

Chairman's Message

Dear Shareholders,

FY 2019 was more than just a challenging year. I would characterise it as somewhat of a 'perfect storm' with intensifying competition across all markets, particularly India and Indonesia, plus the added backdrop of heightened economic uncertainty. These factors, coupled with regional currencies moving significantly against us and reduced contributions from our smaller stake in NetLink Trust, contributed to a 21% decline in our underlying net profit to S\$2.83 billion.

Your Board has proposed the payment of a final dividend of 10.7 cents per share. If approved, this will bring the total full year dividend to 17.5 cents per share.

RIISING TO CHALLENGES

Last year, I signalled that competition was escalating across the region, with operators aggressively competing for market share.

In India, we have seen an unprecedented situation, where a new entrant investing more than US\$40 billion, has waged a price war, driving the industry into losses.

While this has been painful in the short term, we have arrived at a three-player market, creating a better long-term market structure for when the market normalises.

Airtel has weathered this storm and defended its market share. Airtel undertook a rights issue in May which Singtel has supported to protect our

investment and ensure Bharti can fund its growth.

It is your Board's belief that India will remain a major driver of industry growth, supported by the government's Digital India initiative.

In Indonesia, Telkomsel weathered intense price competition, particularly during the government-mandated registration exercise for prepaid SIM cards. With the recovery of the market, we expect Telkomsel to return to growth.

STRONG CORE PERFORMANCES

Despite challenges, we had strong performances in Singapore and Australia. Our consumer businesses gained mobile market share in both countries as our investments in networks, content and digitalisation paid off.

Both markets also laid the groundwork for 5G. Optus introduced Australia's first 5G commercial service while Singtel launched Singapore's first 5G pilot network. New technologies like 5G will converge with IoT and AI to usher in an era of hyper-connectivity that will redefine whole industries and consumer lifestyles. Our 5G investments are part of longer-term plans to position us for future growth.

GROWING NEW GLOBAL BUSINESSES

Part of our digital transformation involved making calculated investments in new businesses that would thrive in the future economy. Building out our digital businesses: in cyber security, we consolidated the

Group's operations and resources into a single global entity under the Trustwave brand to form one of the industry's most comprehensive global cyber security companies. Our digital marketing business Amobee has achieved scale, while the acquisition of Videology, a software provider for the high-growth advanced TV and video advertising segments, positions us strongly for a converged media landscape.

Your Board is aware that the value of these investments is not being recognised in our share price and management intends to unlock this value at the appropriate time. We are also leveraging our regional scale and partnerships to drive a digital ecosystem across our mobile customer base of more than 690 million.

DEEPENING SUSTAINABILITY EFFORTS

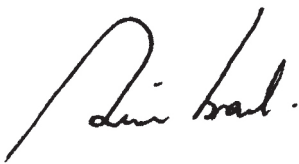
As the sustainability conversation evolves, so has Singtel's efforts in this space. To reduce our carbon footprint even further to align with the global climate agenda, we are exploring long-term renewable energy supply options to help us fulfil our aspiration to be carbon neutral. Our efforts have not gone unnoticed and we continue to be recognised globally in areas such as climate change, governance and diversity. We were one of four Singapore firms and the only Southeast Asian communications company to be listed in the 2019 Bloomberg Gender-Equality Index.

GOVERNANCE

On that note, I am happy to welcome Gail Kelly, Bradley Horowitz and Dominic Barton to the Singtel Board. Their respective backgrounds in finance, technology and consulting add to our diversity and bring a fresh infusion of expertise. I would also like to express my heartfelt thanks to Peter Mason and Bobby Chin – both of whom are retiring from the Board. Their insights and contributions over the years have been invaluable.

Good governance is fundamental for long-term business sustainability and value creation for our stakeholders. Our efforts on this front continue to be recognised as we were named ASEAN's Top 5 and Singapore's Top 3 Publicly Listed Companies at the 2nd ASEAN Corporate Governance Awards. We are committed to maintaining the highest standards of governance and will continue to improve our policies and processes.

Yours sincerely,



SIMON ISRAEL

Chairman



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