

Chairman's Message



Dear Shareholders,

Four years ago, we embarked on a journey to transform ourselves into a communications company operating in a data-centric digital world. The reason was simple – the mobile internet revolution was taking hold, threatening traditional revenue streams from voice and SMS. We saw that to stay relevant, we had to put data at the centre of our business and transform our telecoms network into high-speed data networks so that we could capture and monetise this growing demand for mobile data. As we take stock of the progress we've made, we have protected our revenues while creating a new set of opportunities around our data assets. Our FY 2016 results bear this out. Our net profit for the year was up 2% to S\$3.87 billion but would have grown 6% in constant currency terms.

We continue to deliver strong earnings as our core businesses performed well. This is despite regional currency weakness and the costs of investing in the new enterprise services of cloud, cyber security as well as our digital businesses.

TRANSFORMING OUR CORE MOBILE BUSINESS

The steps we've taken to transform our core telecoms business are increasingly paying off

as consumers continue to shift from voice to data. Data revenues from Singapore and Australia have grown significantly as we've made further investments in network, technology and spectrum, and restructured our price plans to meet the increasing need for quality mobile internet at affordable prices. We are among the leaders globally in making this successful shift.

The other piece of good news – the mobile internet revolution is only just beginning in the emerging markets where prices of smart phones and devices are getting more affordable for a growing middle class. This puts us in an enviable position as we have a strong presence across Indonesia, the Philippines, Thailand, India and Africa, where our regional mobile associates operate. Previously priced out of the mobile data revolution, these developing markets are now making their respective transitions from mobile telephony to mobile internet, moving up the ladder from 3G to 4G, just as we have. With insights and lessons from our own transformation, we are well-placed to help steer our associates through this exciting move to a digital world.

"Consumer habits are still evolving alongside the rapidly merging telecoms and internet space. The need for people and businesses to be connected is stronger than ever, which means more demand for seamless connectivity and data services."

A BOOST FOR ICT SERVICES

This new data paradigm presents opportunities for our ICT business. Our assets and capabilities have us well-positioned to capitalise on the shifts to cloud computing, enterprise mobility and smart city initiatives as public agencies and businesses look to exploit mobile capabilities to spur growth.

Cyber security has emerged as a critical issue for governments and businesses. As cyber threats grow in frequency and sophistication, company boards and managements are waking up to the urgent reality that their firms are not adequately protected against these threats and the associated reputational, business risks and costs. In this high-growth emerging market, our ambition is to build out a global business to be among the leaders in this space. Our acquisition of Trustwave last September brings with it a global customer base that we intend to build on and expand.

BUILDING OUT DIGITAL

Since beginning our transformation journey, we have refined our digital strategy to focus on three main areas: digital marketing, OTT video and data analytics where our telecom assets give us competitive advantage.

Amobee is our global digital marketing business that we continue to invest in as we build global scale. Voted the Most Innovative Tech Company, as well as Company of the Year, at the 2016

American Business Awards, Amobee's Brand Intelligence platform analyses and correlates more than 60 billion content engagements daily across the web, social media, video and mobile, helping businesses optimise their media strategies to improve brand awareness and engagement rates.

Our other businesses will take time to scale and mature. Our mobile streaming service, HOOQ, can now be found in India, Indonesia, the Philippines and Thailand, allowing us to tap into the growing demand for online entertainment in emerging markets as smartphone adoption rises. Our geoanalytics initiative, DataSpark, is securing more public contracts as agencies deploy its technology to optimise the planning of urban spaces and transport networks.

THE TRANSFORMATION CONTINUES

Transformation is a journey in which new opportunities emerge. Consumer habits are still evolving alongside the rapidly merging telecoms and internet space. The need for people and businesses to be connected is stronger than ever, which means more demand for seamless connectivity and data services. In short, the same motivations that set us on this path at the outset – reshaping the business to meet customers' evolving needs – are as strong, if not stronger today. So far, we have managed to deepen our customer engagement to compete in the new digital economy while maintaining our lead in the core telecoms business. We intend to continue delivering on both those counts going forward.

I would like to thank our directors, management and staff for their commitment to this transformation and also our many partners and stakeholders for their confidence in Singtel.

Our Board and management are committed to the highest standards of corporate governance and sustainable long-term value creation.

Yours sincerely,



Simon Israel
Chairman