

News Release

SingTel 1Q net profit up 3% to S\$945 million

- *Contribution from regional mobile associates increases 2%*
- *Singapore revenue up 8%, Australia revenue falls 3%*
- *Weaker Australian Dollar and regional currencies impact Group's earnings*
- *The Group's mobile customer base increases 11% to 462 million*

Singapore, 14 August 2012 – Singapore Telecommunications Limited (SingTel) today announced a 3 per cent increase in first quarter net profit to S\$945 million with improved performance from the regional mobile associates and an exceptional gain from the divestment of a non-strategic investment.

Excluding the exceptional items, underlying net profit declined 3 per cent to S\$850 million. The weaker Australian Dollar and regional currencies adversely affected results this quarter.

Ordinary pre-tax earnings from the regional mobile associates grew 2 per cent to S\$483 million, lifted by strong earnings growth from Telkomsel and AIS, and would have risen 9 per cent if exchange rates were unchanged from a year ago.

The Group and its regional mobile associates continued to register strong customer growth in the quarter. As at 30 June 2012, the Group had a total mobile customer base of 462 million, an increase of 46.1 million or 11 per cent from a year ago.

Ms Chua Sock Koong, SingTel Group CEO, said: "The Group delivered a resilient performance this quarter despite regional currency headwinds and operating challenges in India. This reflected the strength of diversity of the Group's operations. We are embracing the changes in our industry by strengthening our telco business and establishing new growth platforms in the digital space.

"The new organisational structure has settled down well. Our new business units will extend our customer proposition into adjacent industries, new customer segments and geographical markets."

Revenue from Singapore¹ rose 8 per cent to S\$1.67 billion, with strong contribution from NCS, while Optus' revenue fell 3 per cent to A\$2.24 billion due to mobile termination rate cuts, lower equipment sales and service credits associated with device repayment plans. Coupled with the effect of the weaker Australian Dollar, the Group's revenue fell 2 per cent to S\$4.53 billion.

Free cash flow declined 21 per cent to S\$725 million mainly from working capital changes and lower cash flow from Optus.

Free cash flow from the Singapore business fell 10 per cent to S\$204 million due mainly to higher receivable balances from OpenNet for the rollout of the fibre network. Free cash flow from Australia declined to A\$50 million impacted by tax payments, workforce restructuring costs and higher capital expenditure. Dividends from associates rose 10 per cent mainly from Telkomsel.

¹ Singapore refers to the Group's operations but excludes Optus and the Associates.

Highlights

	Quarter Ended		YOY
	30 Jun 2012 (S\$m)	30 Jun 2011 (S\$m)	Change
Group revenue	4,533	4,605	(1.6%)
Singapore revenue	1,674	1,557	7.5%
Optus revenue (A\$)	2,239	2,313	(3.2%)
(S\$)	2,859	3,048	(6.2%)
EBITDA	1,243	1,284	(3.2%)
Share of associates' pre-tax ordinary earnings ²	506	500	1.2%
EBITDA and share of associates' pre-tax earnings	1,749	1,792	(2.4%)
Net profit attributable to shareholders	945	916	3.2%
Underlying net profit ³	850	873	(2.6%)
Underlying earnings per share (S cents)	5.34	5.48	(2.6%)

The Group adopted a new organisational structure effective 1 April 2012 to strengthen its competitiveness and sustain innovation. During the quarter, Group Consumer continued to roll out Long Term Evolution or 4G services in Singapore and Australia, giving customers access to unprecedented speeds and network quality. It also introduced tiered and revised price plans for mobile data services effective from July 2012.

In the ICT space, Group ICT has won new managed services customers, including a five-year G-cloud contract from the Singapore government. Customers using cloud services grew to 200,000, from 180,000 in the preceding quarter.

In the digital space, Group Digital Life acquired leading restaurant review portal HungryGoWhere and announced plans to acquire Eatability in Australia. Wholly-owned subsidiary, Amobee, a premium provider of mobile advertising solutions to operators, publishers and advertisers globally, was awarded contracts by eBay, Expedia and Sprint.

² Exclude exceptional items.

³ Defined as net profit before exceptional items and exchange differences on capital reduction of certain overseas subsidiaries, net of hedging, as well as significant exceptional items of associates.

Singapore

Revenue from Singapore grew 8 per cent to S\$1.67 billion, led by revenue from NCS' projects. EBITDA was flat at S\$546 million, reflecting higher customer acquisition and retention volume, as well as payments to NetLink Trust. Excluding payments to NetLink Trust, EBITDA would have increased 2 per cent.

Revenue from **IT & Engineering** rose 20 per cent to S\$388 million, driven by NCS as well as final revenue recognised for the mass fibre rollout project. **NCS'** revenue grew 20 per cent to S\$333 million, driven by projects for the Ministry of Education and other customers. Its order book remained strong at S\$2 billion as at end June 2012.

In response to changing trends, SingTel is actively promoting data roaming plans to customers. The take-up of these plans contributed to lower roaming traffic for voice and SMS services. As a result, **Mobile** services' revenue grew 2 per cent to S\$479 million.

SingTel added 58,000 mobile customers, of which 45,000 were postpaid customers. This brings total mobile customers to 3.64 million. SingTel achieved market share gains in both postpaid and prepaid segments, to 48.3 per cent and 44.2 per cent respectively.

The growth of data-only SIMs, however, reduced postpaid ARPU by 8 per cent to S\$80. Excluding data-only SIMs, postpaid ARPU fell 6 per cent due to lower roaming traffic and higher take-up of discounted bundled services.

Data and Internet revenue rose 3 per cent to S\$408 million as growth in Managed Services offset planned price adjustments with the rollout of the NextGen NBN. Internet-related revenue rose 6 per cent with increased adoption of higher-tier plans and fibre-based services.

Revenue from **mio TV** grew 6 per cent to S\$25 million. During the quarter, mio TV rebates totalling S\$5 million were given to customers who subscribed to sports packages. Excluding these rebates, the increase would be 28 per cent to S\$30 million. The number of mio TV customers rose 12,000, bringing total base to 380,000. It recently added two new Tamil channels, Sun TV, the world's leading Tamil channel, and Adithya TV.

An additional 14,000 customers signed up for bundled plans, lifting total number of bundled customers to 319,000 as at end June 2012. This represents approximately 27 per cent of Singapore households.

In the fibre market, SingTel maintained its lead with the addition of 29,000 customers in the quarter, bringing total fibre broadband customers⁴ to 105,000 at the end of June 2012.

Operating expenses grew 11 per cent to S\$1.14 billion. Selling and administrative expenses rose 13 per cent, with higher acquisition and retention volume from strong customer connections and recontracts for mobile and fibre broadband services. Staff costs increased 11 per cent because of higher headcount from NCS to support new projects and overseas growth, as well as the inclusion of Amobee's staff costs.

⁴ Refers to residential and corporate subscriptions to broadband internet services using optical fibre networks.

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Australia

Optus reported stable EBITDA margin of 24.4 per cent amid a 3 per cent decline in operating revenue. The lower revenue reflected lower equipment sales, the mandated reduction in the mobile termination rates from 9c to 6c per minute from 1 January 2012 and service credits associated with device repayment plans introduced from October 2011.

Optus is focused on growing its business profitably and delivering positive customer experience. In recent months, it has restructured its workforce and cost base, including a headcount reduction of 475 in the quarter, and lowered device subsidies. As a result, customer acquisition costs declined 19 per cent compared to a year ago.

Total operating expenses decreased 3 per cent, mainly driven by lower selling and administrative expenses, cost of sales and traffic expenses, partially offset by higher staff costs.

Optus continues to make investments to enhance the competitiveness of its mobile network, by improving network strength, depth and capability.

These investments include the U900 spectrum migration programme which has upgraded more than 1,000 sites to improve 3G indoor coverage across Sydney, Melbourne, Darwin and Perth. In addition, Optus launched 4G mobile broadband services to business customers in Sydney and Perth, following successful trials in Newcastle.

During the quarter, Optus also completed the acquisition of the Vividwireless Group and extended its site sharing agreement with Vodafone Hutchison Australia, which will result in an approximate 20 per cent increase in mobile sites across the Optus network.

In **Mobile**, operating revenue was down 4 per cent to A\$1.43 billion. Excluding the impact of service credits on device repayment plans, outgoing service revenue grew 2 per cent. EBITDA margin was stable on lower traffic costs and reduced selling expenses.

Optus continued its postpaid customer growth momentum with net additions of 88,000 for the quarter. Postpaid customers comprised 56 per cent of the total base, up 2 percentage points from a year ago. Yield management initiatives, including reducing prepaid device subsidies, contributed to a decline in prepaid customer base of 65,000 this quarter, bringing Optus' total customer base to 9.51 million as at 30 June 2012.

The number of 3G subscribers⁵ rose to 6.82 million, a 3 per cent increase from a quarter ago, and included a base of 1.57 million wireless broadband⁶ customers.

In **Business and Wholesale fixed**, overall revenue increased 1 per cent from satellite, ICT and managed services. EBITDA was stable compared to the same period last year.

Reinforcing Optus leadership in satellite, Optus announced a five-year contract with the NSW Education Department to deliver an enhanced satellite service to improve the distance learning experience for remote students in the state. Optus and Sky Racing also signed a new long term contract for the delivery of Satellite broadcast distribution services.

⁵ 3G subscribers are defined as subscribers who i) own a 3G device and ii) are provisioned with 3G Data Services access.

⁶ Wireless broadband subscribers are defined as subscribers provisioned with an HSPA broadband service. Excludes data packs attached to voice services.

In the **Consumer fixed business**, the number of on-net broadband customers totalled 993,000 as at 30 June 2012, up 15,000 from a quarter ago. The lower ARPU from increased broadband data inclusions and lower telephony usage led to a 6 per cent decline in on-net revenue. EBITDA, however, grew 11 per cent and EBITDA margin improved 3 percentage points due mainly to lower traffic costs from the mandated reduction in mobile termination rates.

Regional

The Group's footprint now covers a population of more than 2 billion across Asia and Africa.

Share of pre-tax ordinary profit ⁷	Quarter Ended	YOY	
	30 Jun 2012 (S\$m)	Change (S\$)	Change (local currency)
Telkomsel	241	14.7%	21.4%
AIS	107	38.1%	39.8%
Airtel	95	(38.4%)	(27.1%)
Globe ⁸	60	20.9%	17.5%
Warid	(18)	(49.6%)	(58.2%)
Regional Mobile Associates	483	2.4%	NM

NM denotes not meaningful

Telkomsel had another strong quarter, with 10 per cent revenue growth across its voice, SMS and data products. In Singapore Dollar terms, the Group's share of pre-tax profit increased 15 per cent to S\$241 million. **Telkomsel's** total mobile customer base reached 117 million, up 14.9 million or 15 per cent.

AIS had another quarter of strong performance, with growth in both voice and non-voice revenues. In Singapore Dollar terms, the Group's share of pre-tax profit rose 38 per cent to S\$107 million. Its customer base grew 7 per cent to 34.8 million from a year ago.

Airtel's overall pre-tax contribution declined 38 per cent to S\$95 million, partly due to the weaker Indian Rupee, which depreciated 18 per cent against the Singapore Dollar. In Indian Rupee terms, **Airtel South Asia** delivered a 9 per cent revenue growth on strong customer additions and traffic growth. However, earnings were affected by regulatory guidelines around processing fees which restricted the sales of combo packs, higher network related costs, selling expenses as well as depreciation and amortisation charges. In US Dollar terms, **Airtel's Africa** operations registered a 9 per cent increase in revenue, driven by continued customer growth.

⁷ Exclude exceptionals and include mark-to-market valuations.

⁸ Globe's accelerated depreciation from network modernisation & IT transformation has been classified as a Group exceptional item.

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Airtel's total mobile customer base reached the 250 million milestone with an increase of 28.8 million or 13 per cent from a year ago. In South Asia, Airtel's mobile customer base grew 19.2 million or 11 per cent to 194 million as at 30 June 2012. In Africa, its mobile customer base reached 55.9 million, an increase of 9.5 million or 21 per cent.

Globe's service revenue reached a quarterly high on sustained growth across both mobile and broadband segments. The Group's share of ordinary pre-tax profit rose 21 per cent to S\$60 million. As at 30 June 2012, Globe's mobile customer base was 31.7 million, up 12 per cent from a year ago.

Appendix 1

The following table shows the trends in constant currency terms.

	Quarter Ended	YOY	
	30 Jun 2012 (S\$m)	Change (S\$)	Change (constant currency) ⁹
Group revenue	4,533	(1.6%)	0.4%
Group underlying net profit	850	(2.6%)	0.5%
Optus revenue	2,859	(6.2%)	(3.2%)
Regional Mobile Associates' earnings ¹⁰	483	2.4%	8.7%

Media contacts:

Singapore

Michele Batchelor
SingTel Group Communications
Phone: +65 6838 2203

Australia

Elizabeth Greene
Optus Corporate Affairs
Phone: +612 8082 7850

⁹ Assuming constant exchange rates from the corresponding quarter in FY12.

¹⁰ Based on the Group's share of the regional mobile associates' earnings before tax and exceptionals.

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