



Singapore Telecommunications Limited And Subsidiary Companies

BUSINESS UPDATE FOR THE FIRST QUARTER ENDED 30 JUNE 2020

The financial figures for the quarter ended 30 June 2020 have not been audited or reviewed by the external auditors.

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, gain or loss.

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GROUP FINANCIAL HIGHLIGHTS

	Quarter		YOY	
	30 Jun	30 Jun	Chge %	Chge in cc ⁽¹⁾ %
	2020 S\$ m	2019 S\$ m		
Operating revenue				
Singapore Consumer	406	518	-21.6	-21.6
Australia Consumer	1,604	1,850	-13.3	-10.9
Group Enterprise	1,378	1,442	-4.5	-4.0
Group Digital Life	153	301	-49.2	-50.8
International Group	3	2	63.2	63.2
Group	3,543	4,113	-13.9	-12.7
<i>(exclude NBN migration revenues)</i>	<i>3,443</i>	<i>4,020</i>	<i>-14.4</i>	<i>-13.3</i>
EBITDA ⁽²⁾				
Singapore Consumer	162	188	-13.9	-13.9
Australia Consumer	410	619	-33.8	-32.1
Group Enterprise	363	417	-12.9	-12.6
Group Digital Life	(18)	(12)	52.6	48.3
International Group	(5)	(8)	-43.9	-43.9
Corporate	(15)	(21)	-25.7	-25.7
Group	897	1,184	-24.2	-23.1
<i>(exclude NBN migration revenues)</i>	<i>797</i>	<i>1,091</i>	<i>-27.0</i>	<i>-26.0</i>
EBIT (excluding associates' contributions) ⁽²⁾				
Singapore Consumer	98	123	-20.1	-20.1
Australia Consumer	41	227	-82.1	-81.9
Group Enterprise	186	253	-26.6	-26.4
Group Digital Life	(41)	(32)	27.7	23.6
International Group	(6)	(10)	-37.9	-37.9
Corporate	(17)	(22)	-24.3	-24.3
Group	262	539	-51.5	-51.2
<i>(exclude NBN migration revenues)</i>	<i>161</i>	<i>447</i>	<i>-63.9</i>	<i>-64.1</i>

Notes:

(1) Assuming constant exchange rates for the Australian Dollar and United States Dollar from the corresponding quarter ended 30 June 2019.

(2) Included Jobs Support Scheme credits of S\$69 million (Q4 FY2020: S\$50 million) from the Singapore government.

For the first quarter ended 30 June 2020, the Group faced challenging market conditions as COVID-19 caused shutdowns across Singapore and Australia. Travel and movement restrictions and lower footfall in retail stores severely impacted roaming and prepaid mobile revenues and equipment sales, while the global economic slowdown dampened both consumer and business spend. Some ICT projects were deferred or delayed, resulting in increased project costs and slower billings. The above factors, together with intense price competition across markets and declines in carriage revenues, resulted in operating revenue and EBITDA for the quarter declining by 14% and 24% respectively. EBIT fell 52% mainly reflecting the lower EBITDA.

In Singapore Consumer, operating revenue fell 22% with the government's mandated COVID-19 'circuit breaker' measures in April and May. Mobile service revenue declined due to a sharp fall in roaming as well as lower prepaid usage as customers relied on wifi as they stayed indoors, and the number of tourists and foreign workers fell significantly with border closures. Movement restrictions during the period also affected equipment sales. EBITDA fell 14% after including S\$17 million of Jobs Support Scheme credits.

Operating revenue in Australia Consumer decreased 11% mainly from Mobile revenues. Mobile service revenue declined due to lower roaming, late payment fee waivers and credits to frontline healthcare workers, as well as higher SIM-only customer mix and continuing data price competition. Equipment sales also declined given lower retail footfall, flow on impact of lengthening handset replacement cycles and cessation of subsidies. EBITDA fell 32% with lower operating revenue, fixed margin erosion and operating expenses related to COVID-19 such as onshore care agents and debt provisions from financial hardship relief. Retail fixed margins were impacted by the migration of customers from Optus' proprietary networks to NBN which resulted in a much higher mix of NBN broadband customers at low resale margins.

The enterprise business was similarly impacted by the pandemic. Group Enterprise's operating revenue fell 4.5% due mainly to continued declines in carriage services and weak business sentiment. Mobile service revenue was lower with steep declines in roaming and voice. Equipment sales also declined from lower mobile connections with reduced customer engagements. ICT revenue growth was affected by project delays and deferments as customers scaled back their operations as a result of a drop in business activities. However, data centre revenue increased with new wins. With the lower operating revenue and higher ICT mix, EBITDA fell 13% after including S\$43 million of Jobs Support Scheme credits.

Group Digital Life's operating revenue declined 49% on reduction in Amobee's revenue and the cessation of HOOQ's business as HOOQ was placed under liquidation in March 2020. Amobee's revenue fell due to a significant cut back in advertising spend by customers as a result of COVID-19 and a reduction in TV revenue following the licensing of its technology platform to ITV plc from July 2019. In addition, technology licensing fee income received from ITV plc recognised in the last corresponding quarter did not recur this quarter. Negative EBITDA rose to S\$18 million this quarter.

SINGAPORE PRODUCT DRIVERS

	Quarter			YOY Chge %
	30 Jun 2020	31 Mar 2020	30 Jun 2019	
Mobile				
Mobile revenue (S\$'M) ⁽¹⁾	404	476	576	-30.0
Mobile service revenue (S\$'M) ⁽²⁾	284	329	390	-27.2
Number of mobile customers (000s)				
Prepaid	1,536	1,578	1,607	-4.4
Postpaid	2,727	2,704	2,609	4.5
Total	4,263	4,282	4,216	1.1
Average revenue per customer per month ⁽³⁾⁽⁴⁾ (S\$ per month)				
Prepaid	12	14	17	-30.8
Postpaid	29	33	40	-27.8
Blended	23	26	31	-27.7
Data usage (GB per month) ⁽⁵⁾	5.0	6.0	4.6	8.8
Fixed Broadband				
Fixed broadband revenue (S\$'M) ⁽⁶⁾	116	117	118	-2.0
Fixed broadband lines (000s) ⁽⁷⁾	642	642	632	1.6
Pay TV				
Singtel TV revenue (S\$'M)	52	55	54	-3.2
Residential TV customers (000s)	380	382	382	-0.6
OTT (CAST/ TV Go) customers (000s)	217	215	130	67.0
Fixed Voice				
Fixed voice revenue (S\$'M)	70	75	82	-14.6
International Telephone (for both fixed and mobile calls) International telephone outgoing minutes (m mins) (excl Malaysia)	290	308	361	-19.7
Average collection rate - net basis (S\$/ min) (excl Malaysia)	0.086	0.089	0.099	-13.1
National Telephone				
Fixed working lines (000s) ⁽⁸⁾				
Residential	731	734	742	-1.5
Business	507	523	576	-12.0
Total	1,238	1,257	1,318	-6.1

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 customers, calculated as the simple average of opening and closing number of customers.
- (4) Average Revenue Per User (ARPU) includes revenue earned from international telephone calls. For prepaid, ARPU is computed net of sales discounts.
- (5) Data usage is the average quarterly data usage of Consumer and Enterprise postpaid smartphone customers.
- (6) This comprises broadband service revenue and sales of equipment.
- (7) Include Asymmetric Digital Subscriber Lines (ADSL) and fibre lines.
- (8) Fixed working lines refer to Direct Exchange Lines (DEL) and Home Digital Lines.

AUSTRALIA PRODUCT DRIVERS

	Quarter			YOY Chge %
	30 Jun 2020	31 Mar 2020	30 Jun 2019	
Mobile				
Optus' mobile revenue (A\$'M) ⁽¹⁾	1,268	1,348	1,467	-13.5
Optus' mobile service revenue (A\$'M)	860	903	897	-4.1
Optus' mobile outgoing service revenue (A\$'M)	795	844	841	-5.5
Number of mobile customers (000s)				
Prepaid	3,234	3,381	3,371	-4.1
Postpaid	5,802	5,824	5,734	1.2
Mobile Broadband ⁽²⁾	1,271	1,243	1,181	7.7
Total	10,307	10,448	10,285	0.2
Average revenue per customer per month ⁽³⁾ (A\$ per month)				
Prepaid	18	18	18	-2.8
Postpaid	35	37	38	-7.5
Mobile Broadband ⁽²⁾	21	20	19	8.7
Blended	28	29	29	-4.9
Data usage (GB per month)	10.1	10.6	10.3	-1.9
Fixed Services				
Retail Fixed ARPU (A\$) ⁽⁴⁾	76	75	78	-1.9
Standalone Telephony Customers (000s)	52	55	66	-20.6
Broadband customers (000s)				
On-net bundle and standalone broadband				
Hybrid Fibre Coaxial (HFC)	170	228	480	-64.6
Unconditioned Local Loop (ULL)	100	135	303	-67.0
	70	94	176	-60.3
Off-net bundle and standalone broadband				
NBN	913	858	661	38.1
Resale Digital Subscriber Line (RDSL)	905	848	646	40.1
	9	10	15	-44.4
Total Broadband	1,083	1,087	1,141	-5.1
Total Fixed Customers (000s)	1,135	1,142	1,207	-5.9
Optus Sport customers (000s)	818	821	779	5.0

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) Based on average number of customers, calculated as the simple average of opening and closing number of customers.
- (4) Excludes NBN migration revenue.

GROUP ENTERPRISE DRIVERS

	Quarter			YOY Chge %
	30 Jun 2020	31 Mar 2020	30 Jun 2019	
VPN and leased line connections (000s) ⁽¹⁾	101	103	109	-6.5
<i>Singapore</i>	73	74	78	-5.9
<i>Australia</i>	28	29	31	-7.9
ICT revenue (S\$'M)	719	871	682	5.5
<i>Digital ⁽²⁾ as % of ICT revenue</i>	41%	42%	41%	
NCS bookings (S\$'M)	294	705	286	2.9

Notes:

(1) VPN and leased line connections are business grade network connections including IP VPN, domestic and international leased circuits, and ISDN services.

(2) 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.

EXCEPTIONAL ITEMS ⁽¹⁾

	Quarter		YOY Chge %
	30 Jun 2020 S\$ m	30 Jun 2019 S\$ m	
Dilution gain on Bharti Airtel ("Airtel")	550	87	@
Others ⁽²⁾	(3)	(17)	-81.7
	547	70	@
Tax credit on exceptional items	*	5	nm
Group exceptional items (post-tax)	547	76	@
Share of Airtel's exceptional items (pre-tax)	(697)	(111)	@
Share of Airtel's exceptional tax	(214)	2	nm
Share of Airtel's exceptional items (post-tax)	(911)	(109)	@
Net exceptional loss	(364)	(34)	@

"@" denotes more than +/- 500%, "*" denotes less than +/-S\$0.5 million, and "nm" denotes not meaningful.

Notes:

- (1) Exceptional items are material non-recurring items for which separate disclosure is considered necessary to avoid distortion of reported results of performance.
- (2) Others comprised mainly staff restructuring costs and other provisions.

The exceptional items in this quarter included a gain of S\$550 million from the dilution of Singtel's effective shareholding in Airtel by 1.4 percentage points following Bharti Telecom Limited's sale of 2.75% stake in Airtel in May 2020.

The Group also recorded its share of Airtel's net exceptional losses of S\$911 million (post-tax) which comprised mainly additional provisions for license fee and spectrum usage and related interests on account of the Supreme Court of India's decision on the Adjusted Gross Revenue matter on 20 July 2020, and exceptional tax charge from reassessment of the carrying amounts of deferred tax balances (including minimum alternate tax credits) as well as adjustments from the resolution of certain tax disputes.

SHARE OF RESULTS OF REGIONAL ASSOCIATES

	Quarter		YOY	
	30 Jun 2020 S\$ m	30 Jun 2019 S\$ m	Chge %	Chge in cc ⁽¹⁾ %
Pre-tax contributions ⁽²⁾				
Telkomsel	242	280	-13.7	-13.4
AIS	87	94	-7.5	-9.6
Intouch ⁽³⁾	26	26	-0.8	-3.0
Globe	98	98	-0.1	-6.4
Bharti Telecom ("BTL")/ Airtel ⁽⁴⁾⁽⁵⁾				
- Airtel	(66)	(149)	-55.8	-53.5
- BTL	(13)	(13)	1.6	6.9
	(79)	(162)	-51.2	-48.7
Regional associates	373	335	11.2	7.5
Post-tax contributions ⁽²⁾				
Telkomsel	188	207	-8.9	-8.5
AIS	72	78	-7.6	-9.7
Intouch ⁽³⁾	22	21	3.3	0.9
Globe	65	66	-1.7	-7.9
BTL/ Airtel ⁽⁴⁾⁽⁵⁾				
- Airtel	(66)	(106)	-37.8	-34.4
- BTL	(14)	(13)	10.2	15.9
	(80)	(119)	-32.6	-29.0
Regional associates	267	253	5.6	1.6

Notes:

- (1) Assuming constant exchange rates for the regional currencies (Indian Rupee, Indonesian Rupiah, Philippine Peso and Thai Baht) from the corresponding quarter ended 30 June 2019.
- (2) The accounts of the regional associates are prepared based on local accounting standards. Where applicable and material, the accounting policies of the regional associates have been adjusted for compliance with the Group's accounting policies.
- (3) Singtel holds an equity interest of 21.0% in Intouch which has an equity interest of 40.5% in AIS.
- (4) Exclude material one-off items which have been classified as exceptional items of the Group.
- (5) Singtel holds an equity interest of 49.4% in BTL (30 June 2019: 48.9%) and an effective equity interest of 31.9% in Airtel (30 June 2019: 35.2%).

Contributions from the regional associates increased this quarter as Airtel recorded a lower net operating loss due primarily to higher mobile ARPU in India with the price up last December, mitigating the declines from Telkomsel, AIS and Globe which were impacted by COVID-19 lockdowns.

APPENDIX 1 – CURRENCY TABLE**MAJOR CURRENCY AVERAGE EXCHANGE RATES**

	Quarter		YOY Chge %
	30 Jun 2020	30 Jun 2019	
Derived weighted average exchange rate for operating revenue :			
1 Australian Dollar ⁽¹⁾	0.928	0.955	-2.8
1 United States Dollar ⁽²⁾	1.412	1.363	3.6
1 Singapore Dollar buys:			
Indonesian Rupiah	10,526	10,417	1.0
Indian Rupee	53.8	51.0	5.5
Thai Baht	22.6	23.2	-2.6
Philippine Peso	35.7	38.2	-6.5

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 quarters.
- (2) The income statements of Amobee and Trustwave are translated from United States Dollar to Singapore Dollar based on these derived weighted average exchanges rates for the quarters.