



News Release

SingTel Group's results for the third quarter and nine months ended 31 December 2008

Strong operational performance with double-digit revenue growth in Australia and Singapore

Net profit affected by currency movements and associates' performance

Singapore, 10 February 2009 -- Singapore Telecommunications Limited (SingTel) announced its unaudited results for the third quarter and nine months ended 31 December 2008.

Highlights

	Quarter		YOY	Nine Months		YOY
	Dec 2008 (S\$m)	Dec 2007 (S\$m)	Change	Dec 2008 (S\$m)	Dec 2007 (S\$m)	Change
Operating revenue	3,701	3,825	(3.2%)	11,369	11,086	2.5%
Operational EBITDA	1,057	1,136	(6.9%)	3,282	3,375	(2.8%)
Share of associates' ordinary earnings	486	656	(26%)	1,517	1,945	(22%)
EBITDA	1,542	1,777	(13.2%)	4,810	5,288	(9.0%)
Net profit attributable to shareholders	799	952	(16.1%)	2,545	2,867	(11.2%)
Underlying net profit ¹	838	931	(10.1%)	2,504	2,713	(7.7%)
Underlying earnings per share (S cents)	5.26	5.86	(10.2%)	15.74	17.06	(7.7%)

The Group reported strong operational performance in Australia and Singapore in the quarter with both countries posting double-digit revenue growth amid the slowing economic environment. As a significant portion of the Group's operations is outside of Singapore, the strength of the Singapore dollar relative to the Australian dollar and the major regional currencies has affected the Group's consolidated results.

The Group's operating revenue would have increased 14 per cent if the Australian dollar had remained stable. A steep 23 per cent decline in the Australian dollar against the Singapore dollar from a year ago resulted in a 3.2 per cent fall in the Group's operating revenue.

Underlying net profit fell 10 per cent to S\$838 million, negatively impacted by the weaker Australian dollar and major regional currencies, and lower operational performance of Telkomsel, Globe and Warid. In constant currency terms², underlying net profit would have been stable.

¹ Defined as net profit before exceptional items and exchange differences on inter-company loans to Optus and capital reductions of certain overseas subsidiaries, net of hedging, as well as, significant exceptional items of associates.

² Assuming constant exchange rates for the Australian Dollar and/or regional currencies (Bangladesh Taka, Indian Rupee, Indonesian Rupiah, Pakistan Rupee, Philippine Peso and Thai Baht) from the corresponding periods in the last financial year ended 31 March 2008.



Net profit declined 16 per cent to S\$799 million in the quarter after including the Group's share of an exceptional loss of S\$44 million on the non-cash goodwill impairment charge of an AIS' subsidiary.³

Ms Chua Sock Koong, SingTel's Group Chief Executive Officer, said: "The Group affirms its outlook issued in the second quarter ended 30 September 2008. Notwithstanding the challenging macro-economic conditions in Australia and Singapore, the Group delivered one of its best quarterly performances this quarter."

"The global economic slowdown has started to impact the Group. With the current economic uncertainties, the Group will continue to be vigilant and disciplined in our business decisions and leverage our vast experience to improve business performance."

"With our strong financial position, the Group will continue to deliver innovative and customer focused products to strengthen our positions in Australia, Singapore and overseas business and focus on driving further efficiencies in our cost structure," Ms Chua said.

Free cash flow was S\$2.27 billion for the nine months ended 31 December 2008.

Singapore

The Singapore business continued its strong momentum into the third quarter. Revenue increased 21 per cent to a record S\$1.51 billion in the three months ended 31 December 2008 from a year ago with the first-time inclusion from Singapore Computer Systems Limited (SCS) following the completion of the acquisition this quarter.

Excluding SCS, SingTel grew its revenue by 7.1 per cent as it continued to win market share in growth areas, maintained leadership in key segments and EBITDA margin increased 1.0 percentage point to 40.4 per cent.

In the quarter, the margin for the Singapore telco business improved to 46.2 per cent from 44.6 per cent a year ago with better cost management.

Mr Allen Lew, SingTel's Singapore CEO, said: "In the past quarter, we achieved solid results with strong revenue growth and drove margin improvement by keeping cost increase below revenue growth rate. 2009 is going to be even more challenging with the government now expecting the economy to contract deeper than originally forecasted."

"Managing in a downturn is not new to us. With our 'Challenger Thinking' mindset, we will be sourcing for new growth opportunities, stepping up our efforts to innovate and differentiating ourselves in customer experience," Mr Lew said.

³ AIS will review DPC's goodwill for impairment under Thai GAAP for its financial year ended 31 December 2008. AIS amortised DPC's goodwill on a straight line basis until 1 January 2008, whereupon the unamortised goodwill is to be reviewed for impairment. Under SingTel's accounting policy, in line with Singapore Financial Reporting Standard, unamortised goodwill has been reviewed for impairment since 2004. As a result, the unamortised balance of DPC's goodwill under Thai GAAP as at 31 December 2008 before impairment charge was lower than under Singapore FRS.



Revenue from **Data & Internet** posted double-digit growth of 11 per cent to S\$389 million mainly driven by continued demand for Managed Services which increased 28 per cent from a year ago.

Mobile Communication revenue increased 8.1 per cent to S\$373 million in the third quarter from a year ago as SingTel further widened its lead in the market by adding 68,000 new customers, bringing its total mobile subscriber base to 2.94 million as at 31 December 2008. Its market share grew 0.5 percentage point to 46.4 per cent from a quarter ago.

SingTel's prepaid customer base grew 38,000 in the quarter to reach 1.46 million as at 31 December 2008. It continued to lead the prepaid segment with a market share of 47.3 per cent, up 0.6 percentage point from a quarter ago.

In the quarter, SingTel gained 30,000 new postpaid customers and further strengthened its pole position with 45.6 per cent market share. The take-up rate for Apple 3G iPhone remained healthy.

Mobile data services in the quarter accounted for about 32 per cent of ARPU. Demand for 3G mobile services continued to be strong with 71,000 new subscribers, bringing the total number of 3G customers to 1.14 million as at 31 December 2008, representing 77 per cent of total postpaid base.

In the quarter, 13,000 new customers signed up for mio TV, bringing its total customer base to 59,000. This reflects the successful introduction of mio Home, a service plan bundling mio TV, fixed broadband and fixed line at one fixed monthly price and increased sign-ups for the popular "Season Pass". SingTel also secured the broadcasting rights for the Italian *Serie A* soccer matches this quarter, broadening its sports content offerings.

IT & Engineering revenue from NCS grew 9.3 per cent driven by higher contributions from systems and network integration projects in the domestic market. Revenue more than doubled to S\$361 million from a year ago including S\$173 million from SCS in the quarter.

Operating expenses increased 25 per cent to S\$948 million from a year ago. Excluding SCS, expenses climbed at a slower pace of 4.6 per cent relative to revenue growth of 7.1 per cent. Selling & Administrative expenses accounted for about half of this increase.

Optus

Optus delivered strong top line performance with an increase in operating revenue of 10 per cent to A\$2.20 billion despite the economic climate and intense competition in the third quarter. A standout performance in mobile, including the addition of 213,000 new mobile and wireless broadband customers, underpinned overall growth.

Mr Paul O'Sullivan, Optus Chief Executive, said: "Despite the difficult environment, Optus delivered strong results in all areas. Over the last 12 months, Optus added more than 600,000 customers that resulted in double-digit mobile revenue growth. Optus continues to strengthen its network breadth and depth, grow its distribution channels and deliver innovative products that offer real value."



In the third quarter, free cash flow increased 25 per cent to A\$167 million and net profit was stable at A\$143 million. Despite the A\$44 million dilutive impact related to iPhone 3G subscriber acquisition costs and expensing upfront the acquisition costs of increased customer numbers, Optus held EBITDA.

“Optus is trading strongly, showing accelerated growth and funding significant investments this year in infrastructure and services while generating over half a billion dollars in free cash flow to the third quarter. We remain committed to driving more competition and choice for Australians and are well positioned to take advantage of any positive developments in regulation or market structure,” Mr O’Sullivan said.

In the quarter, **Optus Mobile** operating revenue grew a strong 17 per cent to A\$1.33 billion, with the largest quarterly outgoing service revenue growth in five years driven by continued strong demand for iPhone 3G, Optus’ “Timeless” unlimited plans and wireless broadband. Service revenue increased 12 per cent with strong postpaid performance of 11 per cent and prepaid growth of 13 per cent. Incoming service revenue returned to double-digit growth this quarter at 10 per cent with subscriber growth, increased voice and SMS terminating traffic.

Blended ARPU grew 3 per cent as a result of the acquisition of higher value customers. Optus now provides mobile services to more than 7.6 million Australians.

Optus added 213,000 new mobile and wireless broadband subscribers in the quarter, of which 104,000 were in postpaid. The number of 3G subscribers increased to 2.33 million including 388,000 wireless broadband subscribers, underpinning the high data revenue mix at 34 per cent of ARPU.

Optus continued to deliver competition and choice in wireless broadband and 3G mobile services with the expansion of its 3G HSPA mobile network. The rollout further enhanced the quality and speed of mobile services across the country with the 3G network providing coverage to 96 per cent of the population as at 31 December 2008.

In **Business and Wholesale Fixed**, EBITDA was A\$124 million, up 21 per cent and margin increased 2 percentage points to 24 per cent as a result of the on-net focus. Overall revenue grew 8.8 per cent to A\$515 million driven by strong ICT & Managed Services performance and continued growth of IP-VPN products. Wholesale revenues grew a healthy 10 per cent in the third quarter. Optus continued to win and renew major corporate accounts including National Foods Limited, Dematic and Datacom.

In **Consumer and SMB Fixed**, on-net broadband customers increased 25 per cent to 815,000 and accounted for 87 per cent of the total broadband customer base. Consumer on-net broadband revenue grew 41 per cent in a market with an increasing mix of lower priced broadband plans. Combined EBITDA grew 4.0 per cent to A\$47 million with margin expansion of 1 percentage point to 13 per cent. Broadband customers, including business grade customers, totalled 933,000, an increase of 40,000 from a year ago.

In November, Optus Networks Investments (ONI), supported by TERRIA, lodged a comprehensive bid to the Commonwealth Government for the National Broadband Network under the Australian Government’s RFP process.



Regional Associates

Pre-tax contribution from associates in the third quarter fell 24 per cent to S\$486 million negatively impacted by the depreciation in the major regional currencies. Pre-tax profit contributions would have declined 13 per cent in constant currency terms.

The lower contributions were a result of the weaker performance of Telkomsel, Globe, Warid and fair value losses recorded by Telkomsel and Bharti on their foreign currency liabilities.

The Group's combined mobile customer base grew 61 million, or 35 per cent, to 232 million from a year ago.

The Group's share of Bharti's pre-tax operating profit in Indian rupee terms, excluding fair value losses, surged 41 per cent, as it attracted 30.5 million new mobile customers. **Bharti**, India's number one mobile phone operator, had a total of 85.7 million cellular customers, an increase of 55 per cent as at 31 December 2008 from a year ago.

Operating revenue rose 38 per cent. Bharti's expansion into the rural areas and tariff cuts had resulted in lower MOU and ARPU.

In Singapore dollar terms, the Group's share of pre-tax profit increased 6.5 per cent from a year ago to S\$224 million as the rupee declined 21 per cent against the Singapore dollar and included S\$21 million of Bharti's fair value loss on its U.S. dollar and Yen denominated borrowings.

Telkomsel, the largest cellular operator in Indonesia, increased its customer base by 17.4 million, 36 per cent more, to 65.3 million and maintained its market share of 46 per cent as at 31 December 2008.

In Indonesian rupiah terms, the Group's share of operating profit, excluding the fair value losses, fell 32 per cent.

Telkomsel's tariff reductions attracted more customers and increased the minutes of use by more than 300 per cent but the rate cuts caused ARPU to decline 27 per cent, resulting in a 4 per cent fall in operating revenue.

In the quarter, Telkomsel posted fair value losses, mainly from foreign currency denominated vendor payables as the rupiah depreciated against the U.S. dollar and the Euro. The Group's share of this loss was S\$28 million compared to a S\$2 million loss in the same quarter last year.

With the fair value losses, Telkomsel's pre-tax profit in local currency fell 42 per cent. In Singapore dollar terms, the Group's share of pre-tax profit fell 49 per cent to S\$156 million as the rupiah declined 14 per cent.

Globe, the second biggest mobile player in the Philippines, added 4.4 million subscribers, an increase of 22 per cent, to 24.7 million as at 31 December 2008.

In the quarter, the pre-tax operating profit contribution from Globe in Philippine peso terms declined 17 per cent.



Operating revenue rose 2 per cent. Revenue from wireless slowed as ARPU fell because of the weak macro-environment and increased market competition. Operating expenses increased 17 per cent because of higher network utilities and maintenance charges as it continued to expand its broadband services.

In Singapore dollar terms, the Group's share of pre-tax operating profit fell 25 per cent as the peso weakened 10 per cent against the Singapore dollar. Including the share of fair value gains of S\$4

million compared to a gain of S\$9 million in the same quarter a year ago, the group's share of pre-tax profit fell 29 per cent to S\$57 million from a year ago.

AIS, the largest mobile communications operator in Thailand, attracted 3.2 million new customers, 13 percent more, to 27.5 million, as at 31 December 2008.

Its pre-tax profit for the three months ended 30 September 2008 gained 17 per cent from a year ago in Thai baht terms driven by higher service revenue and lower bad debts. The Group's share in Singapore dollar terms increased 7.1 per cent to S\$59 million as the baht depreciated 9 per cent against the Singapore dollar.

PBTL, the only CDMA mobile operator in Bangladesh, added 402,000 customers, or 29 per cent, to 1.8 million as at 31 December 2008.

The Group's share of PBTL's ordinary losses increased 13 per cent mainly from fair value losses incurred in the quarter compared to gains a year ago. The Group's share of overall pre-tax losses was reduced by 69 per cent to S\$6 million and included a S\$14 million exceptional compensation paid to the regulator in the same quarter last year.

Warid, the fourth largest mobile operator in Pakistan, had 3.7 million more customers, an increase of 28 per cent, to 16.9 million as at 31 December 2008.

Warid's losses in the quarter increased as it continued its network rollout and recorded fair value losses on its U.S. dollar liabilities as the rupee declined 28 per cent against the U.S. dollar from a year ago.

In Singapore dollar terms, the Group's share of losses, mitigated by the rupee's 29 per cent depreciation against the Singapore dollar, increased 132 per cent to S\$29 million.

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The following table shows the trends in constant currency terms.

|                                                   | Quarter            | YOY     |                                        | Nine Months        | YOY     |                                        |
|---------------------------------------------------|--------------------|---------|----------------------------------------|--------------------|---------|----------------------------------------|
|                                                   | Dec 2008<br>(S\$m) | Change  | Change<br>(at<br>constant<br>currency) | Dec 2008<br>(S\$m) | Change  | Change<br>(at<br>constant<br>currency) |
| Group revenue                                     | 3,701              | (3.2%)  | 13.7%                                  | 11,369             | 2.5%    | 8.9%                                   |
| Underlying net profit                             | 838                | (10.1%) | 0.7%                                   | 2,504              | (7.7%)  | 0.3%                                   |
| Optus revenue                                     | 2,193              | (14.9%) | 10.2%                                  | 7,275              | (2.6%)  | 6.7%                                   |
| Regional Mobile Associates' earnings <sup>4</sup> | 486                | (26.0%) | (15.0%)                                | 1,517              | (22.0%) | (11.6%)                                |

<sup>4</sup> Based on the Group's share of regional mobile associates earnings before tax and exceptionals