup>(5)</sup>					
- ordinary results	27		29		-8.0
- amortisation of acquired intangibles	(5)		(6)		-1.8
	21	4	23	3	-9.4
	<b>253</b>	<b>44</b>	<b>363</b>	<b>49</b>	<b>-30.3</b>
<b>Other Singtel associates</b>					
NLT <sup>(6)</sup>	12	2	12	2	3.4
Other associates <sup>(7)</sup>	8	1	10	1	-18.9
<b>Singtel share of post-tax profit <sup>(2)</sup></b>	<b>273</b>	<b>47</b>	<b>384</b>	<b>52</b>	<b>-29.0</b>
<b>Optus share of post-tax profit</b>	*	**	*	**	nm
<b>Group share of post-tax profit <sup>(2)</sup></b>	<b>273</b>	<b>47</b>	<b>384</b>	<b>52</b>	<b>-29.0</b>
<i>(excluding Airtel and BTL)</i>	391		365		7.2

**SECTION 5 : ASSOCIATES/ JOINT VENTURES**

Post-tax profit contribution (in constant currency) <sup>(9)</sup>	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
<b>Regional associates</b>			
- operating results	348	395	-11.9
- fair value (loss)/ gain	(16)	2	nm
- amortisation of acquired intangibles	(7)	(7)	-4.3
	325	391	-16.7
Other associates	24	25	-7.5
<b>Group share of pre-tax profit</b>	<b>349</b>	<b>416</b>	<b>-16.2</b>
Group share of tax expense	(84)	(32)	161.4
<b>Group share of post-tax profit</b>	<b>265</b>	<b>384</b>	<b>-31.0</b>
<b>Excluding Airtel and BTL</b>			
<b>Group share of pre-tax profit</b>	<b>514</b>	<b>479</b>	<b>7.2</b>
Group share of tax expense	(128)	(114)	12.3
<b>Group share of post-tax profit</b>	<b>386</b>	<b>365</b>	<b>5.6</b>

**Notes:**

- (1) The accounts of the associates are prepared based on local accounting standards. Where applicable and material, the accounting policies of the associates have been restated for compliance with the Group's accounting policies.
- (2) Share of results excluded the Group's share of the associates' material one-off items which have been classified as exceptional items of the Group.
- (3) Airtel's equity interest in African operations reduced following investments by six leading global investors and Qatar Investment Authority in October 2018 and January 2019 respectively.
- (4) As at 30 June 2019, Bharti Telecom Limited ("BTL") had an equity interest of 41.2% (31 March 2019: 50.1%) in Airtel following the completion of Airtel's rights issuance in May 2019. In BTL's standalone books, its net loss mainly comprised of interest charges on its borrowings.
- (5) Singtel holds an equity interest of 21.0% in Intouch which has an equity interest of 40.5% in AIS.
- (6) Singtel ceased to own units in NetLink Trust following the sale to NetLink NBN Trust in July 2017 but continues to have an interest of 24.79% in NetLink NBN Trust, the holding company of NetLink Trust. The share of results included Singtel's amortisation of deferred gain of S\$5 million (Q1 FY2019: S\$5 million) for the quarter on assets previously transferred to NetLink Trust, but excluded the fair value adjustments recorded by NetLink NBN Trust in respect of its acquisition of units in NetLink Trust.
- (7) Include the share of results of Singapore Post Limited.
- (8) Shows the post-tax underlying profit contribution of the associates to the Group's underlying net profit.
- (9) Assuming constant exchange rates for the regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2018.

"\*" denotes less than +/- S\$0.5 million, "\*\*\*" denotes less than +/- 0.05% and "@" denotes more than +/- 500%.

The associates' results as equity accounted by the Group are based on the new lease accounting standard adopted on prospective basis, with no restatement of financial statements for the comparative periods. The cumulative effects of initial application are reflected as adjustments to the opening statement of financial position as at 1 April 2019.

Pre-tax and post-tax underlying profit contributions from the associates fell 14% and 29% respectively. Excluding Airtel, pre-tax and post-tax underlying profit contributions from associates would have increased by 8.8% and 7.2% respectively. If the regional currencies had remained stable from the last corresponding quarter, the associates' pre-tax and post-tax underlying profit contributions would have declined by 16% and 31% respectively.

## SECTION 5 : ASSOCIATES/ JOINT VENTURES

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The associates' underlying profit contributions contributed 47% to the Group's underlying net profit, down 5 percentage points from the same quarter last year.

Telkomsel registered double-digit growth in both operating revenue and EBITDA boosted by higher data and digital revenues, partially offset by declines in voice and SMS. Globe reported strong growth in revenue and EBITDA but its earnings were stable after higher depreciation charges and share of equity losses from its associates. AIS recorded lower earnings as the increase in service revenue was offset by higher marketing and staff costs as well as increased depreciation and amortisation charges. Airtel Group continued to report lower earnings on net losses in India.

### ***PT Telekomunikasi Selular (“Telkomsel”)***

Telkomsel is the leading operator of cellular telecommunications services in Indonesia with 204,200 radio base stations (of which 75% are 3G/4G base transceiver stations) providing nationwide coverage. Telkomsel continued to expand its network with a focus on growing data and digital services. In the quarter, Telkomsel added approximately 6,700 4G radio base stations.

Operating revenue for the quarter grew 10% year-on-year, driven by strong growth of 35% in data and digital services partly offset by 21% decline in voice and SMS revenues as more customers switched to OTT apps on increased penetration of smartphones. With higher operating revenue, EBITDA rose 18% after higher cost of services and staff costs.

Telkomsel's pre-tax profit grew 18%, with the Indonesian Rupiah stable against last corresponding quarter.

On a post-tax basis, Telkomsel's profit contribution for the quarter was up 17% and constituted 36% of the Group's underlying net profit, up from 24% in the last corresponding quarter.

Compared to the preceding quarter, revenue grew 3% while EBITDA was stable due to higher administrative, personnel and marketing expenses.

Telkomsel's total mobile customer base was stable from a quarter ago at 168 million (including 111 million of data customers) as at 30 June 2019.

### ***Advanced Info Service (“AIS”)***

AIS, the largest mobile communications operator in Thailand, is listed on the Stock Exchange of Thailand. It provides mobile services on 2G, 3G and 4G networks. AIS continues to maintain its mobile market leadership position and is the largest network coverage operator in Thailand.

In the current quarter, AIS' service revenue (excluding interconnect and equipment rental) rose 6% driven by increases in both mobile and fixed broadband services.

EBITDA grew 1% as the service revenue growth was partially offset by higher marketing spend and increased staff cost on provision for statutory payments under a new labour law effective from May 2019. Excluding the provision for statutory staff provision, EBITDA would be up 4%.

## SECTION 5 : ASSOCIATES/ JOINT VENTURES

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Including higher depreciation charges from network investments and new spectrum amortisation, AIS' pre-tax profit declined 3% in Thai Baht terms. After including 3% appreciation of the Thai Baht against the Singapore Dollar, the Group's share of AIS' pre-tax profit was stable at S\$94 million.

On a post-tax basis, AIS' profit contribution was stable at S\$78 million and contributed 14% to the Group's underlying net profit, up 3 percentage points from the last corresponding quarter.

Against the preceding quarter, service revenue rose 4% and EBITDA grew 1% (4% growth excluding the statutory staff provision).

AIS continued to focus on the acquisition and retention of quality customers in its postpaid segment. As at 30 June 2019, its mobile customer base was stable at 41 million. Compared to a year ago, AIS' mobile customer base expanded by 1.4 million. The number of postpaid customers increased by 1.0 million from a year ago as AIS pushed for migration from prepaid to postpaid.

### **Airtel Group**

Airtel is listed on the Indian Stock Exchanges - National Stock Exchange and the Bombay Stock Exchange. It is a leading integrated telecommunications company with operations in 18 countries across Asia and Africa.

Airtel has voluntarily reported consolidated financial statements based on IFRS in the Indian Stock Exchanges since April 2010. With effect from 1 April 2016, Airtel adopted Indian Accounting Standards as required by the local authorities. Consequently, Airtel ceased to report consolidated financial statements based on IFRS in the Indian Stock Exchanges. The consolidated financial statements of Airtel used for equity accounting by Singtel continued to be based on IFRS.

### **India and Sri Lanka ("India and South Asia")**

During the quarter, Airtel continued to be adversely impacted by low but stable headline mobile prices in India. Airtel re-farmed spectrum from 3G networks to 4G across 900 and 2100 bands, thus enabling the company to deliver improved indoor coverage and enhanced capacities. Airtel has begun the process of shutting down its 3G networks in India.

Operating revenue in India grew 3% (6%<sup>13</sup> on a comparable basis) with growth across all segments as Airtel continued to improve its network experience and provide higher value to customers through differentiated offers. Mobile service revenue was up 4% on higher ARPU partly offset by lower customer base. ARPU grew for another consecutive quarter at Rs.129, up from Rs.123 in the preceding quarter, helped by 'Airtel Thanks' rewards platform and the minimum recharge plans. Data volume almost doubled year-on-year.

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<sup>13</sup> Subsequent to a new tariff order, service providers of Digital TV Services in India are responsible only for re-transmission and are not in a position to control content and pricing. Consequently, TV revenue is recognised net of content charges from this quarter.

## SECTION 5 : ASSOCIATES/ JOINT VENTURES

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EBITDA rose 24% on higher operating revenue and uplift from lower operating lease expenses partially offset by increased network charges from higher investments in networks.

After accounting for higher depreciation and amortisation charges, and the 1% depreciation of the Indian Rupee against the Singapore Dollar, the Group's share of pre-tax operating profit (before finance costs and fair value adjustments) from India and South Asia declined 46% to S\$23 million.

Compared to the preceding quarter, Airtel's revenue from its India and South Asia operations was stable while EBITDA grew 31%.

Airtel's mobile customer base was stable in the quarter. Churn was 2.6%, down from 2.8% in the preceding quarter. As at 30 June 2019, Airtel had 281 million of mobile customers, a decrease of 63 million from a year ago following the implementation of minimum recharge plans. The number of data customers increased by 4.9 million this quarter, bringing the total number of data customers to 120 million as at 30 June 2019. The data customer base represented 43% of Airtel's total mobile customer base in India, up from 28% a year ago.

In May 2019, Airtel raised total proceeds of INR 249 billion (~USD 3.5 billion) via a rights issue.

During the quarter, Airtel and Hughes Communications India Ltd. entered into an agreement to combine their VSAT (Very Small Aperture Terminal) operations in India. The transaction is subject to approvals by relevant authorities.

In July 2019, the proposed merger of the consumer mobile businesses of Tata Teleservices (Maharashtra) Limited and Tata Teleservices Limited with Airtel was approved.

### Africa

Airtel Africa Plc, the holding company of African operations, was listed on London Stock Exchange and Nigeria Stock Exchange on 3 July 2019 (unconditional trading date) and 9 July 2019 respectively, raising total gross proceeds of USD750 million from both new institutional and existing investors.

As at 30 June 2019, 'Airtel Money' and 3G services were available across all the 14 African countries<sup>14</sup> that Airtel has presence in, while 4G services were available in 12 African countries.

Airtel Africa continued to report strong growth momentum this quarter. In reported US Dollar terms, operating revenue and EBITDA grew 7% and 22% respectively. In constant US Dollar terms, Africa's operating revenue grew 10% and EBITDA was up 25% due to continued strong growth in data, increased penetration of Airtel Money and lower operating lease expenses. Its margin rose to a record high of 43.7% this quarter.

Compared to the preceding quarter, in constant currency terms, Airtel Africa's revenue grew 3% while EBITDA grew 14%.

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<sup>14</sup> Namely Nigeria, Chad, Congo B, DRC, Gabon, Madagascar, Niger, Kenya, Malawi, Seychelles, Tanzania, Uganda, Zambia and Rwanda.

## SECTION 5 : ASSOCIATES/ JOINT VENTURES

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Including higher depreciation and amortisation charges from increased investments in data capacities, the Group's share of Airtel Africa's pre-tax operating profit (before finance costs and fair value adjustments) grew 15% to S\$90 million.

As at 30 June 2019, the mobile customer base was 100 million, stable from a quarter ago but grew 8.5 million or 9.3% from a year ago. The number of data customers was 30 million, representing 30% of total mobile customer base, up from 29% a year ago.

### **Airtel Group excluding Bharti Telecom Ltd ("BTL")'s standalone results**

On a consolidated basis, Airtel's operating revenue was up 5% but increased 7% on a comparable basis if TV revenue in India was recorded on gross basis. EBITDA grew 24% while EBIT declined 4%. On an underlying basis excluding the impact of the new lease accounting standard, EBITDA would be up 2% and EBIT down 39%. Including 50% increase in net finance cost due to higher interest expense on lease liabilities and borrowings, and forex and fair value losses, the Group's share of overall pre-tax losses grew by S\$97 million to S\$149 million. The Group's share of Airtel's post-tax loss was S\$106 million compared to a post-tax profit of S\$30 million in the same quarter last year which had benefited from a significant deferred tax credit for Nigeria.

Airtel recorded some exceptional losses this quarter which have been classified as exceptional items of the Group. The exceptional losses were attributable to incremental provision for derivative liabilities relating to customary indemnities provided to a group of investors of Airtel Africa and expenses relating to its listing, accelerated depreciation of 3G network equipment as well as network refarming and other costs, partially offset by some reversals from re-assessment of levies.

Airtel's total mobile customer base across all geographies in India, Sri Lanka and Africa was stable in the quarter but declined 55 million from a year ago to 383 million as at 30 June 2019.

### **Airtel Group combined with BTL**

The Group's share of BTL's net loss of S\$13 million comprised mainly of net finance expense. When combined, the Group's share of post-tax losses of Airtel Group and BTL amounted to S\$119 million, compared to a post-tax profit contribution of S\$19 million in the same quarter last year.



## SECTION 5 : ASSOCIATES/ JOINT VENTURES

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### *Globe Telecom, Inc (“Globe”)*

Globe is listed on the Philippine Stock Exchange.

Globe continued to register strong growth this quarter. Service revenue grew 12% mainly driven by sustained growth in data revenue from increased demand for internet services and continued expansion of mobile networks. Consequently, Globe recorded double-digit growth of 11% in EBITDA.

After including higher depreciation charges and share of equity losses from its associates, Globe’s pre-tax profit was stable in Philippine Peso terms. The Group’s share of Globe’s pre-tax profit contribution increased 3.6% to S\$98 million as the Philippine Peso appreciated 3%.

On a post-tax basis, Globe contributed S\$66 million or 11% of the Group’s underlying net profit, up 2 percentage points from the last corresponding quarter.

Against the preceding quarter, Globe’s operating revenue rose 2% while EBITDA declined 6% mainly on higher incentive accruals in the quarter.

As at 30 June 2019, Globe’s total mobile customer base expanded by 9.5 million to 93 million. Compared to a year ago, its mobile customer base grew 28 million or 43% partly due to the extension of the prepaid load expiry from 3 months to 12 months.

### *Intouch Holdings (“Intouch”)*

Intouch is listed on the Stock Exchange of Thailand, and has investments in telecommunications via its 40.5% equity interest in AIS, as well as in satellite, internet, and media and advertising businesses.

The Group’s share of Intouch’s net profit for the quarter declined 8.0% to S\$27 million mainly due to lower contribution from AIS and higher losses at the satellite business. After including amortisation of acquired intangibles of S\$5 million (Q1 FY2019: S\$6 million), Intouch’s post-tax contribution fell 9.4% to S\$21 million which constituted 4% (Q1 FY2019: 3%) of the Group’s underlying net profit.

Against the preceding quarter, Intouch’s net profit grew on higher contribution from AIS.

**SECTION 5 : ASSOCIATES/ JOINT VENTURES****PROFORMA INFORMATION**

The following tables show unaudited proforma proportionate financial information which has been derived from the Income Statements of the Group prepared on a statutory basis.

Proportionate presentation is not required by Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and is not intended to replace the financial statements prepared in accordance with SFRS(I). However, since the associates are not consolidated on a line-by-line basis, proportionate information is provided as supplemental data to facilitate a better appreciation of the relative contribution from the Group’s operations in Australia, Singapore and other regional markets.

Proportionate operating revenue	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
<b>Group operating revenue</b>			
Optus	2,148	2,200	-2.3
Singapore	1,549	1,553	-0.2
Other overseas subsidiaries (incl. Amobee & Trustwave)	416	382	8.9
	<b>4,113</b>	<b>4,134</b>	<b>-0.5</b>
<b>Proportionate share of operating revenue of associates</b>			
Regional associates	3,279	3,142	4.4
Singapore associates	131	130	0.7
Other overseas associates	11	11	0.9
	<b>3,421</b>	<b>3,282</b>	<b>4.2</b>
<b>Enlarged revenue</b>	<b>7,534</b>	<b>7,416</b>	<b>1.6</b>
<b>% of overseas revenue to enlarged revenue</b>	<b>78%</b>	<b>77%</b>	

Overseas revenue contributed 78% (Q1 FY2019: 77%) to the Group’s enlarged revenue.

## SECTION 5 : ASSOCIATES/ JOINT VENTURES

Proportionate EBITDA	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
<b>Group EBITDA</b>			
Optus	655	663	-1.1
Singapore	607	629	-3.6
Other overseas subsidiaries (incl. Amobee & Trustwave)	(78)	(85)	-7.9
	<b>1,184</b>	<b>1,207</b>	<b>-1.9</b>
<b>Proportionate share of associates' EBITDA <sup>(1)</sup></b>			
Regional associates	1,552	1,319	17.7
Singapore associates	27	29	-6.6
Other overseas associates	11	13	-15.0
	<b>1,590</b>	<b>1,361</b>	<b>16.9</b>
<b>Total proportionate EBITDA <sup>(1)</sup></b>	<b>2,774</b>	<b>2,568</b>	<b>8.0</b>
<b>Overseas proportionate EBITDA as a % to total proportionate EBITDA</b>	<b>77%</b>	<b>74%</b>	
<b>Contributions to total proportionate EBITDA</b>			
Regional associates	56%	51%	
Australia	24%	26%	
Singapore	23%	26%	
Others	-2%	-3%	
	<b>100%</b>	<b>100%</b>	

**Note:**

(1) Proportionate share of associates' EBITDA represents the Group's effective interests in the respective entities' EBITDA. As such, proportionate EBITDA does not represent EBITDA available to the Group.

Through its investments in key market overseas, the Group has diversified its earnings base. Overseas operations contributed 77% (Q1 FY2019: 74%) to the Group's total proportionate EBITDA.

**SECTION 5 : ASSOCIATES/ JOINT VENTURES**

Number of mobile customers (000s)	Total Number			Proportionate Share <sup>(1)</sup>		
	30 Jun 2019	31 Mar 2019	30 Jun 2018	30 Jun 2019	31 Mar 2019	30 Jun 2018
Singtel	4,216	4,195	4,081	4,216	4,195	4,081
Optus	10,285	10,281	10,172	10,285	10,281	10,172
	<b>14,501</b>	<b>14,476</b>	<b>14,253</b>	<b>14,501</b>	<b>14,476</b>	<b>14,253</b>
<b>Regional Associates</b>						
Airtel						
- India	281,132	282,640	344,564	98,874	111,671	136,137
- Africa	99,670	98,851	91,193	25,157	32,077	36,030
- South Asia	2,573	2,587	2,283	905	1,022	903
	383,375	384,078	438,040	124,936	144,770	173,070
Telkomsel	167,792	168,642	177,888	58,727	59,025	62,261
AIS	41,464	41,491	40,095	9,669	9,676	9,350
Intouch's share of AIS	NM	NM	NM	3,520	3,523	3,406
Globe	92,942	83,490	65,142	43,711	39,307	30,675
	<b>685,573</b>	<b>677,701</b>	<b>721,165</b>	<b>240,563</b>	<b>256,301</b>	<b>278,762</b>
<b>Group</b>	<b>700,074</b>	<b>692,177</b>	<b>735,418</b>	<b>255,064</b>	<b>270,777</b>	<b>293,015</b>

**Note:**

(1) Proportionate share of mobile customers represents the total number of mobile customers of an associate multiplied by the Group's effective percentage ownership in the associate at the respective dates.

"NM" denotes not meaningful.

The Group's combined mobile customer base was 700 million as at 30 June 2019, up by 7.9 million or 1.1% from a quarter ago. Compared to a year ago, the combined mobile customer base declined 35 million or 4.8%.

**OTHER INFORMATION**

In the regional digital space, Singtel and China Literature have forged a strategic partnership to collaborate in digital literature services and content platform businesses. The collaboration will pave the way for users to access and subscribe to content from China Literature and its global content creation platform Webnovel, on Singtel's digital applications such as Dash mobile wallet. Meanwhile, Singtel's digital payment services like Dash and direct carrier billing will be integrated with China Literature's digital applications to facilitate payments for paid content.

In June 2019, Singtel's Dash expanded its acceptance to include bus and train rides as well as hawker centres in Singapore. Dash customers who remit at least S\$100 will also qualify for Free 30-Day Dash Protect, an insurance policy that offers lump sum payouts in the event of permanent disability and accidental death – a first in the remittance market. These further reinforced Dash's position as an all-in-one mobile wallet for daily use, allowing users to commute, shop in-store and at online retailers worldwide with their Visa Virtual Account, and send money locally and overseas.

In July 2019, Singtel VIA successfully launched in Japan. Under the VIA alliance, which includes Singtel's Dash and AIS GLOBAL Pay among its member mobile wallets, tourists from Singapore and Thailand can now shop and dine at merchants at Haneda Airport International Terminal using QR code payments in their local currencies at competitive exchange rates.

## SECTION 5 : ASSOCIATES/ JOINT VENTURES

CASH DIVIDENDS/ DISTRIBUTIONS FROM ASSOCIATES/ JOINT VENTURES <sup>(1)</sup>

	Quarter		YOY Chge %
	30 Jun		
	2019 S\$ m	2018 S\$ m	
Telkomsel <sup>(2)</sup>			
- final dividend FY2018/ FY2017	802	954	-16.0
AIS <sup>(3)</sup>			
- final dividend FY2018 / FY2017	98	102	-4.0
Globe <sup>(4)</sup>			
- quarterly dividend FY2018/ FY2017	37	36	2.5
Intouch <sup>(5)</sup>			
- interim dividend FY2018	-	5	nm
- final dividend FY2018/ FY2017	34	35	-4.8
	34	41	-17.2
<b>Regional associates</b>	<b>970</b>	<b>1,133</b>	<b>-14.4</b>
<b>Other associates</b>			
NetLink NBN Trust <sup>(6)</sup>	24	31	-24.6
Southern Cross <sup>(7)</sup>	11	10	3.8
Others	5	7	-39.2
	39	49	-20.8
<b>Total</b>	<b>1,009</b>	<b>1,182</b>	<b>-14.7</b>

**Notes:**

- (1) The cash dividends/ distributions received from overseas associates and joint ventures as stated here are before related tax payments.
- (2) Telkomsel declared a full year ordinary dividend of 95% on net profit for FY2018 (FY2017: 95%).
- (3) AIS declared a full year dividend of 71% on net profit for FY2018 (FY2017: 70%). Dividends are paid twice a year, with an interim dividend distributed from its first half year results and a final dividend distributed from its second half year results. The Group received its share of final dividend for FY2018 of S\$98 million in April 2019. AIS will pay its interim dividend for FY2019 of THB 3.78 per share in September 2019. The Group's share of this dividend is approximately S\$117 million.
- (4) Globe's dividend policy is to pay 60%-75% of prior year's core net profit. Globe paid its second quarterly dividend of PHP 22.75 per common share for FY2018 in May 2019. The Group's share of this dividend was S\$37 million. Globe will pay its next quarterly dividend of PHP 22.75 per common share for FY2018 in August 2019. The Group's share of this dividend is approximately S\$37 million.
- (5) Intouch's policy is to pass through dividends received from its associates and subsidiaries after the deduction of operating expenses, subject to its financial needs or unless the payment of dividends would materially affect its operations. The Group received its share of final dividend for FY2018 of S\$34 million in April 2019. Intouch will pay its interim dividend for FY2019 of THB 1.35 per share in September 2019. The Group's share of this dividend is approximately S\$41 million.
- (6) NetLink NBN Trust's policy is to distribute 100% of its cash available for distribution (CAFD), which includes distributions from its wholly-owned subsidiary NetLink Trust ("NLT"). NLT's distribution policy is to distribute at least 90% of its distributable income to NetLink NBN Trust after setting aside reserves and provisions for, amongst others, future capital expenditure, debt repayment and working capital as may be required. Distributions by NetLink NBN Trust will be made on a semi-annual basis determined for the six month period ending September and March. The Group received its share of distribution for the six month period ended 31 March 2019 of S\$24 million in June 2019.
- (7) Southern Cross Cables Holdings Limited, part of the Southern Cross consortium, does not have a fixed dividend policy.

## SECTION 5 : ASSOCIATES/ JOINT VENTURES

The total dividends from the associates declined 15% to S\$1.01 billion due mainly to lower dividends from Telkomsel in line with its lower net profit.

### KEY OPERATIONAL DATA

	Airtel <sup>(1)</sup>	Telkomsel	AIS	Intouch	Globe
<b>Singtel's investment:</b>					
Year of initial investment	<b>2000</b>	<b>2001</b>	<b>1999</b>	<b>2016</b>	<b>1993</b>
Effective economic interest (%)	35.2%	35.0%	23.3% <sup>(2)</sup>	21.0%	47.0% <sup>(3)</sup>
Investment to date	S\$5.41 bil <sup>(4)</sup>	S\$1.93 bil	S\$1.20 bil	S\$1.59 bil	S\$1.02 bil
Closing market share price <sup>(5)</sup>	INR 347	NA	THB 218 <sup>(6)</sup>	THB 63 <sup>(6)</sup>	PHP 2,262
Market capitalisation					
- Total	S\$34.85 bil	NA	S\$28.58 bil	S\$8.87 bil	S\$7.94 bil
- Singtel holding	S\$12.26 bil	NA	S\$6.66 bil	S\$1.86 bil	S\$3.74 bil
<b>Operational Performance :</b>					
Mobile penetration rate <sup>(7)</sup>	90%	125%	138%	NM	138%
Market share, 30 June 2019 <sup>(7)</sup>	27.6%	49.8%	45.3%	NM	56.6%
Market share, 31 March 2019 <sup>(8)</sup>	28.0%	51.1%	45.2%	NM	56.6%
Market position <sup>(9)</sup>	#3	#1	#1	NM	#1
Mobile customers ('000)					
- Aggregate	383,375	167,792	41,464	NM	92,942
- Proportionate	124,936	58,727	9,669	3,520	43,711
Growth in mobile customers (%) <sup>(10)</sup>	-13%	-5.7%	3.4%	NM	43%
Credit ratings					
- Sovereign (Moody's/ S&P Global)	Baa2/BBB-	Baa2/BBB	Baa1/BBB+	Baa1/BBB+	Baa2/BBB+
- Company (Moody's/ S&P Global)	Ba1/BBB-	Baa1/NA	NA/BBB+	NA	NA

"NA" denotes not applicable.

"NM" denotes not meaningful.

#### Notes:

- (1) The mobile penetration rate, market share and market position pertain to India market only.
- (2) Based on direct equity interest only.
- (3) Singtel has 21.5% interest in Globe's voting shares.
- (4) Excludes Singtel's direct equity investment of 5.5% in Airtel Africa which is accounted as a 'Fair Value through Other Comprehensive Income' investment in the Group's statement of financial position.
- (5) Based on closing market price in local currency as of 30 June 2019.
- (6) Based on local market price quoted on the Stock Exchange of Thailand.
- (7) Based on actual data or latest data available as of 30 June 2019.
- (8) Based on actual data.
- (9) Based on number of mobile customers and based on actual data or latest data available as of 30 June 2019.
- (10) Compared against 30 June 2018 and based on aggregate number of mobile customers.

Please refer to **Appendix 5** for the currency rate movements of the regional associates.

## SECTION 6 : PRODUCT INFORMATION

## SINGAPORE MOBILE (PRODUCT VIEW)

	Quarter			YOY Chge %
	30 Jun 2019	31 Mar 2019	30 Jun 2018	
<b>Mobile revenue (\$\$'M) <sup>(1)</sup></b>	<b>576</b>	<b>611</b>	<b>588</b>	<b>-1.9</b>
<b>Mobile service revenue (\$\$'M) <sup>(2)</sup></b>	<b>390</b>	<b>390</b>	<b>421</b>	<b>-7.5</b>
<b>Number of mobile subscribers (000s)</b>				
Prepaid	1,607	1,621	1,616	-0.6
Postpaid	2,609	2,574	2,465	5.8
<b>Total</b>	<b>4,216</b>	<b>4,195</b>	<b>4,081</b>	<b>3.3</b>
<b>Number of 4G mobile subscribers (000s)</b>	<b>3,183</b>	<b>3,154</b>	<b>2,905</b>	<b>9.6</b>
<b>Average revenue per subscriber per month <sup>(3)(4)</sup> (\$\$ per month)</b>				
Prepaid	17	17	18	-7.0
Postpaid	40	41	46	-12.6
<b>Blended</b>	<b>31</b>	<b>32</b>	<b>35</b>	<b>-10.5</b>
<b>Data services as % of ARPU <sup>(5)</sup></b>	<b>65%</b>	<b>65%</b>	<b>64%</b>	
Postpaid external churn per month <sup>(6)</sup>	0.8%	0.8%	0.9%	
<b>Singapore mobile penetration rate <sup>(7)</sup></b>	<b>153%</b>	<b>152%</b>	<b>148%</b>	
<b>Market share <sup>(7)</sup></b>				
Prepaid	54.0%	54.3%	51.7%	
Postpaid	47.1%	47.4%	47.6%	
<b>Overall</b>	<b>49.5%</b>	<b>49.9%</b>	<b>49.2%</b>	

**Notes:**

- (1) This comprises mobile service revenue, sales of mobile equipment and handset leasing.
- (2) This is determined net of bill rebates and prepaid sales discount, and includes mobile revenue earned from international telephone calls and broadband bundles.
- (3) Based on average number of subscribers, calculated as the simple average of opening and closing number of subscribers.
- (4) ARPU includes revenue earned from international telephone calls. For prepaid, ARPU is computed net of sales discounts.
- (5) Includes revenue from SMS, \*SEND, MMS and other data services.
- (6) Calculated by expressing the number of postpaid subscribers who deactivate or disconnect their service (both voluntary and the Company's initiated churn) as a percentage of average number of subscribers.
- (7) The market share data as at 30 June 2019 was based on Telco operators' published results. The other market statistics were based on IMDA's latest available published statistics as of 30 April 2019.

**SECTION 6 : PRODUCT INFORMATION****AUSTRALIA MOBILE (PRODUCT VIEW)**

	Quarter			YOY Chge %
	30 Jun 2019	31 Mar 2019	30 Jun 2018	
Optus' mobile revenue (A\$M) <sup>(1)</sup>	1,467	1,506	1,386	5.8
Optus' mobile service revenue (A\$M)	897	956	963	-6.9
Optus' mobile outgoing service revenue (A\$M)	841	902	909	-7.4
<b>Number of mobile subscribers (000s)</b>				
Prepaid Handset	3,371	3,423	3,724	-9.5
Postpaid Handset	5,734	5,683	5,335	7.5
Mobile Broadband <sup>(2)</sup>	1,181	1,175	1,113	6.1
<b>Total</b>	<b>10,285</b>	<b>10,281</b>	<b>10,172</b>	<b>1.1</b>
<b>Number of 4G mobile subscribers (000s) <sup>(3)</sup></b>	<b>6,702</b>	<b>6,703</b>	<b>6,363</b>	<b>5.3</b>
<b>ARPU per month (A\$) <sup>(4)</sup></b>				
Prepaid Handset	18	18	19	-5.2
Postpaid Handset	38	42	42	-11.3
Mobile Broadband <sup>(2)</sup>	19	20	22	-10.6
<b>Blended</b>	<b>29</b>	<b>31</b>	<b>32</b>	<b>-8.2</b>
<b>Data revenue as a % of service revenue</b>	<b>84%</b>	<b>78%</b>	<b>80%</b>	
<b>Retail postpaid churn rate per month <sup>(5)</sup></b>	<b>1.4%</b>	<b>1.5%</b>	<b>1.5%</b>	

**Notes:**

- (1) This comprises mobile service revenue (both outgoing and incoming), sales of equipment and handset leasing.
- (2) Defined as data-only SIMs and include customers on both prepaid and postpaid plans. Postpaid plans incur a monthly subscription fee.
- (3) Defined as 4G handsets on the Optus network.
- (4) Based on average number of customers, calculated as the simple average of opening and closing number of customers.
- (5) Churn calculation excludes customers transferring from postpaid to prepaid.



**SECTION 6 : PRODUCT INFORMATION****Singtel TV (PRODUCT VIEW)**

	Quarter			YOY Chge %
	30 Jun 2019	31 Mar 2019	30 Jun 2018	
Singtel TV revenue <sup>(1)</sup> (S\$'M)	54	55	72	-26.0
Average revenue per residential TV customer per month <sup>(1)</sup> (S\$ per month)	41	41	44	-6.4
Number of residential TV customers (000s)	382	381	387	-1.2

**Note:**

(1) Excluding 2018 FIFA World Cup revenue, Singtel TV revenue would be S\$55 million and ARPU would be S\$41 for the quarter ended 30 June 2018.

**SINGAPORE CONSUMER FIXED**

	Quarter			YOY Chge %
	30 Jun 2019	31 Mar 2019	30 Jun 2018	
Singapore Consumer Fixed revenue (S\$'M) <sup>(1)(2)</sup>	140	139	160	-12.1
Number of households on triple/ quad play services (000s) <sup>(3)</sup>	518	517	510	1.6

**Notes:**

- (1) Singapore Consumer Fixed revenue comprises fixed broadband, fixed voice, Singtel TV and broadband, and SmartHome equipment in the residential segment only and does not include mobile.
- (2) Excluding 2018 FIFA World Cup revenue, Singapore Consumer Fixed revenue would be S\$144 million for the quarter ended 30 June 2018.
- (3) Total number of residential households who subscribed to 3 or 4 unique services comprising fixed broadband, Singtel TV, fixed voice and mobile.

**SECTION 6 : PRODUCT INFORMATION****OTHER PRODUCTS**

Singapore	Quarter			YOY Chge %
	30 Jun 2019	31 Mar 2019	30 Jun 2018	
<b><u>Internet</u></b>				
Number of fixed broadband lines (000s) <sup>(1)</sup>	634	630	621	2.0
Singapore fixed broadband penetration rate <sup>(2)</sup>	95%	94%	92%	
Fixed broadband market share <sup>(3)(4)</sup>	42.3%	42.3%	42.2%	
Fibre broadband market share <sup>(4)</sup>	44.0%	45.1%	47.0%	
<b><u>International Telephone (for both fixed and mobile calls)</u></b>				
International telephone outgoing minutes (m mins) (excl Malaysia)	383	434	527	-27.3
Average collection rate - net basis (S\$/ min) (excl Malaysia)	0.098	0.086	0.086	14.0
<b><u>National Telephone</u></b>				
Fixed working lines (000s) <sup>(5)</sup>				
Residential	742	747	764	-2.8
Business	576	594	632	-8.9
<b>Total</b>	<b>1,318</b>	<b>1,341</b>	<b>1,396</b>	<b>-5.6</b>
Singapore fixed line penetration rate <sup>(6)</sup>	35.6%	35.6%	35.4%	
Singapore fixed working lines ('000s) <sup>(6)</sup>	2,005	2,005	1,987	
Fixed line market share <sup>(6)</sup>	65.7%	66.9%	70.3%	

**Notes:**

(1) Include ADSL and fibre lines.

(2) Total estimated ADSL, cable and fibre lines divided by total number of households (Source: IMDA). The market penetration rate as at 30 June 2019 was based on IMDA's latest available published statistics as of 30 April 2019.

(3) Based on total Singtel ADSL and fibre lines divided by total ADSL, cable and fibre lines in the population.

(4) The market share data as at 30 June 2019 was based on IMDA's latest available published statistics as of 30 April 2019.

(5) Fixed working lines refer to Direct Exchange Lines (DEL) and Home Digital Lines.

(6) The market share data as at 30 June 2019 was based on management's estimates. The other market statistics as at 30 June 2019 were based on IMDA's latest available published statistics as of 31 March 2019.

**SECTION 6 : PRODUCT INFORMATION**

Australia	Quarter			YOY Chge %
	30 Jun 2019	31 Mar 2019	30 Jun 2018	
<b>Retail Fixed ARPU (A\$)</b>				
Retail Fixed ARPU <sup>(1)</sup>	78	73	79	-2.0
<b>Standalone Telephony Customers (000s)</b>	<b>66</b>	<b>95</b>	<b>88</b>	<b>-25.4</b>
<b>Broadband customers (000s)</b>				
<b><i>On-net bundle and standalone broadband</i></b>	<b>480</b>	<b>557</b>	<b>653</b>	<b>-26.5</b>
HFC	303	352	395	-23.2
ULL	176	205	258	-31.6
<b><i>Off-net bundle and standalone broadband</i></b>	<b>661</b>	<b>616</b>	<b>525</b>	<b>26.1</b>
NBN	646	597	495	30.5
RDSL	15	19	29	-47.5
<b>Total Broadband</b>	<b>1,141</b>	<b>1,173</b>	<b>1,177</b>	<b>-3.1</b>
<b>Total Fixed Customers</b>	<b>1,207</b>	<b>1,268</b>	<b>1,265</b>	<b>-4.6</b>
<b>TV Services</b>	<b>416</b>	<b>410</b>	<b>513</b>	<b>-18.9</b>

**Note:**

(1) Excludes NBN migration revenue.

**SECTION 7: GLOSSARY**

<b>“ACCC”</b>	Australian Competition And Consumer Commission.
<b>“ADSL”</b>	Asymmetric digital subscriber line.
<b>“ARPU”</b>	Average revenue per user.
<b>“Associate”</b>	Refers to an associate and/or a joint venture company under Singapore Financial Reporting Standards (International).
<b>“ATO”</b>	Australian Taxation Office.
<b>“EI”</b>	Exceptional items, which refer to items of income or expense within profit or loss from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the financial period.
<b>“EBIT”</b>	Earnings before interest and tax.
<b>“EBITDA”</b>	Earnings before interest, tax, depreciation and amortisation, and does not include the share of pre-tax results of associates.
<b>“EBITDA margin”</b>	Ratio of EBITDA over operating revenue.
<b>“EPS”</b>	Earnings per share.
<b>“Free Cash Flow”</b>	Free cash flow refers to cash flow from operating activities less cash capital expenditure.
<b>“HFC”</b>	Hybrid fibre coaxial.
<b>“ICT”</b>	Infocomm technology.
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“IoT”</b>	Internet of things.
<b>“IMDA”</b>	Info-communications Media Development Authority of Singapore.
<b>“IP VPN”</b>	Internet protocol virtual private network.
<b>“MOU”</b>	Minutes of use per subscriber.
<b>“NA”</b>	Not applicable.
<b>“ND”</b>	Not disclosed.
<b>“NM”</b>	Not meaningful.
<b>“NPS”</b>	Net Promoter Score. This is a widely used metric to measure customer experience by scoring the willingness of customers to recommend a brand following an interaction with the company.
<b>“Optus”</b>	Singtel Optus Pty Limited, Singtel's wholly-owned subsidiary, and its subsidiaries.
<b>“OTT”</b>	Over-the-top.
<b>“RDSL”</b>	Resale digital subscriber line.
<b>“Regional associates”</b>	Comprises Airtel, AIS, Intouch, Telkomsel and Globe.
<b>“SFRS(I)”</b>	Singapore Financial Reporting Standards (International).
<b>“SMS”</b>	Short message service.
<b>“SME”</b>	Small and medium-sized enterprises.
<b>“STAI”</b>	Singapore Telecom Australia Investments Pty Limited, which has 100% equity interest in Optus.
<b>“UI/UX”</b>	User interface/ user experience
<b>“ULL”</b>	Unconditional local loop.
<b>“Underlying net profit”</b>	Defined as net profit before exceptional items.

**Impact on adoption of SFRS(I) 16, Leases**

SFRS(I) 1-17 was superceded by SFRS(I) 16 with effect from 1 April 2019. The impact from adoption of SFRS(I) 16 for the quarter ended, and as at, 30 June 2019, were as follows:

	<u>S\$m</u>
<b><u>Impact on income statement</u></b>	
Operating lease expenses	-105
Depreciation and amortisation	+94
Interest expense	+20
<b><u>Impact on cash flows</u></b>	
Operating cash flow	+122
Financing cash flow	-122
<b><u>Impact on statement of financial position</u></b>	
Right-of-use assets	+2,133
Borrowings (secured)	
Lease liabilities	+2,285

**GROUP STATEMENTS OF FINANCIAL POSITION**

	As at		
	30 Jun 2019 <sup>(1)</sup> S\$ million	31 Mar 2019 S\$ million	30 Jun 2018 S\$ million
<b>Current assets</b>			
Cash and cash equivalents	579	513	625
Trade and other receivables	5,703	5,993	5,753
Inventories	407	418	403
Derivative financial instruments	186	155	48
	<b>6,874</b>	<b>7,078</b>	<b>6,829</b>
<b>Non-current assets</b>			
Property, plant and equipment	10,737	11,050	11,314
Right-Of-Use ("ROU") assets	2,159	-	-
Intangible assets	13,964	14,017	14,048
Associates	2,092	2,060	1,989
Joint ventures	12,793	12,858	12,000
Fair value through other comprehensive income ("FVOCI") investments	501	647	218
Deferred tax assets	275	277	365
Derivative financial instruments	311	284	437
Other non-current receivables	668	644	602
	<b>43,499</b>	<b>41,837</b>	<b>40,973</b>
<b>Total assets</b>	<b>50,373</b>	<b>48,915</b>	<b>47,803</b>
<b>Current liabilities</b>			
Trade and other payables	5,170	5,817	5,086
Advance billings	831	812	786
Current tax liabilities	250	255	462
Borrowings (unsecured)	2,701	1,846	1,268
Borrowings (secured)	367	34	18
Derivative financial instruments	10	9	55
Net deferred gain <sup>(2)</sup>	21	21	20
	<b>9,350</b>	<b>8,794</b>	<b>7,696</b>
<b>Non-current liabilities</b>			
Borrowings (unsecured)	7,708	8,734	7,949
Borrowings (secured)	1,991	50	80
Derivative financial instruments	132	150	229
Advance billings	192	197	229
Net deferred gain <sup>(2)</sup>	387	375	376
Deferred tax liabilities	505	515	513
Other non-current liabilities	164	290	285
	<b>11,078</b>	<b>10,311</b>	<b>9,660</b>
<b>Total liabilities</b>	<b>20,427</b>	<b>19,105</b>	<b>17,356</b>
<b>Net assets</b>	<b>29,946</b>	<b>29,810</b>	<b>30,447</b>
<b>Share capital and reserves</b>			
Share capital	4,127	4,127	4,127
Reserves	25,853	25,711	26,324
<b>Equity attributable to shareholders of the Company</b>	<b>29,980</b>	<b>29,838</b>	<b>30,452</b>
Minority interests and other reserve	(34)	(28)	(5)
<b>Total equity</b>	<b>29,946</b>	<b>29,810</b>	<b>30,447</b>

**Notes:**(1) Including the effects on adoption of SFRS(I) 16, *Leases*, effective from 1 April 2019.

(2) This relates to deferred gain on transfer of certain assets to NetLink Trust.

## SINGTEL CASH FLOW STATEMENT

### For The First Quarter Ended 30 June 2019

	Quarter			YOY Chge %
	30 Jun 2019 S\$ m	30 Jun 2018 S\$ m	31 Mar 2019 S\$ m	
<b>Net cash inflow from operating activities</b>				
Profit before exceptional items and tax	262	330	195	-20.5
Non-cash items	280	204	249	36.7
<b>Operating cash flow before working capital changes</b>	542	534	443	1.4
<b>Changes in operating assets and liabilities</b>	(201)	(75)	383	166.9
	<b>341</b>	<b>459</b>	<b>826</b>	<b>-25.7</b>
Cash paid to employees under performance share plans	*	*	-	nm
Tax paid on operating activities	(41)	(2)	(34)	@
<b>Operating cash flow</b>	<b>300</b>	<b>456</b>	<b>793</b>	<b>-34.3</b>
<b>Net cash (outflow)/ inflow for investing activities</b>				
Accrued capital expenditure	(48)	(101)	(340)	-52.8
Changes in creditors' balances	(154)	(87)	203	77.8
Cash capital expenditure	(202)	(188)	(137)	7.4
Net repayment of loan to Optus from STAI <sup>(1)</sup>	-	-	(129)	-
Dividend received by STAI from Optus <sup>(1)</sup>	-	-	576	-
Withholding tax paid on interest received on inter-company loans	-	-	(11)	-
Payment for acquisition of non-controlling interests	-	(16)	-	nm
Investment in associates	(735)	-	(1)	nm
Investment in venture investments	(6)	(9)	(57)	-29.2
Proceeds from disposal of venture investments	14	3	1	396.4
Proceeds from disposal of subsidiary	-	-	15	-
Proceeds from disposal of property, plant and equipment	*	118	23	nm
Deferred proceeds from disposal of an associate	2	4	2	-47.5
Payment for purchase of other intangibles	(14)	(8)	(57)	82.3
Investment income from FVOCI investments	55	*	-	nm
Others	1	*	(1)	nm
	<b>(886)</b>	<b>(96)</b>	<b>225</b>	<b>@</b>
<b>Net cash outflow for financing activities</b>				
Net decrease in borrowings	(209)	(1,279)	(82)	-83.7
Net interest paid on borrowings and swaps	(56)	(46)	(48)	21.2
Settlement of swap for bonds repaid	-	3	8	nm
Interim dividend paid to shareholders	-	-	(1,110)	-
Purchase of performance shares	(3)	(2)	(6)	58.8
	<b>(267)</b>	<b>(1,324)</b>	<b>(1,238)</b>	<b>-79.8</b>
<b>Net decrease in cash balance from Singtel</b>	<b>(853)</b>	<b>(964)</b>	<b>(220)</b>	<b>-11.5</b>
Dividends/ Distributions received from associates	1,009	1,182	41	-14.7
Withholding tax paid	(100)	(116)	(6)	-13.4
<b>Net dividends/ distributions received from associates</b>	<b>909</b>	<b>1,067</b>	<b>36</b>	<b>-14.8</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>56</b>	<b>103</b>	<b>(184)</b>	<b>-46.0</b>
Singtel cash and cash equivalents at beginning	421	406	605	3.6
Exchange effects on cash and cash equivalents	(1)	7	*	nm
<b>Singtel cash and cash equivalents at end</b>	<b>476</b>	<b>516</b>	<b>421</b>	<b>-7.8</b>
<b>Singtel free cash flow (before associates' dividends/ distributions)</b>	<b>98</b>	<b>268</b>	<b>656</b>	<b>-63.6</b>
<b>Free cash flow from associates' dividends/ distributions</b>	<b>909</b>	<b>1,067</b>	<b>36</b>	<b>-14.8</b>
<b>Cash capex to operating revenue</b>	<b>10%</b>	<b>10%</b>	<b>6%</b>	

**Note:**

(1) The intercompany amounts are eliminated at the Group level.

"\*" denotes less than +/- S\$0.5 million and "@" denotes more than +/- 500%.

## OPTUS CASH FLOW STATEMENT

### For The First Quarter Ended 30 June 2019

	Quarter			YOY Chge %
	30 Jun 2019 A\$ m	30 Jun 2018 A\$ m	31 Mar 2019 A\$ m	
<b>Net cash inflow from operating activities</b>				
Profit before exceptional items and tax	169	238	329	-29.1
Non-cash items	497	404	419	23.1
<b>Operating cashflow before working capital changes</b>	666	642	749	3.8
Changes in operating assets and liabilities	(53)	(183)	127	-71.2
Tax paid	(44)	(55)	(69)	-19.9
<b>Operating cash flow</b>	<b>569</b>	<b>404</b>	<b>807</b>	<b>40.9</b>
<b>Net cash outflow for investing activities</b>				
Accrued capital expenditure	(240)	(271)	(345)	-11.4
Changes in creditors' balances	(99)	(3)	(16)	@
Cash capital expenditure	(340)	(274)	(361)	23.8
Loan to STAI <sup>(1)</sup>	-	-	(116)	-
Repayment of loan by STAI <sup>(1)</sup>	-	-	250	-
Payment for purchase of spectrum	(28)	(34)	-	-17.4
Payment for purchase of other intangibles	(20)	(13)	(27)	58.0
Others	1	1	1	-7.3
	<b>(387)</b>	<b>(321)</b>	<b>(253)</b>	<b>20.8</b>
<b>Net cash outflow for financing activities</b>				
Net (decrease)/ increase in borrowings	(106)	(40)	160	165.1
Dividend paid to STAI <sup>(1)</sup>	-	-	(600)	-
Net interest paid on borrowings and swaps	(57)	(49)	(52)	16.0
Purchase of Singtel shares	(5)	(5)	-	8.1
Others	-	1	(1)	nm
	<b>(169)</b>	<b>(94)</b>	<b>(492)</b>	<b>80.0</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>13</b>	<b>(10)</b>	<b>62</b>	<b>nm</b>
Optus cash and cash equivalents at beginning	96	118	34	-19.0
<b>Optus cash and cash equivalents at end</b>	<b>109</b>	<b>108</b>	<b>96</b>	<b>0.9</b>
<b>Optus free cash flow</b>	<b>230</b>	<b>130</b>	<b>446</b>	<b>77.0</b>
<b>Cash capex to operating revenue</b>	<b>15%</b>	<b>13%</b>	<b>16%</b>	

**Note:**

(1) The intercompany amounts are eliminated at the Group level.

"@ " denotes more than +/- 500%.



## OPTUS FINANCIALS IN AUSTRALIAN DOLLARS

	Quarter		YOY Chge %
	30 Jun		
	2019 A\$ m	2018 A\$ m	
<b>Operating revenue</b>	<b>2,250</b>	<b>2,178</b>	<b>3.3</b>
Operating expenses	(1,592)	(1,559)	2.1
Other income	29	37	-22.0
<b>EBITDA - margin</b>	<b>687 30.5%</b>	<b>656 30.1%</b>	<b>4.7</b>
Share of results of joint ventures	*	*	nm
<b>EBITDA and share of results of joint ventures</b>	<b>687</b>	<b>656</b>	<b>4.7</b>
Depreciation & amortisation	(456)	(370)	23.1
<b>EBIT</b>	<b>231</b>	<b>286</b>	<b>-19.1</b>
Net finance expense	(62)	(48)	29.8
<b>Profit before exceptional items and tax</b>	<b>169</b>	<b>238</b>	<b>-29.0</b>
Taxation	(52)	(72)	-28.6
<b>Underlying net profit</b>	<b>117</b>	<b>166</b>	<b>-29.1</b>
Exceptional items (post-tax)	(12)	(12)	7.0
<b>Net profit</b>	<b>105</b>	<b>154</b>	<b>-31.8</b>

“\*” denotes less than +/- A\$0.5 million.

Optus' contribution to certain Group items in the statement of financial position were –

	As at		
	30 Jun	31 Mar	30 Jun
	2019 A\$ m	2019 A\$ m	2018 A\$ m
<b>Property, plant and equipment (net)</b>	<b>7,767</b>	<b>7,857</b>	<b>7,793</b>
Gross debt			
Current debt	1,299	1,156	575
Non-current debt	4,613	3,132	3,767
Gross debt as reported in the statement of financial position	5,912	4,289	4,342
Related net hedging assets	(336)	(310)	(258)
	5,576	3,979	4,084
<b>Less:</b> Cash and bank balances	(109)	(96)	(108)
<b>Net debt</b>	<b>5,468</b>	<b>3,883</b>	<b>3,976</b>

## CURRENCY RISK MANAGEMENT & OTHER MATTERS

The Group maintains a policy to substantially hedge all known foreign currency exposures related to commercial commitments or transactions. These commitments or transactions include payment of operating expenses, traffic settlement, capital expenditure, interest and debt. Translation risks of foreign currency EBITDA and net investments are not hedged unless approved by the Finance and Investment Committee.

The Group has borrowings denominated in foreign currencies that have primarily been hedged into the functional currency of the respective borrowing entities using cross currency swaps in order to reduce the foreign currency exposure on these borrowings. As the hedges are perfect, any change in the fair value of the cross currency swaps has minimal impact on profit and equity.

Financial instruments such as foreign currency forward contracts and cross currency swaps are used only to hedge underlying commercial exposures and are not held or sold for speculative purposes. All hedging transactions are reviewed regularly.

## CREDIT RATINGS

	Singtel	Optus
S&P Global Ratings	A+ (negative)	A (negative)
Moody's Investors Service	A1 (negative)	A2 (negative)

## MAJOR CURRENCY AVERAGE EXCHANGE RATES

1 Australian Dollar buys:	Q1	Q2	Q3	Q4	Full Year
Derived weighted average exchange rate <sup>(1)</sup> for:					
Operating revenue					
<u>SGD</u>					
FY2020	0.9545	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2019	1.0099	0.9997	0.9864	0.9650	0.9898
Change (last corresponding period)	-5.5%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Underlying net profit					
<u>SGD</u>					
FY2020	0.9524	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2019	1.0103	0.9980	0.9867	0.9649	0.9876
Change (last corresponding period)	-5.7%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1 United States Dollar buys:	Q1	Q2	Q3	Q4	Full Year
Derived weighted average exchange rate <sup>(2)</sup> for:					
Operating revenue					
<u>SGD</u>					
FY2020	1.3629	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2019	1.3346	1.3644	1.3722	1.3546	1.3580
Change (last corresponding period)	2.1%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Notes:**

- (1) The monthly income statement of Optus is translated from Australian Dollar to Singapore Dollar based on the average exchange rate for the month. These rates represent the derived weighted average exchange rates for the Australian Dollar for the period to date.
- (2) The income statements of Trustwave, Amobee and HOOQ are translated from United States Dollar to Singapore Dollar based on these derived weighted average exchanges rates for the period to date.

1 Singapore Dollar buys:	Q1	Q2	Q3	Q4	Full Year
<b>Rupiah</b>					
FY2020	10,417	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2019	10,417	10,638	10,753	10,417	10,526
Change (last corresponding period)	**	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Indian Rupee</b>					
FY2020	51.0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2019	50.3	51.3	52.4	52.1	51.5
Change (last corresponding period)	1.4%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Baht</b>					
FY2020	23.2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2019	23.9	24.1	23.9	23.4	23.8
Change (last corresponding period)	-2.9%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Peso</b>					
FY2020	38.2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FY2019	39.4	39.2	38.6	38.6	38.9
Change (last corresponding period)	-3.0%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*\*\* denotes less than +/- 0.05%.

**OUTLOOK FOR THE CURRENT FINANCIAL YEAR ENDING 31 MARCH 2020**

- **Consolidated results and cash flow may be impacted by material exchange rate movements in the Australian Dollar, United States Dollar and regional currencies.** The Group's outlook for the current financial year is based on the following average exchange rates during FY2019:

Australian Dollar	AUD 1	SGD 0.9898
United States Dollar	USD 1	SGD 1.3580
Indonesian Rupiah	SGD 1	IDR 10,526
Indian Rupee	SGD 1	INR 51.5
Thailand Baht	SGD 1	THB 23.8
Philippine Peso	SGD 1	PHP 38.9

- **Excluding acquisitions, consolidated revenue<sup>1</sup> for the Group to grow by mid single digit and consolidated EBITDA<sup>1</sup> to grow by high single digit.**
- **Capital expenditure is expected to approximate S\$2.2 billion, comprising A\$1.4 billion for Optus and S\$0.8 billion for the rest of the Group.**
- **Group free cash flow (excluding spectrum payments and dividends from associates) to be around S\$2.4 billion.**
- **Dividends from the regional associates are expected to be around S\$1.2 billion, reflecting Telkomsel's lower earnings for its financial year ended 31 December 2018.**
- **Revenue from ICT services to grow by low single digit.**
- **Cyber security revenue to increase by low teens.**
- **Amobee's operating revenue (including intragroup revenue) to grow by high single digit and its EBITDA to improve.**

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<sup>1</sup> Excluding NBN migration revenues in Australia for FY2020 and FY2019.