

Chairman's Message



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Dear Shareholders,

FY 2017 was a challenging year as competition intensified across markets for both our consumer and enterprise businesses. Taken in this context, Singtel delivered a resilient performance while continuing to make significant investments for the future. Our net profit for the year was stable at S\$3.85 billion, underpinned by growth in mobile data, ICT and digital services.

INVESTING FOR THE FUTURE

We continue to invest in the digital transformation we began five years ago, transforming our core business and investing to grow to scale new global businesses in digital marketing and cyber security. Transformation is at the heart of repositioning Singtel to remain relevant to our customers as well as building new sources of revenue for the mid to long term.

STRENGTHENING OUR NETWORKS POSITION

Network performance is a key competitive differentiator for Singtel, and increasingly important with the growing consumption of video and the demands that places on network performance. We continue to invest in networks ahead of demand to ensure a leading customer experience.

It is notable that the technology investment cycle is compressing – it took eight years to go from 2G to 3G and only four years to go to 4G. We are now implementing 4.5G and in the exploratory stage of 5G networks.

At the same time, the cost of spectrum has soared given it is finite in nature and required for growth. Spectrum auctions around the region have been fiercely contested by incumbents as well as new entrants. Singtel has emerged with strong spectrum holdings, providing the Group with competitive advantage.

BUILDING OUR LEADING POSITIONS IN THE REGION

Beyond the developed markets in Singapore and Australia, we are making the investments needed to build on our leading positions across the region. Last year, we increased our effective interests in our associates in Thailand and India by acquiring stakes in Intouch Holdings and Bharti Telecom.

We believe both markets are favourably positioned for mobile revenue growth given their younger population demographics and data growth. While the entry of a new operator in the Indian telecoms industry has triggered unprecedented industry disruption and consolidation, we believe this will lead to a healthier industry structure for the long term.

CAPTURING NEW GROWTH IN DIGITAL

As the public and private sectors increasingly go digital, demand for ICT-based solutions such as cloud, software as a service and cyber security are providing growth opportunities.

Cyber security is a high-growth sector where we have established a global platform by leveraging our acquisition of Trustwave, a US-based leading managed security services provider. We are building out a global cyber security business which we expect to become a key growth driver in our future. Coupled with our existing ICT assets and capabilities, we are well placed to provide a comprehensive set of managed services with carriage solutions that will create more value in the long term.

In digital marketing, Amobee's recent acquisition of Turn, a global technology platform for marketers and agencies, adds programmatic capabilities and brings Amobee to scale. Amobee is now in a stronger position to capture the global digital marketing opportunity.

OUR WORK CONTINUES

I am encouraged to see our investments in our core and digital transformation delivering tangible results. It shows our efforts over the last five years are making a difference. In fact, we are now in a much stronger position to compete and thrive in this new economy and are well positioned to participate in the opportunities that will emerge around Smart Nation. Amid this fast-changing world, our Board and management remain committed to the highest standards of corporate governance and sustainable long-term value creation.

I would like to thank our directors, management and employees for their unstinting commitment to this journey. We do realise that there is still much to do and our work continues.

Yours sincerely,



SIMON ISRAEL
Chairman