

## GROUP CONSUMER

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### REVENUE

**S\$11.63** billion

Group Consumer is a leading provider of next generation communication, infotainment and technology services across Asia Pacific and Africa. The unit comprises the SingTel Group's consumer-related functions including its operations in Singapore (SingTel) and Australia (Optus), as well as investments in emerging markets across the Philippines, Thailand, Indonesia and India.

After more than a decade of growth, voice and SMS services are fast approaching maturity. Customers are increasingly substituting these traditional services with internet-based applications. The result is an inevitable slowdown in revenue growth for voice and SMS services, offset against a pick-up in data usage.

At the same time, consumer and technology trends are rapidly evolving, presenting us with new business opportunities. High-tech mobile devices are driving consumers' appetite for a broader range of digital, entertainment and communication products and services. Increasingly, these digital services will be delivered through mobile devices over high-speed data networks, such as Long Term Evolution (LTE) or 4G.

A different operating environment requires a different business model to ensure continual profitable growth. To thrive in this new digital environment, Group Consumer is transforming from a traditional carrier focused on providing voice and SMS services into a service-oriented company, shaping the way customers receive and use content.

This year, we took bold steps to reposition our core business. Firstly, we are driving breakthroughs in customers' experience to simplify their interactions with us and meet consumers' growing demand for digital services. Secondly, we are implementing cost and yield management programmes to improve profitability. Finally, we are creating a platform to drive scale and efficiencies across the Group.

#### **Driving Breakthroughs in Customer Experience**

Our brands revolve around providing the best possible experience for our customers through simple products, efficient service delivery and support, as well as delivering consistent service across a range of channels and touch points.

During the year, we made significant improvements to our sales and distribution channels. In many countries, we are improving the retail experience for our customers. In Australia, we are implementing a new retail strategy that involves rationalising several third-party distribution partnerships. This is a major change for the brand, allowing us to fully focus on core Optus-branded activity, giving us more direct control over the customer experience.

As part of our drive to be a leader in customer experience, we are making it easier for customers to interact with us via online or mobile applications. Our My Optus and MySingTel apps give customers fast and easy access to their accounts. Usage of the My Optus app has grown almost three times in 12 months and is now the preferred point of contact for half of Optus' online customers. Similarly in Singapore, customers can access data roaming, data usage and mobile internet filter services via the MySingTel mobile app.

## OPERATING AND FINANCIAL REVIEW

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Our regional mobile associates have also introduced and enhanced a range of online customer service tools and applications. In September 2012, Airtel introduced the My Airtel app, which allows customers in India to check their outstanding bills, recharge accounts, make payments and raise customer assistance tickets using their mobile devices. Globe introduced a quick-access self-service phone menu for customers on the go, while Telkomsel revamped its website with a Plan Recommender, making it easier for customers to choose mobile plans that suit their lifestyles.

In Thailand, we expanded our retail footprint with additional stores and a redesigned in-store experience incorporating new branding, improved layouts and upgraded provisioning, billing and customer care systems.

As consumers incorporate smartphone technologies into their daily lives, helping them to manage their bills is an increasingly important part of our customer service support. Our brands have stepped up their after-sales service, helping customers manage their accounts, understand their plans and manage their spend more effectively. SingTel customers can set usage thresholds via the MySingTel app, while Optus introduced SMS alerts for customers once they have used 50%, 85% and 100% of their data allowance in a billing cycle.

Anticipating and responding to consumer behaviours is a priority. We have a comprehensive data analytics programme that helps us better understand our customers' behaviours. Over time, this will provide customers with a better network experience through more intuitive network optimisation. Enriched customer data will also enable our brands to deliver compelling new products and services that meet our customers' interests and expectations.

#### Building Networks for Digital Services

Continuous network improvements which enhance coverage, improve quality and increase network capacity are vitally important both in terms of delivering a great experience for our customers and ensuring our businesses are positioned to capture value from growth opportunities in the digital era.

In Singapore, we expanded the reach and capacity of our indoor 3G coverage in the country's top 20 shopping centres and across 55 key residential locations. In 2012, we rolled out Singapore's first commercial 4G service, and by April 2013, we completed the delivery of islandwide, ultra high-speed mobile internet access for SingTel customers.

Optus, too, upgraded more than 4,000 3G sites to deliver faster data speeds and more consistent in-building coverage for customers. Throughout the year, Optus also switched on 4G services in major population centres including the mainland state capital cities of Sydney, Melbourne, Brisbane, Perth and Adelaide.

Our associates are undergoing similar network transformations in anticipation of the opportunities that will emerge in mobile data services. Over the past 12 months, Globe has invested more than US\$700 million to modernise its network, rolling out over 10,000 km of fibre optic cable, increasing network capacity and accommodating the Philippines' growing demand for voice, SMS and data traffic.

#### SIGNIFICANT HIGHLIGHTS

- AIS opened eService Kiosk in Pitsanulok, enabling customers to transact 24 x 7  
– April 2012
- Optus switched on its 1<sup>st</sup> 4G services  
– April 2012
- Optus signed a joint venture Memorandum of Understanding with Vodafone Hutchinson Australia to expand its network  
– May 2012
- Telkomsel celebrated its 17<sup>th</sup> anniversary  
– May 2012
- SingTel launched Singapore's 1<sup>st</sup> commercial 4G service for smartphones  
– June 2012
- Telkomsel introduced Seamless Mobile WiFi  
– June 2012
- Globe completed the 1<sup>st</sup> phase of Cebu's Network Modernisation and Davao's Network Modernisation  
– July 2012
- SingTel introduced Near Field Communication contactless payment services  
– August 2012

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- Airtel crossed the 200 million customer mark in India  
– August 2012
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- Globe completed the rollout of new infrastructure in Northern and Eastern Metro Manila  
– August 2012
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- AIS launched AIS Smart Table, becoming the 1<sup>st</sup> operator in Asia to provide advanced digital services  
– September 2012
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- Globe launched commercial LTE services for mobile  
– September 2012
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- Telkomsel opened its 24-hour Customer Care Control Centre  
– October 2012
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- Airtel crossed the 60 million customer mark in 17 African countries  
– October 2012
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- SingTel launched an accelerated 3G network upgrade programme  
– October 2012
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- Optus introduced 4G prepaid plans  
– November 2012
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- AIS subsidiary, Advanced Wireless Network Company Ltd, obtained a 3G licence for 2.1 GHz spectrum  
– December 2012
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Telkomsel's 100 Broadband Cities programme delivered fast and reliable internet access to 100 Indonesian cities through the deployment of high capacity broadband infrastructure.

AIS has focused its network investments on doubling the number of 3G base stations and expanding coverage in Bangkok and 17 surrounding provinces. In December 2012, AIS subsidiary, Advanced Wireless Network Company Limited, obtained a 3G licence for the country's 2.1 GHz spectrum. This acquisition and future investment will enable AIS to take its 3G network nationwide over the next three years.

In Africa, Airtel completed the continent's largest network transformation programme, ensuring that its networks are ready for the next generation of high-speed data services. In India, Airtel's network now covers more than 465,000 towns and villages and reaches 86.7% of the Indian population. The 3G network, which extends to key cities, supports a host of digital services including mobile TV and high-speed internet to more than 6.4 million 3G data customers.

### Capturing Growth from Mobile Data

Our businesses are transforming from traditional carriers of voice services into modern digital businesses. To capture the revenue opportunities driven by the proliferation of mobile devices and customers' increasing usage of data, we have introduced simplified mobile data price plans.

In both Singapore and Australia, we have reviewed our handset subsidies, implemented simplified and tiered price plans as well as streamlined bundle offers to improve the yield and profitability of data services and sustain continual network investments.

### Driving Group Efficiencies

Last year, SingTel went through a significant reorganisation. Twelve months on, the new structure is helping us leverage our global scale by establishing shared procurement services, as well as combining networks and IT functions, and offering digital initiatives. We continue to explore opportunities for additional savings by including our regional mobile associates in joint procurement arrangements for items including handsets and network infrastructure.

As a Group, we have made good progress in strengthening our overall position in the markets we operate. As our associates move from voice to data-centric businesses, we are helping them by drawing on the rich experience of our operations in Singapore and Australia which began this transition more than five years ago.

Within Group Consumer, we are actively preparing for the changes which will impact and shape our business over the next five years. It is important to future-proof our business as consumer behaviours in a data-centric market continue to evolve. Our goal is to understand, anticipate and prepare for the kinds of technologies and services our customers will expect, and we will need to deliver in order to maximise profitability over the next decade.